CONTENTS

ARTICLES:
Assessing the New Search Engines for Information Support in Business Research
Stephen Allen

Measuring Technical Efficiency and Total Factor Productivity: An Application to Cotton Production
Kalyan, Silkant Misra, Johnson

The Expectations Gap in Auditing
Tanya

Emotional Intelligence: Is It a Valid Theory?
Amy T. Cole, Elizabeth V. Russell

Desk Rage and Other Violent Acts at Work: Legal and Practical Issues to Consider in Keeping Your Small Business Employees from Killing Each Other and You
Delane, 1. Kirk, M. Franklin

Why and How Auditors Should Use Face-to-Face Communication to Detect Deception
n/Tall, Pierce, Carol

The Efficacy of Competition?
C. W. Von Bergell, Barlow Soper

Customer Value: Marketing's Latest, Greatest, and Perhaps Ultimate Mantra
James L. Walker

BOOK REVIEWS:
The Invisible Heart, by Russell Roberts
Jasoll

Managing in the Next Society, by Peter Drucker
Richards

Rich Dad, Poor Dad, by Robeli T. Kiyosaki
David Smith

The Six Sigma Way: How GE, Motorola, and Other Top Companies Are Honing Their Performance, by P. Pande, R. Neuman, and R. Cavanagh
Tina A. Coffelt

Available online at www.nwmissouri.edu

VOLUME 22 MAY 2003
CONTENTS

ARTICLES:
Assessing the New Search Engines for Information Support in Business Research
Stephen Allen

Measuring Technical Efficiency and Total Factor Productivity: An Application to Cotton Production
Kalyan Chakraborty, Sukant Misra, Phillip Johnson

The Expectations Gap in Auditing
Tonya Coffelt

Emotional Intelligence: Is It a Valid Theory?
Amy Y. Cole, Elizabeth J. Rozell

Desk Rage and Other Violent Acts at Work: Legal and Practical Issues to Consider in Keeping Your Small Business Employees from Killing Each Other and You
Delaney J. Kirk, Geralyn M. Franklin

Why and How Auditors Should Use Face-to-Face Communication to Detect Deception
Tiffany Pierce, Carol Roever

The Efficacy of Competition?
C.W. Von Bergen, Barlow Soper

Customer Value: Marketing's Latest, Greatest, and Perhaps Ultimate Mantra
James L. Walker

BOOK REVIEWS:
The Invisible Heart, by Russell Roberts
Jason White

Managing in the Next Society, by Peter Drucker
Christopher Richards

Rich Dad, Poor Dad, by Robert T. Kiyosaki
David Smith

The Six Sigma Way: How GE, Motorola, and Other Top Companies Are Honing Their Performance,
by P. Pande, R. Neuman, and R. Cavanagh
Tina A. Coffelt

Available online at www.nwmissouri.edu
INTRODUCTION

Competition, though a common and much championed part of American life, is not always the best method of motivating employees and may be misused by well-intentioned managers. We consider why the sports-based competition analogy has become a management model of choice and the potential pitfalls of unbridled competition in business, along with how competition may be judiciously implemented and options for its use.

Sports-based Competition

While watching the Olympics or other world-class sporting events, it is easy to see why managers wonder whether something about these magnificent achievements can be applied to their businesses. Competition seems to be the key to great performance. The athletes are supremely committed to their goals, preparing for years and giving their best. The sense of satisfaction and elation that the games bring competitors is obvious, at least for the winners. Many business leaders suggest a key reason for superb athletic performance is the competitive spirit of the games (Daniels 1989).

Most Americans believe that competition is desirable because it produces high levels of performance, innovation, and efficient allocation of resources (Pfeffer and Sutton 2000). Many managers believe that competition brings out the best in people, epitomizing survival of the fittest. Accordingly, organizations strive to create “racetracks” or “arenas” where a person, group, division, or subunit can “win.” Competition is looked upon favorably because it “...is believed to inspire superior performance and to be the engine that drives the economy and accounts..."
for the success of capitalism” (Tjosvold 1986, p. 34). Competition on the open market is healthy for companies, customers, and the economy. In fact, organizational success depends on the ability to provide a better product or service at a lower cost than competitors. This type of competition can be productive, when it directs employees within a company toward a common goal. Management texts and articles often reinforce widely held beliefs about the virtues of competition (e.g., Berg and Fast 1975; Grove 1983).

Competition motivates through the prospect of winning, receiving awards, and basking in accolades; the emphasis is on the thrill of victory while putting the possible agony of defeat out of mind. Consider the achievements of the U.S. Olympic basketball “Dream Team” of 1992; the young U.S. men’s Olympic hockey team in 1980; and the World Cup-winning U.S. women’s soccer team’s 1999 victory over China. Competition appears to be a key factor contributing to such outstanding performance and business people, particularly men, draw analogies to guide their thinking about how work should be organized and rewarded. Can world-class marketing, manufacturing, distribution, service, and customer relations be accomplished through similar competitive experiences?

To achieve such performance levels, organizations have frequently used benchmarking (Camp 1989), the practice of tracking business processes considered to be the best in a given realm. In benchmarking, the target firm is compared to the “best in industry,” or “best in the world;” goals for improvement are established and actions enacted to meet these goals. The competitive spirit inherent in benchmarking seems consistent with how the highest levels of sports operate to achieve excellence. Given these considerations, managers may choose to implement various contests to bring about a competitive atmosphere—and ultimately, increased performance. Managers would do well, however, to explore the effects of competition more fully before taking action, because competition within workgroups is destructive under most circumstances.

**Business and Sports**

Team sports frequently provide the model and justification for the use of within-group business competition (Katz 2001). For some physical tasks such as races, there is evidence that people perform better when racing against an opponent than when racing against the clock. Treating business (often involving novel and complex intellectual rather than routine physical tasks) the same as sports, however, is misguided and arguments espousing the use of the sports analogy
are not compelling. The dynamics of team sports are considerably different than those in business with far fewer, more ritualized variables than in business (Hackman 1998; Koenig 2001). For example, Katz (2001) exemplifies sports practice sessions as an opportunity to safely and constructively implement intra-group competition, yet it is often difficult to find a clear-cut analogy in most business situations. What business has the luxury of spending 90% of its time training? Studies show that intellectual tasks requiring new ways of doing things are best performed under drastically different conditions than those tasks that are repeated over and over (Kohn 1992; Pfeffer and Sutton 2000).

People are better at learning novel things, being creative, and doing intellectual tasks when they do not work under close scrutiny, do not feel as they are constantly being assessed and evaluated, and are not working in the presence of direct competitors. There is, for example, a vast amount of data indicating that working around others, especially outsiders who are thought to be judging one’s work, enhances performance, but only for tasks that are well learned and do not require the acquisition of new skills or creative responses. This is the “social facilitation effect” (Bond and Titus 1983; Zajonc 1965). These same conditions lead to worse performance on activities that require complex mental processes and attention. Labeled the “social inhibition effect,” this condition makes it harder to learn new things or generate new ideas (Johnson et al. 1981).

Research indicates that competition inhibits learning and creativity, because people focus too heavily on what competitors are doing, on comparing performance, and on reactions of third parties, such as leaders and peers, rather than focusing on the task at hand. Moreover, when a job is difficult or complex enough that it requires help and sharing ideas with others, internal competition is especially destructive (Goldman, Stockbauer, and McAuliffe 1977; Workie 1974). Building a climate in which employees talk and interact comfortably, in part because they are cooperating instead of competing with each other, is crucial to the development and transfer of knowledge and skill. When it comes to competition in business we agree with Sam Snead, the famous golfer, who reportedly said, “Forget your opponents; always play against par” (Charlton 1993, p. 4).

**Competition-based Contests**

Nevertheless, armed with an unflinching faith in competition as the means of effectively reaching goals, augmented by a sports/competition-oriented society, a company’s management decides to draw attention to new work priorities by
announcing a contest with valuable prizes for the winners. Much publicity is provided, urging employees to participate and do their best. Reminders during the contest period serve to heighten morale and involvement, and announcements of the eventual winners are conducted with fanfare and celebration. If a little medicine is good, more must be better, so more contests are initiated. An “Employee or Associate of the Month” program is implemented, a productivity improvement contest may follow, wherein the “Most Improved Employee” is identified and lauded on a regular basis. Finally, a “Salesperson of the Year” competition is launched, along with a “Best Idea of the Month” contest. Light the torch and let the games begin!

Though they may make intuitive sense, such programs represent an overly simplistic approach to employee motivation and human performance (Daniels 1994). While the goal of such programs is to recognize outstanding performance and performers so that employees will feel better about their jobs, themselves, and the company, too frequently they accomplish the opposite (Daniels 1989). Having employees compete for rewards among themselves is a flawed motivational model. In work environments where there are limited rewards to divide among performers, it is amazing and disturbing to see people will do to get them. Some have been found to lie, cheat, or steal to win such competitions. When individuals compete for awards, teamwork is often minimal and cooperation superficial.

There are other reasons why competition-based contests may be suspect, including the following:

- Traditional competition creates many more losers than winners. Sports winners are remembered while all who failed to win are shortly forgotten, even those who place and show. For example, of the nearly 11,000 Olympic competitors at each game only a few hundred garner any medals, let alone gold. What non-winners may learn from the process is that no matter how hard they work, their chances of receiving top honors are limited. Non-winners, even at the Olympics, may be considered losers. Who could legitimately call such world-class competitors losers? Yet, it happens over and over at every event. Who wants to create an organization of losers? Management’s task is to create a cadre of winners. But how can this be achieved, if recognition systems automatically create 10, 50, or 100 losers for every winner? Some companies have tried to solve the competition problem by having
several winners, possibly a “top 10.” Having a few more winners is not necessarily better, however; it may actually be worse. It is one thing to shrug off not being considered the very best performer, but when one is not even in the top ten—ever—it can be devastating.

Any recognition system where one person’s success limits another’s is a questionable system. Whether there are 1, 10, or more winners, there is a problem if even one person does not have a chance of winning. It is amazing that organizations endorse such programs even as they espouse the importance of teamwork (DeeProse 1994).

For any winner, there is likely to be an anonymous support group that may go unrecognized. Think of Academy Awards acceptance speeches, where recipients recite a litany of names without whom their awards would not have been possible. Consider the team behind any race driver. There are always individuals whose contributions to the winning performance do not get openly rewarded by the organization. What happens to their motivation in a competition-based system?

Long ago, organizations realized that if they gave an award to the best performer the same person or persons would typically win every time, and management tends to be reluctant to place the same name or picture on the trophy time after time; hence, they may conveniently abandon the program. In restaurants and hotels it is common to see plaques where the establishment has spaces for honored employees, with a number of empty entries on the award for past dates. In some cases, management has forgotten about the program. In others, the nameplate was lost or no one was deemed worthy of an award for the indicated period. In other instances, it seems that the award is rotated among employees, because management feels that to give the award to the same person or small group of exceptional performers, would act as a demotivator for others. Therefore in some instances, everyone, in turn, is given the award, deservedly or not. At this point, the award becomes a “pass-around,” without credibility. Daniels (2000) vividly observes that “if you give people something for nothing, you make them good for nothing” (p. 77).

For motivation to increase, employees must perceive a contingency or relationship between outcomes (rewards) they experience and their
performance. Research over the years has generally supported the view that the degree to which employees believe that performing at a particular level will lead to desired outcomes results in higher levels of motivation and, all things being equal, higher performance (Vroom 1964; House, Shapiro, and Wahba 1974). In an interesting study, O’Reilly and Puffer (1989) found employees’ satisfaction and motivation increased when co-workers received appropriate consequences for their behavior. When a high-performing group member was rewarded or a poor-performing member punished, the satisfaction and motivation of the group increased. Contingencies are important and getting something for nothing is often a recipe for disaster.

Organizations need cooperation to attain their objectives, but competition-based reward systems tend to create distrust, strife, conflict, and unethical behavior (Deeprose 1994). Just as sports officials have to spend considerable resources checking for the use of illegal performance-enhancing drugs, managers may need to spend considerable effort ensuring that employees’ performance is ethical and in compliance with contest rules. If the award is considered important, care must be taken to ensure that some employees do not sabotage the work of others. Organizational cultures that foster a contentious organizational climate (e.g., a “dog-eat-dog” competitive environment), or celebrate the appearance of toughness (e.g., a “macho” image of winner and losers), seem to encourage such counterproductive work behaviors (Newman 1998).

Many such negative behaviors involve passive forms of aggression motivated by malicious intent (e.g., failing to return phone calls, showing up late for meetings, delaying action on important matters, losing paperwork), and can be extremely difficult to track and counter. In fact, the covert nature of these acts is what makes their use so appealing to some workers (Baron and Newman 1996). By using such tactics, perpetrators maximize harm done to intended victims, while minimizing danger to themselves. Regrettably, there are books aimed at giving advice on how to obstruct a coworker’s performance. For example, Fulghum, Maguire, and McGuire (2000) suggest putting laxative in a coworker’s coffee, losing accounts, and sending risqué jokes to other employees from a coworker’s computer.
Goal-based Contests

A viable alternative to competition-based contests is a goal-based reward system, in which everyone who meets certain criteria is recognized (Daniels 1994). When there are people working to accomplish a specific outcome, success is determined by whether the person or team reaches that outcome, independent of what other individuals or teams accomplish. In a sales setting, an example of a competition-based system is where management has determined that the top 10% of the sales force will receive an additional 10% commission, the next highest 10% will receive an additional 5% commission, and those in the third highest 10% (presuming they are above quota) receive an additional 1%. Most of us know this system as rewarding top performers. In this situation, salespeople are competing against one another.

Contrast the above to a system that rewards everyone who makes 120% of quota with an additional 10% commission, all with 110% of quota earn additional 5% commission, etc. This does not indicate that a certain number (percentage) of salespersons will receive a given commission; conceivably, everyone on the sales force could receive the top award of 10% additional commission. In the first system, someone one could achieve outstanding sales results, (greater than 100% of quota) and not earn a bonus. Would we expect many to be willing to assist their fellow sales associates, when competing for top commissions? Are we encouraging the behavior expected from a sales “team?” Studies have shown that not receiving an award that was expected results in feelings indistinguishable from those that result from being punished. The more the reward was desired or expected, the greater the disappointment in not receiving it (Kohn 1993).

As an alternative to the competition-based “Employee of the Month” reward program, a firm might recognize all employees who are commended by customers. An alternative to the “Most Improved Employee” contest could be to establish measurable productivity-improvement goals for all employees, and honor all who meet their goals. Likewise, management could honor all salespersons who meet their quota and in the company newspaper cite the figures for the top, middle, and bottom salespersons (without identifying names), in order to give people an idea of how they compare with others.

In contrast to the “Top Team Award,” success criteria for each cross-functional or self-directed work team could be created, and all teams that meet their criteria could be recognized. A better way of conducting the “Best Idea of the Month”
contest would be to give a small reward for all ideas. Companies that do so find that the quality and quantity of ideas increases (Daniels 1994). When employees come forward with ideas, management should establish objective measures of success and present employees with more valuable rewards when each success is achieved. Another approach would be to provide all employees with a fixed-percentage award. For example, all employees would receive the same percentage when efficiency increased, but the absolute value would differ, based on the cost-savings that a particular idea provided the company.

What all goal-based programs have in common is that employees are not in competition among themselves but against an established, known standard, goal, or target. Mary Kay Cosmetics uses a criterion or goal-based system. Each year Mary Kay gives every sales associate who reaches a predetermined sales volume the use of a pink Cadillac for a year. Mary Kay would like to have each of their associates in a pink Cadillac, because every time they put someone into a car they get a little richer (plus, the publicity value of a large fleet of pink Cadillacs must be significant). Goal-based approaches establish specific criteria and do not arbitrarily limit the number of potential winners.

Goal-based systems offer another important reward, the personal fulfillment of accomplishing a goal and the satisfaction of a job well done. These can become more powerful motivators than any tangible reward.

Are All Contests Bad?
Competition can be positive when it is directed outward, for example, toward competitor organizations (Kreitner and Kinicki 1995). Managers should shy away, however, from contests that imply the best, first, most, or top in one’s own work area. If competition is necessary, they might benchmark their company against competitors and rally everyone to close gaps with competitors who are ahead, or widen gaps with those who are behind. Those people who appear to thrive on competition do better when competition is directed outside the organization. While it is recognized that certain people may get a bigger charge out of measuring their progress against that of others than against a less tangible target, it is still recommended to avoid the temptation. Most organizations want to enhance teamwork, and creating internal competition typically does not do that.

Contests That Motivate
If, after becoming aware of the reasons not to use internal contests, one finds oneself working with a manager who insists upon using them, what is to be
done? There are ways to maximize possible positive outcomes and minimize the negative. Some guidelines to keep in mind when doing contests follow:

› Use small, tangible items as prizes and focus on bragging rights as the main reward. Large tangibles, such TV sets and trips, can take the fun out of the contest for many potential participants, because they think they will not win. It is better to have many small tangibles than one or a few large ones. Companies that do so find that quality and quantity of performance increases (Deeprose 1994).

› Make the contests short-term, usually not longer than a quarter. Year-long contests put consequences too far from the desired behavior, and even the highest performers tend to get weary before the end of the year.

› Make contests fun from the perspective of those involved. Be careful, however, who defines “fun.” Someone may think that it would be fun at an awards banquet to have the winners eat steak and lobster while others (presumably the losers) eat beans and franks. Some may feel it would be fun to have a “screwball award” for the poorest performer or group of performers. These kinds of “fun” are risky, because they involve public humiliation, disrespect, and perceived unfair treatment, which frequently top most peoples’ lists of fears and dislikes. In fact, Weide and Abbott (1994) found that over 80% of the cases of workplace homicide they studied involved employees who “wanted to get even for what they perceived as their organizations’ unfair, or unjust treatment of them” (p. 139).

› Make sure contest participants know what must be accomplished to earn the payoffs. In some cases, employees simply do not understand what the contest entails or what they must do to win. Use house organs, company bulletin boards, and electronic messaging to remind employees of the contest and desired goals. Periodic updates on progress can stimulate interest and build excitement. One example is reporting or charting the number of individuals who have reached contest milestones. Withholding participants’ names avoids public humiliation while encouraging competition.

› Celebrate small wins and improvements (Soper, Von Bergen, and Sanders 1996). One of the most common sources of employee
satisfaction and recognition is an idea or suggestion system. A study published by the Employee Involvement Association showed that the net savings per employee-generated idea in the United States in 1990 was over $7,100, compared with less than $130 in Japan. On a per-employee basis, the figure is over $3,600 in Japan and less than $400 in the U.S. These figures are based on the fact that in Japan the average employee submits 32 suggestions per year and in this country the average is only 0.17 per employee. This is a ratio of 188:1. What is worse is that of the few ideas Americans generate, only 33% are actually adopted, whereas the Japanese adoption rate is 87%. In Japan, there is an emphasis on small incremental improvement (kaizen) while U.S. organizations have a penchant for the big win or “magic bullet.” There are unlimited opportunities in focusing on small wins and celebrating successes.

 › Create many winners. If we do not set a limit on winners, the actual number is often surprising. In a situation where a manager recognizes the best performer, only one is rewarded and many may feel punished—this despite frequently small quantifiable differences in actual performance. Such a practice comes from the myth that seeing another person get an award will inspire the others to improve their performance to get it next. The reality is that for every employee who is inspired by seeing someone else get an award, perhaps 20 will experience disappointment, discouragement, or anger—emotions not usually expected to enhance motivation and subsequent performance (Daniels 1994).

In conclusion, while some sports analogies are appropriate to business, implementing sports-like competition within workgroups can have more adverse consequences than payoffs. It seems that the practice of having employees compete among themselves for rewards, awards, and prizes is a faulty management model. Awards and other recognition for “best, first, and most improved” are almost always divisive. Using the above suggestions while focusing on goal-based incentives can provide many organizational gains and minimize potential problems.
REFERENCES


