

EFFECT OF INTRA-ORGANISATIONAL COMPETITION ON ORGANISATIONAL PERFORMANCE INDICATORS

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Abstract. The objective of the research is to investigate intra-organisational competition (IOC) emerging from the interactions of internal social comparison (ISC) and intra-organisational evolution (IOE) effecting organisational performance (OP). Communication between subordinates, comparing contribution, ability to perform and business management strategies resulting in IOC. The attention is on recognised social dimensions and equal emphasis is on business management practices. The literature attempts' to recognise ISC and IOE and its effect on OP balances the conceptual paper. For the purpose Google Scholar, Emerald Insight, EBSCO Host and Science Direct database has been used. Literature relies on human tendency to compare and coordinate work activities. It identifies the response towards comparison and pressure created within work environment affecting employees ability to operate and function efficiently. The concentration is on business process and employee's irrational behaviour affecting individual performance. The study assesses consequences of IOC on employees followed by its outcome on organisation's performance. The application is on variables (ISC, IOE & OP) and critical factors that affects work environment due to intra-organisational strategy of competitive behaviour implemented by employers' in encouraging "Intra-organizational competition".

Keywords: Intra-organisational, Competition, Internal Social Comparison, Evolution, Performance.

JEL Code: L20, L21, M1, M10

Introduction

The internal social comparison starts developing into intra-organisational competition affecting work related activities. Intra-organisational competition is the resultant of the employees comparing individual performance, contribution, engagement and remuneration within organisation's team, departments or manufacturing units (Baumann, Eggers & Stieglitz, 2019). As a result employees find collaboration between different departments challenging. Internal social comparison is influenced by day-to-day work routine. Stakeholders such as employees, team leaders, supervisors and managers comment on individual abilities influences working environment and affects behavioural attitude (Marino and Zabonik, 2004).

The concept of intra-organisational evolution is based on strengthening organisation's business management structure and to develop healthy internal competition (Campbell, 1965). Organisations involved in marketing, sales and manufacturing of complex product and services commonly exhibit IOC. For this purpose organisation's tends to make variations in its business management, focus on selection of methods which improves distribution process and concentrate on retention of those strategies which has desired outcomes (Campbell, 1969).

When internal social comparison and intra-organisational evolution interacts with each other over a period of time it transform into intra-organisational competition. Work behaviour and engagement, remuneration and contribution are primary variables of ISC. Variation, selection and retention are variables associated with IOE. Intra-organisational competition drivers are comprises of size, nature and experience in organisation, followed by knowledge transfer and organisational learning are related to organisation's performance.

The objective of the research is to investigate intra-organisational competition (IOC) emerging from the interactions of internal social comparison (ISC) and intra-organisational evolution (IOE) effecting organisational performance (OP). The limitation of the research is strongly connected with the variables and the literature collected for study. Previous researches envisaged on intra-organisational competition with major attention on social comparison between teams, departments and business units, the author concluded that there is a lack of systematic literature review which aims to test theoretical gap between ISC, IOE and IOC effecting "organisational performance".

Research results and discussion

1.Internal Social Comparison

The intra-organisational competition theories focus on relative performance across organisations by comparing individual contribution and behaviour of employees at work. It is a part of process that have successive influence on internal social comparison. The Internal social comparison is a primary stage of competition and during the period of times it develops into full fledge intra-organisational competition (Baumann, Eggers & Stieglitz, 2019).

Internal social comparison exists within departments, divisions, teams and business units (Gartenberg & Wulf, 2017). Subordinates working for the same organization often aim to outperform colleagues treat co-workers as competitors (Fehr & Falk, 1999). The internal social comparison give rise to the competitive behaviour that leads to internal competition followed by intra-organizational competition (Baumann, Eggers & Stieglitz, 2019).

The psychology of internal social comparison is influenced by process of interaction between individuals at the work place, primarily focused on achieving the targets set by organisation (Becker & Kernan, 2003). Employees, managers and team leaders working in the organisation practice internal social comparison. The effect of social comparison between colleagues and subordinates working within the organisation have the tendency to create competitive working environment. The action and reaction between influencer and influence' shape attitude and work behaviour and engagements (Garcia, Tor & Schiff, 2013).

It is quite controversial to practise and encourage internal competition having its sustained effect on behavioural attitude of employees. The macro and micro level studies conducted at the social comparisons have identified effects on work environment including the coordination between teams and departments (Kacperczyk, Beckman & Moliterno, 2015). The group dynamics can be compromised as a result of internal competition (Blader et al., 2015). The extensive internal competition includes increased sense of discomfort, uneasiness, distress and tension mounts between employees that reflects in their day-to-day work (Marino and Zabonik, 2004).

Another dimension of internal competition from workplace point of view, where employees are competing against each other for full time employment has seen different challenges (Bartling, Fehr & Schmidt, 2010). The intensity of competition increases as employees working for organisation purposely aim hard in order to receive permanent position, more salaries, remuneration or promotion (Nickerson & Zenger, 2008; Charness, Masclet, & Villeval, 2013; Chan, Li, & Pierce, 2014).

The internal social comparison at workplace offer significance of wage distribution among employees. The co-workers give importance to the salaries earned and inequality between subordinates (Cohn et al., 2011). It has been observed that employee comparing salaries with colleagues and team members sizeably reduces their work and effort level inconsideration to the difference of remuneration paid by organisation (Gachter and Thoni, 2010).

The literature concentrates on the emergence of intra-organisational competition. The employee's perspective has been highlighted in consideration to internal social comparison which takes place within organisation on daily basis. Social comparison between employees give rise to intra-organisational competition. Previous research articles have been evaluated for developing conceptual paper. The methodology of selection process has been systematised by reviewing journals from recognised scientific databases (see Table 1). Specific terms and meaningful statement have been used for selecting relevant literatures.

The methodology of selecting relevant literature

Terminologies	Google Scholar	Emerald Insight	EBSCO	Science Direct
Internal social comparison between employees in organisations	18	13	9	11
Internal competition between employees within business units	15	10	12	17

Author's construction base on the methodology of selecting relevant literature

The following methodology has been used and the number of literatures is listed under the following headings (see Table 2).

Construction base on the literatures collected

Abstract Revision/ Full Article Reading	Research Approach/ Methodology Used	Theories and Concepts Used	Data Collection & Statistical Analysis Test/Experiment	Research Implication/ Findings	Limitation & Future research Suggestion
48/51	37/41	27	31/19	25/17	22

Author's construction base on the literatures collected

Previous researches and other empirical studies have been considered for examining internal competitive work environment of organisation. In order to establishing the connection between internal social comparison and intra-organisational competition selected literatures have been analysed.

2.Intra-organisational Evolution

The intra-organisational evolution in organisational perspective comprises of growth, profitability, efficiency and effectiveness of business management (Carol & Tomas, 1995). The term intra-organisational ecology, organisation evolution has been widely used to address intra-

Table 1

Table 2



organisational evolution (Weeks and Glaunic, 2017). In the context of organisational strategies, the concentration is on relationship factors for analysing the mechanism of variation, selection and retention. The intra-organizational evolution develops through a process of internal "variation, selection and retention" in organization's business management (Campbell, 1997 & 1965). Variation in general is associated with decentralisation of command, selection is commonly known for the method of distributing scares resources and retention is an execution of managerial strategy and critical decision making that strengthens business operations and functions (Campbell, 1969). Further the uncertainty in business environment, cost of duplication, overlap of business activities and the equivalent authority of leadership leads to intra-organisational competition (Williamson, 1975). Under intra-organisational evolutionary process the organisations spend more time and energy in developing autonomous process through internal experiments and selection process (Weeks and Glaunic, 2017).

The intra-organisational evolution process is more dependent on the unit of cultural selection and social phenomena closely related to intra-organisational competition. The process of interaction within organisations, competition between daily routines, selection mechanism and replication process leads to the possibilities for reproducing temporary goods and services. It overlaps between the structure of two or more business units in the single organisation (weeks & Glaunic, 2003). This trend is very likely in businesses involved in structuring departments, groups and developing multiple teams of employees working for production or delivery. The extent of intra-organisational competition has been found in many divisions, departments and team's work environment in consideration to the allocation of resources for contribution towards organisational performance (Benndrof & Holger, 2012).

Organisations such as Google and Microsoft are very well known for using strategies to sustain intra-organisational competition. Managers and team leaders use stack ranking charts & boards (Peters & Waterman, 1988). General Electric corporation deliberately encourage direct intra-organisational competition between teams, units and employees. Studies has shown that management practices are targeted towards developing consistent competition and it has been embedded in their organisational culture (Baumann, Eggers & Stieglitz, 2019). There are other organisations like P&G, J&J, IBM, Fuji Xerox, Ericsson & Lucent and Fidelity use one or another form of intra-organisational competition (Kanter *et al.* 1997).

The concept of intra-organisational evolution highlights the perspective of "Variation, Selection and Retention". Organisations use internal competition as a strategic ploy for employees to compete against each other for making substantial contribution towards the progress and development within the boundaries of organisation.

There are scientific literatures which has been selected with the help of using different terminologies (see Table 3).

The methodology of selecting relevant literature

Terminologies Google **Emerald EBSCO** Science Scholar Insight Direct Intra-organisational evolution within the boundaries of organisation 12 15 13 17 14 21 Intra-organisational conflict between the departments and teams 18 11

Author's construction base on the methodology of selecting relevant literature

The following methodology has been used and the number of literatures are listed under the following headings (see Table 4).

Construction base on the literatures collected

Abstract Revision/ Full Article	Research Approach/ Methodology	Theories and Concepts	Data Collection & Statistical Analysis Test	Research Implication/ Findings	Limitation & Future research
Reading	Used	Used	/Experiment	1 .	Suggestion
54/61	49/67	43	36/28	25/33	47

Author's construction base on the literatures collected

The theories of Intra-organisational evolution have been taken into consideration to establish the corelation between evolution and intra-organisational competition. Number of scientific articles has been selected to test the feasibility of literature including the analysis of previous studies conducted on intra-organisational competition.

3.Intra-organisational competition

Intra-organisational competition perspective comprises of internal social comparison and intra-organisation evolution. The employee's perspective is to strive for better and higher remuneration, recognition and position. The organisations perspective is to gain work efficiency, profitability and productivity. To ensure the achievement of objectives organisations concentrate on maximising employee's individual contribution,

Table 3

Table 4

engagement and work performance. In the light of previous literatures the following theoretical concepts has been taken into consideration for establishing the relationship between internal social comparison and intra-organisational evolution resulting in intra-organisational competition (see Table 5).

Table 5

The concept of intra-organisational competition based on theories of ISC & IOE

Internal social comparison	Intra-organisational evolution
Baumann, Eggers & Stieglitz, N., (2019). Colleagues & Competitors: How internal social Comparison Shape Organizational search and adaptation.	 Birkinshaw, and lingblad, (2005). Intrafirm Competition and Charter Evolution in the Multi- business Firm. Marino & Zabojnik, (2004). Internal competition
 Benndorf, Rau, Holger, (2012). Competition in workplace: An experimental investigation. Eggers, Baumann & Stieglitz, (2013). Competition, cooperation & search: Incentives and competition for research resource in 	for corporate resources and incentives in teams. • Mena, Humphries & Wilding, (2009). A comparison of inter and intra-organisational relationship: 2 case studies from UK food & drink Industry.
 multidivisional firms Charness, and Kuhn, (2007). Does Pay Inequality Affect Worker Effort? Experimental Evidence. 	 Birkinshaw (2001). Strategies for managing internal competition. Campbell, (1997). From evolutionary epistemology via selection theory to a sociology of
 Garcia, Tor & Schiff, (2013). The Psychology of Competition: A Social Comparison. Cohn, Fehr, Herrmann, Schneider, (2011).: Social comparison in workplace: Evidence from 	scientific validity. Campbell, (1969). 'Variation and Selective retention in socio-cultural evolution'. Campbell, (1965). Variation and selective
 a field experiment. Gächter, & Thöni, (2010). Social comparison & performance: experimental evidence on the fair wage-effort hypothesis. 	retention in socio-cultural evolution. Social Change in developing areas. • Caroll, and Tomas, (1995). "Team competition spurs continuous improvement at Motorola."
 Hu, Zi-Lin, Blettner, Bettis, (2017). Conflict inside & outside: Social comparisons & attention shift in multi-division firm Kacperczyk, Beckman, & Moliterno, (2015). "Disentangling risk and change: Internal and 	Cohen, and Bailey, (1997). What Makes Teams Work: Group Effectiveness Research from Shop Floor to The Executive Suite

Author's construction base on the concept of intra-organisational comparison and intra-organisational evolution

external social comparisons in mutual fund."

4. Organizational performance

Organisational performance is defined as the optimum utilisation of resources for achieving set of objectives (Lebas and Euske, 2007). Organisational performance is a major component of organisational effectiveness (Venkatraman and Ramanujan, 1986). Organisational performance has been distinguished as the functionality of organisation in the absence of strain and fault, engaging in legitimate activities, resource acquisition and accomplishing stated goals (Cameron, 1986). Organisational performance in the management of business has been quoted as the achievement of performance for both financial and non-financial indicators in-terms of desired results (Zainal et al., 2009). The antecedents of organisational performance indicators refer to the operational performance and financial performance (Combs et al., 2005). Production efficiency, customer satisfaction and the satisfaction of stakeholder are by and large most popular categories of defining organisation's performance (Hitt, 1988). Non-financial performance indicators include variables such as partnership, competences, customer and employee's satisfaction, internal and external relationship, organisational learning and knowledge management (Ayoup *et al.,* 2013). Another set of non-financial performance qualitative indicators are mentioned in the category of learning, knowledge and innovation having significant effect on organisational performance (Kaplan and Norton, 1992).

Organisations learning ability enables positive influence on non-financial performance (Grant 1996; Spender, 1996). Learning is responsible for transforming and refining organisation's knowledge resources. Both organisational learning and knowledge management are critical drivers for creating organisation's performance (Decarolis and Deeds, 1999). Organisational learning and business performance is directly proportional to each other. (Ellinger *et al.*, 2002). The studies analysed organisational learning and knowledge management have positive effect on business performance (Haas and Hansen, 2005). The researches have shown significance of theoretical and empirical links between knowledge management and business performance (Choi and Lee, 2003; Chuang, 2004). The success of business performance is entirely based on learning different types of knowledge. The knowledge management is considered as a main basis for competitive advantage (Amin and Cohendet, 2004). Knowledge is the key factor for



sustaining competitive advantage but also recognises the importance of how organisations can develop, retain, transfer and use knowledge for learning process in organisation (Argote and Ingram, 2000).

The research on organisational performance is closely scrutinised to acclaimed the effect of intra-organisational competition. The methodology of selecting relevant literature has been used to encompass IOC affecting organisational performance. It has been represented categorically (see Table 6).

The methodology of selecting relevant literature

Table 6

Terminologies	Google Scholar	Emerald Insight	EBSCO	Science Direct
Organisational performance in the context of financial & non-financial indicators	12	18	8	16
Identification of organisational performance indicators	13	14	10	11

Author's construction base on the methodology of selecting relevant literature

The following methodology has been used and the number of literatures is listed under the following headings (see Table 7).

Table 7

Construction base on the literatures collected

	Abstract Revision/ Full Article Reading	Research Approach/ Methodology Used	Theories and Concepts Used	Data Collection & Statistical Analysis Test/Experiment	Research Implication/ Findings	Limitation & Future Research Suggestion
ĺ	28/41	29/33	21	23/16	22/19	24

Author's construction base on the literatures collected

To elaborate the significance of organisational performance indicators systematic literature review has been conducted. There are number of scientific researches have been selected and collected for the purpose of developing the conceptual paper. The researches have emphasized on organisational performance measurement and repeatedly elaborated the importance of key indicators. As mentioned, both financial and non-financial indicators are equally responsible for organisational performance. The following organisational theories has been taken into consideration for emphasizing the role of key indicators in access to organisational performance (see Table 8).

Table 8

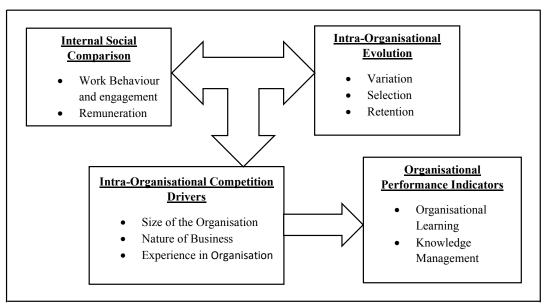
The theories of organisational performance

	neories of organisational performance
Financial Indicators	Non-Financial Indicators
 Net worth & Earnings - (Lebas and Euske, 2007; Tseng and Lee, 2014). Stockholders value - (Venkatraman and Ramanujan, 1986; Cameron, 1986). Capital Returns - (Zainal et al., 2009; Holsapple & Wu, 2011; Combs et al., 2005). 	 Production Efficiency, Customer & employee satisfaction, Stakeholder satisfaction - (Connolly, Conlon, Deustch, 1980; Hitt, 1988; Zammuto, 1984). Partnership & Competences - (Ayoup <i>et al.</i>, 2013; Chen and Liang, 2011, Cotora, 2007). Internal and external relationship - (Kaplan and Norton 1996, Neely, 2002, Neely et al., 2002). Organisational learning, knowledge management & Innovation - (Cangelosi and Dill, 1965; Slater and Narver, 1995; Calantone <i>et al.</i>, 2002; Brokman and Morgan, 2003; Droge <i>et al.</i>, 2003; Stata, 1989; Stewart, 1997; Soo <i>et al.</i>, 2004).

Author's construction base on the theories of organisational performance

5.Conceptual framework

The conceptual framework is shown in Figure 1, which is based on intra-organisational theories proposed by (Baumann, Eggers & Stieglitz, 2019) and the theories of intra-organizational evolution "variation, selection and retention" researched by (Campbell, 1997, 1969 & 1965). The organisational performance indicators such as organisational learning and knowledge management has been selected from scientifically recognised previous researches.



Source: author's creativity of conceptual framework based on theoretical research

Fig. 1. The conceptual framework of Intra-organisational competition effecting organisational performance indicators

The conceptual framework depicts intra-organizational competition variables intra-reacting with each other. Intra-organizational evolution factors of "variation, selection and retention" (decentralization of command, allocation of scares resources and managerial strategy) are synchronized with factors of Internal social comparison (work behaviour, engagement, remuneration and contribution) in the light of strategic business management practices. Simultaneously organization's efficiency and effectiveness in business operations and critical decision making in business functions plays a crucial role in sustaining IOC.

Organisational learning and knowledge management goes hand by hand. Employees who are target driven and have high self-esteem can adapt and learn quickly, they have an ability to create distinct advantage over their co-workers (Joseph and Wilson, 2017). Employees working in organisation needs to learn and gain knowledge and understand the reason behind the existence of intra-organisational competition. They are also required to accumulate the level of competitiveness within organisation and gradually adapt themselves to the extent of competitive behaviour in working environment (Benndrof & Holger, 2012). In essence the effectiveness of internal social comparison in the context of intra-organisational competition is to create an advantage for increasing organisational performance through exchanging ideas and inter learning process, the colleagues very often imitate teammates practices for better personal outcomes (Cabrales & Charness, 2011).

On the other hand organisations purposely use intra-organisational evolutionary theories for enhancing organisational capabilities. The mechanism for allocation of resources within the organisation's boundaries have reconcile business units and employees to compete for availability of resources (March & Simon, 1958). The concept of "coevolving companies" allows cooperation and collaboration while competition coexist between employees and business management (Eisenhardt & Galunic, 2000). Further the concept of introducing the "intra-enterprise cannibalism" can be managed significantly during internal competition for consistent and successful organisational performance (Nadler & Tushman, 1999). The key traits regarding environment uncertainty and duplication of cost leads to intra-organisational competition (Birkinshaw, 2001). The impact of corporate strategy, selection and adaptation of evolutionary management are directed towards organisational performance (Burgelman, 1991). Also, environment equivocality, market heterogeneity, normative integration between units, and fungibility of unit capabilities encourages intra-organisational competition (Eisenhardt & Galunic, 2000).

Conclusion

The organisations has evolved during the period of times and gone through with various structural and functional aspects of business development (Campbell, 1997). The intra-organisational competition in working environment is regarded as a dynamic process that affects employee's work behaviour, engagements and individual contribution (Baumann, Eggers & Stieglitz, 2019). The studies have shown the organisations willing to learn and execute knowledge management successfully have technological competitive advantage over rivals. Organisations having different business units competing in the production for developing two product categories or two groups trying to solve the same problem



is very common feature for developing competitive product capabilities leading one more step closer to intra-organisation competition having significant influence on organisational performance (Nadler & Tushman, 1999). The strong sense of intra-organizational competition within work environment positively effect organizational performance.

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