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Abstract

There are many factors that determine the structure of competition in the environment of growing globalization. Of these, the factors which predominates the nature of competition include not only rivals, but also the economics of particular industries, new entrants, the bargaining power of customers and suppliers, and the threat of substitute services or products. Hence, competition seems to be inevitable. However, collaboration in the business strategy may be considered analogous with the cooperation in the reference to prevailing concerns of the globalization. This paper delineates the driving factors after the ideologies of the strategy formulation through competition and cooperation. The arguments in the paper are woven around sociological, economical and human behavioral paradigms and analytically discuss the strategic fit of competition and cooperation maxims intended towards the growth of business in a firm. The motivation on these juxtaposed issues of competition and cooperation has been derived by reviewing the ideologies debated over the recent past.
Competition vs. Cooperation: Analyzing Strategy Dilemma in Business Growth

Competition may be defined as an object centered process in business performance. Competition may be semantically described as a combination of two distinct Latin words- *com* (together) and *petere* (to seek). Similarly conflict is derived from *com* (together) and *fligere* (to strike). This distinction between the quest and the blow, to strive or to strike seems precisely the pertinent one for clarity and efficiency in social science (Mark, 1965). Competition is the act of striving against another force for the purpose of achieving dominance or attaining a reward or goal, or out of a biological imperative such as survival. It is characterized as striving together to win the race not to destroy the other competitors from the point of view of the supporters of globalization.

Most of the new products in the fast moving customer goods (FMCG) category, like processed food products, cosmetics, etc face competition in the market and the firms penetrate into the oligopoly market conditions. This paper attempts to delineate the corporate philosophy after the competitive and cooperative ideologies of the strategy formulation. The discussion in the paper is modulated around sociological, economical and human behavioral paradigms and analytically presents the arguments on the strategic fit of competition and cooperation maxims intended towards the growth of business in a firm. The motivation on these juxtaposed issues of competition and cooperation has been derived from the work of Kohn (1986) entitled “No Contest: The Case against Competition”.

**Biology of Competition**

Contrary to the above conceptualization on competition Kohn (1986) argues that the competition is essentially detrimental to every important aspect of human experience; our relationships, self-esteem, enjoyment of leisure, and even productivity would all be improved if we were to break out of the pattern of relentless competition. Far from being idealistic speculation, his position is anchored in many research studies and careful analysis of the primary domains of competitive interaction. Another study substantiates Kohn’s ideology and challenges the usual argument which says that competition is a fair mechanism because it ranks individuals according to their
relative preferences between effort and leisure. This argument states that justification of fairness in competition is a complex issue (Christian and Philippe, 2004). Kohn states that the human nature argument has the effect of blunting change and it is played for all its rhetorical advantages. Ideals and reforms are opposed on the ground that they are impossible to attain, that they fly in the face of the “givens” of life (Kohn, 1986, p14). The human life history is characterized by several unusual features which evidence for life history trade-offs between competition and mortality in humans. There are two phenomena of particular interest in evolutionary anthropology, both of which are apparently unique to humans and neither yet fully understood—firstly, the competitive behavior towards growth in the life and secondly sustaining in demographic transition. Parental investment in children in competition with each other may be determined as key to understanding both of these unusual human phenomena (Mace, 2000).

However there are many social, legal, economic, political and technological factors that determine the structure of competition and in the environment of growing globalization competition is inevitable. Of these, the factors which determine the nature of competition, including not only rivals, but also the economics of particular industries, new entrants, the bargaining power of customers and suppliers, and the threat of substitute services or products. A strategic plan of action based on this might include: positioning the company so that its capabilities provide the best defense against the competitive forces; influencing the balance of forces through strategic moves; and anticipating shifts in the factors underlying competitive forces (Porter, 1979). Competition obscures the realities and significance of play, in particular, the bodily play originating in infancy and typical of young children. A multidisciplinary perspective on child's play elucidates the nature of child's play and validates the distinction between competition and play (Sheets-Johnstone, 2003). However, Kohn argues that there are broadly speaking, two general responses to the claim that competition is an inevitable feature of human life which includes cooperation is at least as integral to human life as competition and competition is a learned phenomenon. He further concludes that competition, in the view, is inevitable, of course. Its development is elaborated in the early parent-child relationship. A desire to win the parent’s love can fuel endless competitive struggle; an internationalization of the parent means that adults, with parents’ long dead, can still be driven to win for same reason (Kohn, 1986, p 18-40).
Competition: Sociological Paradigm

The studies on moral sociology first examine the moral aspect of criticisms traditionally leveled at capitalism and then analyze the attempted response and justification of capitalism based on the supposed naturally beneficial effects of competition. Social contests inherent in human ways of life are not restricted to economics and are unlikely to possess spontaneously the moral virtue attached to them (Pharo, 2005). In consideration to the positive dimensions of the competition embedded in the society, the general theory of competition involved the belief that while competition and conflict are universal and essential in society, they are always parts of the larger social order. It also implied that all forms of competition must be subordinate to the larger social order. Therefore, progress in a social order, in this respect, consists not in attempts to eliminate competition but in raising the plane of competition under rules and regulations of a higher type (Walter, 1930). Throughout history, people had little need to manage their growth they were confined to various social, cultural and economic barriers. But times have drastically changed and today, people must learn all to manage themselves. As explained by Peter Drucker, it means we have to learn to develop ourselves. We have to place ourselves where we can make the greatest contribution to our organizations and communities (Drucker, 2005).

We judge ourselves in relation to others and feel satisfied when our competitors fail. For example the Japanese encourage more cooperative culture in schools and businesses unlike Americans. Another example may be observed in Kohn’s work drawn from a meta-analysis of educational studies, which argues that the learning is achieved more effectively in a cooperative than in a competitive environment (Kohn, 1986 p 26). A study in reference to education in Chinese schools has observed that students in the competitive condition performed better in easy tasks than their counterparts in the non-competitive condition. However, they were more performance-oriented and more likely to sacrifice learning opportunities for better performance. They were also prone to have worse self-evaluation after failure. Although there were no statistically significant differences between the two conditions in task enjoyment and achievement attribution, the direction of the differences was consistently unfavorable to students in the competitive condition (Lam et al, 2004). However, Kohn discusses that in a hypercompetitive society, it is never too early to begin such training. Most recently, “readiness programs” have appeared to
prepare infants for the “feverish completion at the better nursery schools”. By the time of elementary school, the pressure to be number one is nothing new, but it has just begun to be codified and quantified. It has been argued that rural Mexican children were more cooperative than Mexican-Americans, who were in turn more cooperative than Anglo-Americans. The latter, as noted above, tended to compete even when the situation was arranged to reward cooperation and tended to take away another’s toy for sheer spite twice as often as did the Mexican children (Kohn, 1986 p 36). There are some research studies, which reveal that school children consider competition as risk averse and develop avoidance behavior while they are encouraged by cooperation as an opportunity for mutual growth and development. A study combining the notion of self-worth in sociology and educational psychology with economic modeling in reference to the incentives on students’ learning in a behavioral economic model reveals that within an educational institution, competition as an incentive scheme evaluates students on their relative performance, which strengthens the connection between students’ relative performance and their perceived ability. When the perception of ability becomes a major concern, competition may motivate students to make a low effort, a strategy to win by not losing (Wang and Yang, 2003).

**Competition vs. Cooperation**

It is argued that the propensity to cooperate may be negatively affected by competition. Experimental evidence supports this hypothesis. In a set of three experiments in which different degrees of competition characterize the markets participants reduce their contributions to a public project as the degree of competition increases (Bissey et al., 2003). Not every one thinks along Alfie Kohn to muddle with the arguments on whether cooperation is better than competition. He tries to determine that fix between these two practices and compares competition with doing the best for oneself to some extent. However, the cooperation and partnerships are justified only if they stand to yield substantially better results than the firms could achieve on their own. And even if they are warranted, they can fail if the partners enter them with mismatched expectations. In matters of the heart, it may be better to have loved and lost, but in business relationships, it's better to have headed off the resource sink and lingering resentments a failed partnership can cause (Lambert and Knemeyer, 2004). Kohn states while discussing the issues related to economic competition that when regulation is cut back in order to bring more competition to the
marketplace, we again witness the true consequences of this competition: its advantages often prove illusory or short-lived or selective which has been viewed controversial by many corporate analysts (Kohn, 1986, p 76).

The competition among firms is increasingly shifting from company vs. company to supply chain vs. supply chain. Benefits can be grouped as customer-oriented benefits, productivity benefits, and innovation related benefits. Factors supporting collaboration are observed as trust, common goals for cooperation, and existence of cooperation mechanisms, while barriers are related to three factors such as lack of trust, risk-benefit evaluation, and lack of common goals for cooperation (Cetindamar et al., 2005). The collaboration in the business strategy may be considered analogous with the cooperation in the reference to prevailing concerns of the globalization. On the contrary, heavy competition in India in almost all product categories has been experienced due to diversification by large and medium companies and increased entry of multinationals which has restricted the growth of domestic companies. Previously, large companies enjoyed high profit margins by targeting premium priced products in the upper strata of Indian society. High levels of competition from equally reputed brands have not only decreased the companies' market share but also created price wars, reducing profit margins and limiting market growth. This has motivated companies to consider the lower classes and the rural segments, which they had previously ignored (Dubey and Patel, 2004). In reference to above two dissimilarities in the business development process, it may be stated that in practice, Kohn’s ideology of cooperation as a tool to replace competition, thus can not be generalized.

**Achievement and Competition**

Knowledge-based competition has magnified the importance of learning alliances as a fast and effective mechanism of capability development. The parameters of success and effective knowledge transfer are used interchangeably to indicate a relatively high level of achievement of intended as well as the unintended benefits to a firm (Daghfous, 2004). However Kohn argues that cooperation is more effective when the size of the organization is smaller the degree of interdependence is higher among its units. He strongly phrases his idea on cooperation as a rider over the negativity of competition. In his view competition works just as any other extrinsic
The movement of public services into direct competition with their private enterprise counterparts is a common feature of public sector policy throughout the developed world. The publicly funded provision of school education has not been exempt from this trend. The creation of a competitive climate is placing public school leaders and teachers under pressure to improve performance in an environment where parents-as-consumers choose the schools to which they send their children (Dempster et al., 2001). However, Kohn disagrees with the fact of involving increasing competitive efforts for augmenting the extent of achievements and argues that so far from making us more productive, then, a structure that pits us against one another tends to inhibit our performance. Children simply do not learn better when education is transformed into competitive struggle. Many teachers conclude that competition holds attention better even though they have never worked with cooperative alternatives (Kohn, 1986, p 50).

Relationships among competition, athletic skill, and social relationships among children have received considerable attention from social psychologists and have also sparked considerable public debate. Most studies of these relationships have concentrated on sports programs involving upper elementary or older boys. Competitive environments heightened the tendency for athletic skill to function as a generalized status element in peer networks. After-school sports programs contributed to the reproduction of athletic skill as a basis of peer status, even for young children (Landers-Potts and Grant, 1997). A passive argument has also emerged on pushing children to competition though at times his arguments seem to be pro competition. It has also been observed that forcing children to compete is something defended precisely on these grounds- that are; early experience with competition will lead to more effective competition on later life. Competition works just as any other extrinsic motivator does. The distinction between trying to do well and trying to beat others is not the only explanation we can come up with the competitions failure. Competition also precludes the more effective use of resources that cooperation allows. The dynamics of cooperative effort make this arrangement far more efficient, while competitors hardly are predisposed to like and trust each other enough to benefit from it (Kohn, 1986, p 59).
Some studies have shown that cooperation is a better tool for growth and achievement as compared to the competition. While analyzing the behavioral attributes of children it has been observed that combining co-operation with other behaviors has been observed as a successful strategy for competing for resources. The children quickly learn to co-operate, however, viewing times varied significantly between them, suggesting that they were competing against each other even while co-operating. The inequitable outcomes appear due to individual differences in the ability to combine helping others with more competitive behaviors (Charlsworth, 1996). It has been evident from the Kohn’s debate on for and against competition, that when we compete we do so out of the primary concern of our own welfare. Working together as a group would not be a strategy for maximizing individual gain but a logical consequence of thinking in terms of what benefits all of us. Sometimes such a tradeoff will occur, but it will not be seen as catastrophic. More to the point, this question will not occur to someone whose worldview is different from our own. It would seem as odd as your feet asking whether the body as a whole benefits from jogging at their expense (Kohn, 1986, p 66).

**Economic Competition**

The contemporary concepts of economic advancement are largely based on the concepts of collaboration; cooperation and competition for developed countries include entire range of governmental functions, including sectoral policy reform, economic integration, privatization, public sector enhancement, labor market competitiveness, investment climate enhancement, e-government, soft infrastructures for developing a knowledge economy, macroeconomic management and effective long range planning. The weight of the public sector constitutes a serious impediment to more rapid growth for many countries. Importantly the large expenditure burden it requires does not always translate into an efficient and equitable distribution of services. Such performance is reflected by the public sector efficiency and governance in promoting the economic advancement of a country (Rajagopal, 2006). Competition is a pivot of economic development which allows cooperation to lead the competition many times. The inadequate functioning of some product markets and lack of competition has undermined the dynamism of the economy, in particular productivity growth (OECD, 2006). While discussing economic environment Kohn seems to be pro-competition and states that despite the enormous discrepancy
between perfect competition and the actual state of our economic system, competition is still the stated ideal. Businesspeople and public officials use the term as an honorific, discussing ways in which they can make their companies and countries more competitive and never pausing to ask whether a competitive system really is the best possible arrangement (Kohn, 1986, p 70).

The need for economic as well as market competition has been endorsed by many applied studies conducted to evidence the driving factors in the economic growth. Market competition is essential for any economy to be efficient. In order to develop competition in a transition economy, it is conventionally thought that privatization should take place first. This wisdom has been challenged by the Chinese reform experience of the last two decades, which modified the incentive structure of state enterprises and created markets and market competition in the absence of large scale privatization. China's experience, however, raises the question of whether its chosen type of reform is sufficient to promote competition in a market dominated by public firms (Liu et al, 2001). It has been observed in the Kohn’s readings that though he delineates competition as a driver of growth but at the same time argue that it is not a healthy psychological attribute to nurture growth of either an individual or an organization. He discusses that the distinction between trying to do well and trying to beat to beat others is not the only explanation we can come up with the competitions failure. Competition also precludes the more effective use of resources that cooperation allows. The dynamics of cooperative effort make this arrangement far more efficient, while competitors hardly are predisposed to like and trust each other enough to benefit from it (Kohn, 1986, p 61).

However, the contemporary economists favor competition as an important tool for economic growth. They discuss whether standard procedures and widely accepted insights of competition policy remain valid when one deals with potentially anti-competitive conduct in innovative industries. The question of appropriateness arises because competition in these industries displays features that are radically different from those encountered in traditional sectors of the economy. Competition is for the market rather than in the market, dynamic aspects of competition matter more in knowledge-based industries (Encaoua and Hollander, 2002). In reference to international economic development the competitiveness among nations in exploiting resources has certainly proved as a major attribute. It is also been noticed that global competitiveness is the key element
to survive in business and it is a task that the business sector along with governments have to confront. Since the latter half of eighties and all through the decade of 90’s, issues of reforms have swept the economies of Latin America and Caribbean countries (Rajagopal, 2005).

**Managerial Applications on Applied Rationale**

Competition may be characterized as striving together to win the race not to destroy the other competitors from the point of view of the supporters of globalization. The local market competition is targeted towards the customers and the competitors strive to win the customer, temporarily or permanently. However, in business - to - business process, the competition may turn more tactical and strategic in order to outperform the rivals firms. In this way competition can be seen as regulated struggle. Competitive roles can be radically altered with technological advances or with the right marketing decisions (Rajagopal, 2006). In the growing competitive markets the large and reputed firms are developing strategies to move into the provision of innovative combinations of products and services as 'high-value integrated solutions' tailored to each customer's needs than simply 'moving downstream' into services. Such firms are developing innovative combinations of service capabilities such as operations, business consultancy and finance required to provide complete solutions to each customer's needs in order to augment the customer value towards the innovative or new products. It has been argued that the provision of integrated solutions is attracting firms traditionally based in manufacturing and services to occupy a new base in the value stream centered on *systems integration* using internal or external sources of product designing, supply and customer focused promotion (Davis, 2004). However, competition varies strongly with the values associated with the brand, industry attractiveness, knowledge management and ethical issues of the organization (Rajagopal and Sanchez, 2005).

The contemporary ideology on the competition emphasizes largely on the competitive environment which contribute to various dimensions of rivalries. It has been observed that the low-end competitor indulging a company in offering much lower prices for a seemingly similar product, has been the common fear of each industry leader managing his business among competitors. The vast majority of such low-end companies fall into one of the four broad categories which include strippers, predators, reformers, or transformers (Potter, 2004). The
global companies often try to promote competition among their salespeople by offering incentives to the best performer and marketing planners develop strategies to defeat their competitors as a way to ensure their company's success. Hence it may be stated that in the corporate business management practices competition is largely accepted as a desirable and effective way to improve performance (Armstrong, 1988). Certainly one would expect competition to be more effective under some circumstances. It is surprising to learn how difficult it was to find empirical evidence about situations in which competition proved superior, especially when one may look at the range of evidence examined by Kohn. However, he emphasizes that the competition leads to produce a less positive regard for people of different ethnic backgrounds. Many organizations feel that in growing competition establishing strategic alliances would better check the competitor's penetration than the own brand or technology driven company. They recognize that alliances and relationships with other companies of repute are fundamental to outwit, outmaneuver and outperform the competitors by ways of better branding, better service and tagging global brands for assuring the quality of goods and services. Alliances and relationships thus transform the concept of competitor.

The concepts of cooperation and competition are not opposite to each other but may be determined as supplementary to the growth in a given society. We may find pro Kohn ideology brought into practice in Japan wherein the puzzle inherent in cooperative export strategies has been solved as to be successful; firms have to cooperate in one market in order to compete in another. As companies in other Asian countries as well as in transition economies engage in cooperative export strategies to increase competitiveness, these indicators provide a useful tool in determining the likelihood of domestic cooperation that makes such strategies possible (Ulrike, 2004). It has been observed that strategic planners in organizations of the future need to consider the potential benefits of collaborating, co-operating and coordinating with others serving the same markets, rather than pursuing conventional "competition". This new mindset may be delineated as co-opetition. It has been observed that the competitive psychology represents oneself as being better than others, and stresses the winning of more resources at their expense. The antithesis is active co-operation, wherein one embraces competitors in partnership to the benefit of all. It is argued that the new business environment demands new kinds of business
relationships, and that co-opetitive partnerships have emerged as a more effective response to changed environmental threats and opportunities (Mosad, 2004).

**Conclusion**

There has been much work done to determine whether competition is better than cooperation and some work has compared competition with doing the best for oneself. The studies emerge from diverse fields, but primarily from education, sports, the performing arts, and psychology. However, the results have been consistent, clear-cut, and surprising: competition typically results in less creativity, poorer performance, and reduced satisfaction. It has been a debatable issue since long to weigh the role of competition and cooperation in social and economic development and at times the arguments favoring each tool seem to be appropriate. Certainly one would expect competition to be more effective under some circumstances. Kohn has described varied and interesting research outcomes to support his arguments on cooperation socially, anthropologically and economically. Competition has been identified by some researchers as an aggressive tool to achieve market power while cooperation is determined as a management instrument for defensive positioning against competition. Though both the forms of organizational tools lead to growth and development, cooperation is considered to be more balanced and welfare oriented (Rajagopal, 2006). Hence there has been major emphasis on cooperation in international trade among the nations who have joined the stream of globalization. Collaboration across the supply chain has become a crucial element in the creation of business value in such a complex manufacturing environment. The collaborative planning, forecasting and replenishment (CPFR) process is a powerful tool to enhance the cooperation between partners from upstream to the vendor/suppliers and downstream to the customer.

In fact in varied business situations both-competition and cooperation are used to build the organizational and customer value. The optimal portfolio demand for products under competition varies strongly with the values associated with the brand, industry attractiveness, knowledge management and ethical issues of the organization. The extent of business values determines the relative risk aversion in terms of functional and logistical efficiency between the organization and supplier while the switching attitude may influence the customers if the organizational values are
not strong and sustainable in the given competitive environment (Rajagopal and Sanchez, 2005). The success of a firm largely emerges from the three different management practices that refer to the use of information on customer value, competition, and costs respectively (Rajagopal, 2006b). It is argued in a study that the success of these practices is contingent on relative product advantage and competitive intensity, which reveals that there are no general "best" or "bad" practices, but that a contingency approach is appropriate. This may be competition, collaboration and strategic cooperation (Ingenbleek et al, 2003).

Some arguments are contradictory with expressions such as competition will lower achievement markedly for such individuals which seriously affects the performance of the whole group (class, corporation, society). One way a competitive culture deals with those who find competition unpleasant, of course, is to accuse them of being afraid of loosing. It has been argued that across many fields the assumption that competition promotes excellence has become increasingly doubtful. Such competitive pressures ultimately benefit no one, least of all the public. Working against, rather than with, colleagues tend to be more destructive than productive. This corroborates the bulk of evidence on the topic- evidence that requires us to reconsider our assumptions about the usefulness of competition. However, competition is an essential constituent of development and has been evidenced by large number of research studies in reference to animal and human behavior, social, national and international growth. The more competition there is the more likely are firms to be efficient and prices to be low. Economists have identified several different sorts of competition. Perfect competition is the most competitive market imaginable in which everybody is a price taker.

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