Individual vs. Team Rewards

The 75/25 Rule

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Snowfly was incorporated in 1999 with a mission to insert games into the employee performance-reward equation. Since that time, over 600 million games have been played in a real world work environment. This paper examines the pros and cons of rewarding individuals vs. teams and tips for using gamification in both situations.

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Abstract

Based on solid academic research, behavioral scientists have known for years that teamwork plays a major role in workplace performance. Management seems to have universally accepted the idea that rewarding team performance is the best way to achieve organizational goals. However, there is also evidence that rewarding individual performance can help achieve organizational goals.

The reality is, rewarding both teamwork and individual performance is essential to workplace success. In the opinion of this author, based upon observation and experience (there is no known academic research to support the opinion), a well-balanced performance-reward program consists of 75% emphasis on individual behavior and 25% emphasis on team behavior.

Benefits of Team Incentive Programs

Teams, when properly formed, allow supervisors to better manage their workforce. For example, instead of managing 100 individuals, a manager can concentrate on 20 teams of 5 people each. In such situations, teams provide a constructive and productive way to get the job done.

When working with teams, it seems natural to assume that team incentive programs are the most effective means of encouraging productivity. In a comprehensive study of the effectiveness of incentive programs by Clark, Condly, and Stolovictch, team incentive programs were twice as productive as individual incentive programs. Table 1 shows these results.

Table 1. Effects of Team and Individual Incentive Programs on Performance

Type of Program	Gain in Productivity	Number of Studies Examined
Individual Programs	19%	55
Team Programs	48%	9

Even though team incentive programs can be quite successful, there are still several valid concerns about them.

Concern #1: Reduced Individual Effort

Team programs that only reward overall group performance can be counterproductive. They may encourage some individual team members to reduce their efforts because they don't think their contributions are noticed. This phenomenon, known as "social loafing," was first documented in a study by Kip Williams and Steven Karau in 1995. The most effective way to counteract social loafing is by designing performance-reward strategies that reward individual team members as well as the team as a whole.

Despite enthusiasm for teams, the individual still wants to be recognized. I learned this lesson the hard way as a college professor at the University of Wyoming. I confess there were times I did not want to grade a huge stack of term papers from my individual students. Instead, I asked students to form teams and work on projects together. I then reviewed the team projects, which meant fewer papers for me to grade. It also meant everyone in the same team received the same grade.

I quickly learned that some students on each team would loaf while others worked hard to achieve a team grade of "A." When this happened, the legitimate "A" students often expressed anger, discouragement, and frustration with comments such as, "I worked night and day on this project and I don't think it's fair that Bill and Mary got the same grade as I did. They missed half of our team meetings." Recognizing the validity of my students' reactions, I stopped assigning team projects and went back to individual projects, even though it meant grading more papers.

> *An effective strategy to counteract social loafing is to design performance reward strategies that reward the individual members as well as the team.*

Team Concern #2: Competition

Another potential problem with team performance programs is competition between teams. A study by the U.S. National Academy of Sciences, reported by Daniel Druckman and Robert Bjork, concluded that a small amount of team competition is healthy because it can enhance a performance reward program. However, constant competition between teams can deflect employee efforts away from achieving organizational goals and redirect them toward sabotaging other teams. This is not a healthy organizational environment. Competition, while healthy in controlled short-term intervals, is dangerous in the long-term and must be used judiciously.

Team Concern #3: Underreporting

Yet another potential problem with team performance programs is the possibility of under-reporting accidents. This occurs in safety programs that award teams for going long periods of time without a lost-time accident. On the surface, this seems like a good strategy, but several studies have shown that that these programs may encourage teams to underreport accidents. When it comes to safety programs, it is more effective to identify and reward non-accident behaviors such as education, meeting attendance, and wellness activities.

Teams Can Bring Out the Best

Despite these concerns, teams remain an effective organizational strategy, whether they are part of a morale policy or part of the defined structure of an employee organization. In his book *Bringing Out the Best in People*, Aubrey Daniels, the world-renowned behavioral psychologist, supports the careful formation of workplace teams. While he acknowledges that workplace teams are not the panacea for all of management's woes, he also writes, "Properly used, teams can be very effective. The most effective work environment is one in which people know when to work alone and when to ask for help. When you to need to work with others to develop a solution to a complex problem, teams provide a very effective vehicle."

The Social Principle of Positive Peer Pressure

The concept of peer pressure is commonly associated with workplace teams. Teams often use peer pressure to enforce unwritten rules that are understood by all members of the group. New team members soon realize they have to "go along to get along." This kind of pressure can serve to restrict behavior and performance. But just as peer pressure can be used as a restrictive force, it can also be used as a positive force—to improve individual performance.

The idea of teams using positive peer pressure has great implications in the workplace, especially in industries that experience high turnover. Today, many people are staying in jobs—or leaving them—because of on-the-job relationships. One of the key reasons people stay on the job is because they do not want to sever their workplace relationships. The more positive their workplace relationships with co-workers, the more likely employees are to remain in their jobs, even if their relationships with supervisors are weak.

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When teams are working correctly, they can enhance interpersonal relationships. An employee who is a member of a well-functioning team is more likely to stay on the job then to leave it. The more management does to facilitate collaboration and social bonding within teams, the less the likelihood for turnover.

Just imagine people who were involved in a team-performance contest, realizing they would hurt the team if they left the job. What a powerful situation it would be if individuals had this level of personal commitment to one another!

Gamification = Work + Play

Many managers now believe it is entirely possible for work and play to co-exist in the workplace. More importantly, they believe that combining work and play in the daily work routine allows employees to thrive as high-performing and creative problem-solvers, on the job and away from the job.

> *Social bonding is what gives a game its life … if it's played in a vacuum … the game quickly fades in value and sustainability.*

Performance-reward games (gamification) are examples of the combination of work and play in the workplace. The positive peer pressure principles discussed earlier apply to these games as well. Social bonding is what gives a game its life. The game, by itself, should be easy to learn and fun to play; however, if it's played in a vacuum—if there is no opportunity for team play or social interaction—the game quickly fades in value and sustainability.

Who wants to privately win a jackpot? Most people want to share their good fortune with others, especially team members. The most competitive players require social interaction. Either they are playing for themselves, against a competitor who drives them to higher levels of achievement, or they are playing in mutual support of teammates, toward an overall team goal. Even superstars need an audience to shine!

Having learned about teams, positive peer pressure, and gamification, let's look at tips for enhancing the positive viability of workplace games.

Tip #1: Individual rewards

Reward individual team members as well as the team as a unit. Think about any game you like to play. It probably has the elements of both individual and team participation. My favorite game, golf, certainly encompasses both aspects. Most competitive players want to align themselves with a team. But they also want to track their own individual performance

Tip #2: Small teams

Keep teams small, from 5 to 10 members. This encourages social bonding between team members and demonstrates the relationship between individual performance and team results. Research suggests that smaller teams are more effective because it's easier for people to bond with each other in smaller groups.

Tip #3: Dynamic teams

Do not keep teams static. It's important to periodically disband and re-form teams to minimize the chances of destructive rivalries forming. Long-term teams can become cliquish and prone to excluding new members. Clearly communicate the duration of a team effort when you first form the team.

Tip #4: Random payoff

Reward both teams and individuals with random performance-reward payout games and subsequent point accumulations. This mitigates the problem of social loafing, because a single play of the game could result in a jackpot. Through positive peer pressure, team members can remind one another that any play of the game could make the whole team a winner.

Regardless of the team size, project duration, or type of reward payoff, new employees should always be involved in teams immediately. This is the best way to quickly enhance the social relationships and increase the chance that employees will survive the first critical days of the job.

Summary

Well-functioning teams and team effort are sought-after goals for many managers who believe "there is no 'I' in team work." However, there is substantial research that supports the greater importance of individual effort. I wish there were a well-refereed study that investigated the power of a team program combined with individual rewards for high achievers. In the absence of research evidence, I have only my observations of the past 40 years upon which to rely. Based on those observations, I believe the best workplace results occur when there is 75% individual reward and 25% team reward. I can't prove it … but my experience says it is the case.

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