# Table of Contents

**Groups in Organizations**
- What is an Effective Group? ................................................................. 2
- Unique Contributions of Groups .......................................................... 2
- Formal Groups .................................................................................... 4
- Informal Groups ................................................................................. 7

**Stages of Group Development**
- Forming Stage .................................................................................. 8
- Storming Stage .................................................................................. 9
- Norming Stage .................................................................................. 9
- Performing Stage ............................................................................... 9
- Adjourning Stage .............................................................................. 10

**Foundations of Group Effectiveness**
- Tasks .......... .................................................................................... 11
- Goals, Rewards, and Resources .......................................................... 11
- Technology ...................................................................................... 12
- Membership Characteristics ............................................................... 12
- Group Size ....................................................................................... 13

**Group and Intergroup Dynamics**
- What Goes on within Groups ............................................................. 14
- What Goes on Between Groups .......................................................... 15

**Decision Making in Groups**
- How Groups Make Decisions ............................................................. 17
- Assets and Liabilities of Group Decision Making ................................ 19
- Groupthink ....................................................................................... 19
- How to Improve Group Decision Making ......................................... 20
The Nature of Groups

Groups Can Bring Out the Best

Groups helped launch Apple Computer, Inc.’s, early success, and they are still playing an important role in the company’s future. The team that created Apple’s original MacIntosh computer was really “hot.” The brainchild of Apple’s cofounder Steve Jobs, it was composed of high-achieving members who were excited and turned on to their highly challenging task. They worked all hours and at an unrelenting pace. Housed in a separate building flying the “Jolly Roger,” the MacIntosh team combined youthful enthusiasm with great expertise and commitment to an exciting goal. The result was a benchmark computer produced in record time. Apple thrived.

Then came the computer wars. Intense competition in the ever-changing and fast-paced industry took its toll. Apple struggled against the likes of Compaq, Dell, Gateway, and the renewed IBM. Given the chance to return as CEO to the company he founded, Steven Jobs built another team charged with reinvigorating the company. This was the team “at the top.” Building what he calls a “world-class” executive team, Jobs found an important key to corporate turnaround. On Apple’s team were sales, hardware, software, services, inventory, and legal gurus. Together with Jobs they brought about major changes in such areas as human resources, manufacturing, and marketing. And what they created first was the iMac, a product *Fortune* described as follows: “The iMac is the first desktop computer to get the whole industry excited since ... well, since the original MacIntosh.”

Product innovation continues to be a hallmark of Apple Computer, Inc. And that, so to speak, is what groups in organizations should be all about.

The new workplace places great value on change and adaptation. Organizations are continually under pressure to find new ways of operating in the quest for higher productivity, total quality and service, customer satisfaction, and better quality of working life. Among the many trends and developments we perceive today, none is more important than the attempts being made to tap the full potential of groups more creatively as critical organizational resources. There is no doubt that an organization’s success depends in significant part on the performance of its internal networks of formal and informal groups. Groups are increasingly becoming focal points as organizations seek the advantages of smaller size, flatter structures, cross-functional integration, and more flexible operations. To meet competitive demands in challenging environments, the best organizations mobilize groups and teams in many capacities in the quest to reach their full potential as high performance systems. Groups in this sense are an important component of the human resources and intellectual capital of organizations.

Study Questions

Groups can be important sources of performance, creativity, and enthusiasm for organizations. This chapter introduces you to the basic attributes of groups as they are found in today’s progressive organizations. As you read Chapter 9, keep in mind these study questions.
What is the nature of groups in organizations?
What are the stages of group development?
What are the foundations of group effectiveness?
What are group and intergroup dynamics?
How do groups make decisions?

Groups in Organizations

A group is a collection of two or more people who work with one another regularly to achieve common goals. In a true group, members (1) are mutually dependent on one another to achieve common goals and (2) interact regularly with one another to pursue those goals over a sustained period of time. Groups are important resources that are good for both organizations and their members. They help organizations to accomplish important tasks. They also help to maintain a high-quality workforce by satisfying needs of their members. Consultant and management scholar Harold J. Leavitt is a well-known advocate for the power and usefulness of groups. He describes “hot groups” as ones that thrive in conditions of crisis and competition and whose creativity and innovativeness generate extraordinary returns. The original MacIntosh team featured in the chapter opener was a hot group; in many ways, Apple’s current top management team is one, too.

What is an Effective Group?

An effective group is one that achieves high levels of task performance, member satisfaction and team viability. With regard to task performance, an effective group achieves its performance goals—in the standard sense of quantity, quality, and timeliness of work results. For a formal workgroup, such as a manufacturing team, this may mean meeting daily production targets. For a temporary group, such as a new policy task force, this may involve meeting a deadline for submitting a new organizational policy to the company president. With regard to member satisfaction, an effective group is one whose members believe that their participation and experiences are positive and meet important personal needs. They are satisfied with their tasks, accomplishments, and interpersonal relationships. With regard to team viability, the members of an effective group are sufficiently satisfied to continue working well together on an ongoing basis and/or to look forward to working together again at some future point in time. Such a group has all-important long-term performance potential.

Unique Contributions of Groups

Effective groups help organizations accomplish important tasks. In particular, they offer the potential for synergy—the creation of a whole that is greater than the sum of its parts. When
synergy occurs, groups accomplish more than the total of their members’ individual capabilities. Group synergy is necessary for organizations to become competitive and achieve long-term high performance in today’s dynamic times.

**High Performance Organization**

Chrysler would probably never have been bought by the prestigious German auto maker Daimler Benz if it hadn’t been known for consistently turning out fleet after fleet of best-selling cars. When asked how Chrysler did it, former CEO Robert Eaton had a one-word answer—“empowerment.” In Chrysler’s team-oriented approach to new model development, workers from engineering, manufacturing, design, finance, marketing, and other areas come together in cross-functional teams. They work together to meet vehicle design, performance, and cost goals sketched out by a top management group. Given that contract, says Eaton, team members “then go away and do it, and they don’t get back to us unless they have a major problem.”

The Effective Manager 9.1 lists several benefits that groups can bring to organizations. In three specific situations groups often have performance advantages over individuals acting alone. First, when there is no clear “expert” in a particular task or problem, groups seem to make better judgments than does the average individual alone. Second, when problem solving can be handled by a division of labor and the sharing of information, groups are typically more successful than individuals. Third, because of their tendencies to make riskier decisions, groups can be more creative and innovative than individuals.

**The Effective Manager 9.1**

**How Groups Can Help Organizations**

- Groups are good for people.
- Groups can improve creativity.
- Groups can make better decisions.
- Groups can increase commitments to action.
- Groups help control their members.
- Groups help offset large organization size.
Groups are important settings where people learn from one another and share job skills and knowledge. The learning environment and the pool of experience within a group can be used to solve difficult and unique problems. This is especially helpful to newcomers who often need help in their jobs. When group members support and help each other in acquiring and improving job competencies, they may even make up for deficiencies in organizational training systems.

Groups are able to satisfy the needs of members. They offer opportunities for social interaction and can provide individuals with a sense of security in available work assistance and technical advice. They can provide emotional support in times of special crisis or pressure, and allow for ego involvement in group goals and activities.

At the same time that they have enormous performance potential, however, groups can also have problems. One concern is **social loafing**, also known as the Ringlemann effect. It is the tendency of people to work less hard in a group than they would individually. Max Ringlemann, a German psychologist, pinpointed the phenomenon by asking people to pull on a rope as hard as they could, first alone and then in a group. He found that average productivity dropped as more people joined the rope-pulling task. He suggested two reasons why people may not work as hard in groups as they would individually: (1) their individual contribution is less noticeable in the context of the group, and (2) they prefer to see others carry the workload. Some ways for dealing with social loafing or trying to prevent it from occurring include:

- Define member roles and tasks to maximize individual interests.
- Link individual rewards to performance contributions to the group.
- Raise accountability by identifying individuals' performance contributions to the group.

Another issue in group work is **social facilitation**—the tendency for one's behavior to be influenced by the presence of others in a group or social setting. In general, social facilitation theory indicates that working in the presence of others creates an emotional arousal or excitement that stimulates behavior and therefore affects performance. Arousal tends to work positively when one is proficient with the task. Here, the excitement leads to extra effort at doing something that already comes quite naturally. An example is the play of a world-class athlete in front of an enthusiastic “hometown” crowd. On the other hand, the effect of social facilitation can be negative when the task is not well learned. You may know this best in the context of public speaking. When asked to speak in front of a class or larger audience, you may well stumble as you try hard in public to talk about an unfamiliar topic.

**Formal Groups**

There are many ways in the new workplace for groups to be used to great advantage. A **formal group** is officially designated to serve a specific organizational purpose. An example is the work unit headed by a manager and consisting of one or more direct reports. The organization creates such a group to perform a specific task, which typically involves the use of resources to create a product such as a report, decision, service, or commodity. The head of a formal group is
responsible for the group’s performance accomplishments, but all members contribute the required work. Also, the head of the group plays a key “linking-pin” role that ties it horizontally and vertically with the rest of the organization.\textsuperscript{10}

**Human Resource Management**

**OB Across Functions**

**Stock Options Can Build the Companywide Team**

The human-resources function in any organization is dedicated to the attraction and maintenance of a high-quality and talented workforce. As executives struggle today with the complex challenges of tight labor markets and social trends, they are rediscovering one of the foundations of teamwork in any setting—ownership. When workers take stock in their company, something happens. And mostly it’s good—good for them and good for the organization. Take the case of MCI/WorldCom Advanced Networks. When the former CompuServe network division in Hilliard, Ohio, was bought by WorldCom, employees gained. They were able to buy WorldCom stock at a discounted price, with options to buy more. Says Mike Herron, health and fitness coordinator at the Hilliard operation: “A lot of people, myself included, continually check the stock price.” The National Center for Employee Ownership (www.nceo.org/) estimates that at least 6 million workers received stock options from employers, and the number is rising each year. John Logue, director of the Ohio Employee Ownership Center at Kent State University, says: “The whole purpose of stock options is to get people to become owners and act like owners.” This should mean more commitment to the job and a greater sense of teamwork around the company. After all, there’s no greater bond among workers than a collective sense of ownership and shared responsibility for making their investments successful.

Formal groups may be permanent or temporary. *Permanent workgroups, or command groups* in the vertical structure, often appear on organization charts as departments (e.g., market research department), divisions (e.g., consumer products division), or teams (e.g., product-assembly team). Such groups can vary in size from very small departments or teams of just a few people to large divisions employing a hundred or more people. As permanent workgroups, they are each officially created to perform a specific function on an ongoing basis. They continue to exist until a decision is made to change or reconfigure the organization for some reason.

In contrast, *temporary workgroups* are *task groups* specifically created to solve a problem or perform a defined task. They often disband once the assigned purpose or task has been accomplished.\textsuperscript{11} Examples are the many temporary committees and task forces that are important components of any organization. Indeed, today’s organizations tend to make more use of *cross-functional teams* or *task forces* for special problem-solving efforts. The president of a company, for example, might
convene a task force to examine the possibility of implementing flexible work hours for nonmanagerial employees. Usually, such temporary groups appoint chairpersons or heads who are held accountable for results, much as is the manager of a work unit. Another common form is the project team that is formed, often cross-functionally, to complete a specific task with a well-defined end point. Examples include installing a new e-mail system and introducing a new product modification.

Information technology is bringing a new type of group into the workplace. This is the virtual group, a group whose members convene and work together electronically via networked computers. In this electronic age, virtual groups are increasingly common in organizations. Facilitated by ever-advancing team-oriented software, or groupware, members of virtual groups can do the same things as members of face-to-face groups. They can share information, make decisions, and complete tasks. The important role of virtual groups or teams in the high performance workplace is discussed in the next chapter.
Virtual teams are an everyday phenomenon at Texas Instruments, where physical distance doesn't stop people from working together. On any given day you can find computer designers working together from all over the world—linked via computers to pool ideas and create new products. Talented engineers in Bangalore, India, may work with other group members in Japan and Texas to develop a new chip. Employees in Bangalore work on complex chip designs. When the designs are finished, they are sent via computer to Texas for fabrication. They go back to Bangalore for any required “debugging.” Says a TI group vice president, “Problems that used to take three years now take a year.”

**Informal Groups**

**Informal groups** emerge without being officially designated by the organization. They form spontaneously through personal relationships or special interests, not by any specific organizational endorsement. Friendship groups for example, consist of persons with natural affinities for one another. They tend to work together, sit together, take breaks together, and even do things together outside of the workplace. Interest groups consist of persons who share common interests. These may be job-related interests, such as an intense desire to learn more about computers, or nonwork interests, such as community service, sports, or religion.
Informal groups often help people get their jobs done. Through their network of interpersonal relationships, they have the potential to speed up the work flow as people assist each other in ways that formal lines of authority fail to provide. They also help individuals satisfy needs that are thwarted or otherwise left unmet in a formal group. In these and related ways, informal groups can provide their members with social satisfactions, security, and a sense of belonging.

**Stages of Group Development**

Whether one is part of a formal work unit, a temporary task force, or a virtual team, the group itself passes through a series of life cycle stages. Depending on the stage the group has reached, the leader and members can face very different challenges. Figure 1 describes five stages of group development: (1) forming, (2) storming, (3) norming, (4) performing, and (5) adjourning.

![Five stages of group development diagram](image)

**Forming Stage**

In the forming stage of group development, a primary concern is the initial entry of members to a group. During this stage, individuals ask a number of questions as they begin to identify with other group members and with the group itself. Their concerns may include: “What can the group offer me?” “What will I be asked to contribute?” “Can my needs be met at the same time I contribute to the group?” Members are interested in getting to know each other and discovering what is considered acceptable behavior, in determining the real task of the group, and in defining group rules.
Storming Stage

The storming stage of group development is a period of high emotionality and tension among the group members. During this stage, hostility and infighting may occur, and the group typically experiences many changes. Coalitions or cliques may form as individuals compete to impose their preferences on the group and to achieve a desired status position. Outside demands, including premature expectations for performance results, may create uncomfortable pressures. In the process, membership expectations tend to be clarified, and attention shifts toward obstacles standing in the way of group goals. Individuals begin to understand one another's interpersonal styles, and efforts are made to find ways to accomplish group goals while also satisfying individual needs.

Norming Stage

The norming stage of group development, sometimes called initial integration, is the point at which the group really begins to come together as a coordinated unit. The turmoil of the storming stage gives way to a precarious balancing of forces. With the pleasures of a new sense of harmony, group members will strive to maintain positive balance. Holding the group together may become more important to some than successfully working on the group's tasks. Minority viewpoints, deviations from group directions, and criticisms may be discouraged as group members experience a preliminary sense of closeness. Some members may mistakenly perceive this stage as one of ultimate maturity. In fact, a premature sense of accomplishment at this point needs to be carefully managed as a “stepping stone” to the next higher level of group development.

Performing Stage

The performing stage of group development, sometimes called total integration, marks the emergence of a mature, organized, and well-functioning group. The group is now able to deal with complex tasks and handle internal disagreements in creative ways. The structure is stable, and members are motivated by group goals and are generally satisfied. The primary challenges are continued efforts to improve relationships and performance. Group members should be able to adapt successfully as opportunities and demands change over time. A group that has achieved the level of total integration typically scores high on the criteria of group maturity shown in Figure 2.
Ten criteria for measuring the maturity of a group.

Adjourning Stage

A well-integrated group is able to disband, if required, when its work is accomplished. The adjourning stage of group development is especially important for the many temporary groups that are increasingly common in the new workplace, including task forces, committees, project teams and the like. Members of these groups must be able to convene quickly, do their jobs on a tight schedule, and then adjourn—often to reconvene later if needed. Their willingness to disband when the job is done and to work well together in future responsibilities, group or otherwise, is an important long-run test of group success.

Foundations of Group Effectiveness

To achieve and maintain high levels of group effectiveness, any manager or leader must understand the way groups operate as organizational resources. The systems model in Figure 3 shows how groups, like organizations, pursue effectiveness by interacting with their environments to transform resource inputs into product outputs. The inputs are the initial “givens” in any group situation. They are the foundations for all subsequent action. As a general rule-of-thumb, the stronger the input foundations the better the chances for long-term group effectiveness. Key
group inputs include the nature of the task, goals, rewards, resources, technology, membership diversity, and group size.

The workgroup as an open system transforming resource inputs into product outputs.

Tasks

The tasks they are asked to perform can place different demands on groups, with varying implications for group effectiveness. The technical demands of a group's task include its routineness, difficulty, and information requirements. The social demands of a task involve relationships, ego involvement, controversies over ends and means, and the like. Tasks that are complex in technical demands require unique solutions and more information processing; those that are complex in social demands involve difficulties reaching agreement on goals or methods for accomplishing them. Naturally, group effectiveness is harder to achieve when the task is highly complex. To master complexity, group members must apply and distribute their efforts broadly and actively cooperate to achieve desired results. When their efforts are successful at mastering complex tasks, however, group members tend to experience high levels of satisfaction with the group and its accomplishments.

Goals, Rewards, and Resources

Appropriate goals, well-designed reward systems, and adequate resources are all essential to support long-term performance accomplishments. A group's performance, just like individual performance, can suffer when goals are unclear, insufficiently challenging, or arbitrarily imposed. It can also suffer if goals and rewards are focused too much on individual-level instead of group-level accomplishments. And it can suffer if adequate budgets, the right facilities, good work methods and procedures, and the best technologies are not available. By contrast, having the right goals, rewards, and resources can be a strong launching pad for group success.
Technology

Technology provides the means to get work accomplished. It is always necessary to have the right technology available for the task at hand. The nature of the workflow technology can also influence the way group members interact with one another while performing their tasks. It is one thing to be part of a group that crafts products to specific customer requests; it is quite another to be part of a group whose members staff one section of a machine-paced assembly line. The former technology permits greater interaction among group members. It will probably create a closer knit group with a stronger sense of identity than the one formed around one small segment of an assembly line.

Membership Characteristics

To achieve success a group must have the right skills and competencies available for task performance and problem solving. Although talents alone cannot guarantee desired results, they establish an important baseline of performance potential. It is difficult to overcome the performance limits that result when the input competencies are insufficient to the task at hand.

In homogeneous groups where members are very similar to one another, members may find it very easy to work together. But they may still suffer performance limitations if their collective skills, experiences, and perspectives are not a good match for complex tasks. In heterogeneous groups whose members vary in age, gender, race, ethnicity, experience, culture, and the like, a wide pool of talent and viewpoints is available for problem-solving. But this diversity may create difficulties as members try to define problems, share information, and handle interpersonal conflicts. These difficulties may be quite pronounced in the short run or early stages of group development. Once members learn how to work together, however, research confirms that diversity can be turned into enhanced performance potential.  

Researchers identify what is called the diversity–consensus dilemma. This is the tendency for increasing diversity among group members to make it harder for group members to work together, even though the diversity itself expands the skills and perspectives available for problem solving. The challenge to group effectiveness in a culturally mixed multinational team, for example, is to take advantage of the diversity without suffering process disadvantages.

The blend of personalities is also important in a group or team. The FIRO-B theory (with “FIRO” standing for fundamental interpersonal orientation) identifies differences in how people relate to one another in groups based on their needs to express and receive feelings of inclusion, control, and affection. Developed by William Schutz, the theory suggests that groups whose members have compatible needs are likely to be more effective than groups whose members are more incompatible. Symptoms of incompatibilities in a group include withdrawn members, open hostilities, struggles over control, and domination of the group by a few members. Schutz states the management implications of the FIRO-B theory this way: “If at the outset we can choose a group of people who can work together harmoniously, we shall go far toward avoiding situations where a group's efforts are wasted in interpersonal conflicts.”
Another source of diversity in group membership is status—a person's relative rank, prestige, or standing in a group. Status within a group can be based on any number of factors, including age, work seniority, occupation, education, performance, or standing in other groups. Status congruence occurs when a person's position within the group is equivalent in status to positions held outside of the group. Problems are to be expected when status incongruence is present. In high-power distance cultures such as Malaysia, for example, the chair of a committee is expected to be the highest-ranking member of the group. When present, such status congruity helps members feel comfortable in proceeding with their work. If the senior member is not appointed to head the committee, members are likely to feel uncomfortable and have difficulty working as a group. Similar problems might occur, for example, when a young college graduate is appointed to chair a project group composed of senior and more experienced workers.

**Group Size**

The size of a group, as measured by the number of its members, can have an impact on group effectiveness. As a group becomes larger, more people are available to divide up the work and accomplish needed tasks. This can boost performance and member satisfaction, but only up to a point. As a group continues to grow in size, communication and coordination problems often set in. Satisfaction may dip, and turnover, absenteeism, and social loafing may increase. Even logistical matters, such as finding time and locations for meetings, become more difficult for larger groups and can hurt performance.

A good size for problem-solving groups is between five and seven members. A group with fewer than five may be too small to adequately share responsibilities. With more than seven, individuals may find it harder to participate and offer ideas. Larger groups are also more prone to possible domination by aggressive members and have tendencies to split into coalitions or subgroups. Groups with an odd number of members find it easier to use majority voting rules to resolve disagreements. When speed is required, this form of conflict management is useful, and odd-numbered groups may be preferred. But when careful deliberations are required and the emphasis is more on consensus, such as in jury duty or very complex problem solving, even-numbered groups may be more effective unless an irreconcilable deadlock occurs.

**Group and Intergroup Dynamics**

The effectiveness of any group as an open system (depicted in Figure 3) requires more than the correct inputs. It always depends also on how well members work together to utilize these inputs to produce the desired outputs. When we speak about people “working together” in groups, we are dealing with issues of group dynamics—the forces operating in groups that affect the way members relate to and work with one another. In the open systems model, group dynamics are the processes through which inputs are transformed into outputs.
What Goes on within Groups

George Homans described a classic model of group dynamics involving two sets of behaviors—required and emergent. In a workgroup, required behaviors are those formally defined and expected by the organization. For example, they may include such behaviors as punctuality, customer respect, and assistance to co-workers. Emergent behaviors are those that group members display in addition to what the organization asks of them. They derive not from outside expectations but from personal initiative. Emergent behaviors often include things that people do beyond formal job requirements and that help get the job done in the best ways possible. Rarely can required behaviors be specified so perfectly that they meet all the demands that arise in a work situation. This makes emergent behaviors essential. An example might be someone taking the time to send an e-mail to an absent member to keep her informed about what happened during a group meeting. The concept of empowerment, often discussed in this book as essential to the high performance workplace, relies strongly on unlocking this positive aspect of emergent behaviors.

Homans' model of group dynamics also describes member relationships in terms of activities, interactions, and sentiments, all of which have their required and emergent forms. Activities are the things people do or the actions they take in groups while working on tasks. Interactions are interpersonal communications and contacts. Sentiments are the feelings, attitudes, beliefs, or values held by group members.
The San Diego Zoo is known for showing its animals in natural environments. Animals and plants from a particular region are housed together in cageless enclosures designed to resemble natural settings with appropriate bioclimatic zones. Each bioclimatic zone is managed by its own team, typically consisting of 7 to 10 employees. A typical team is likely to be made up of mammal specialists, bird experts, horticulturists, and maintenance and construction workers. Their jobs blend and merge, making it difficult sometimes to tell who does what. Gone is the “it’s-not-my-job” syndrome. If something needs to be done, it is the job of the entire team. In learning to work well together, members let go of traditional practices and develop new skills matched to team concepts.26

What Goes on Between Groups

The term intergroup dynamics refers to the dynamics that take place between two or more groups. Organizations ideally operate as cooperative systems in which the various components support one another. In the real world, however, competition and intergroup problems often develop within an organization and have mixed consequences. On the negative side—such as when manufacturing and sales units don’t get along, intergroup dynamics may divert energies as members focus more on their animosities toward the other group than on the performance of
important tasks. 27 On the positive side, competition among groups can stimulate them to work harder, become more focused on key tasks, develop more internal loyalty and satisfaction, or achieve a higher level of creativity in problem solving. Japanese companies, for example, often use competitive themes to motivate their organizationwide workforces. At Sony, it has been said that the slogan “BMW” stands for “Beat Matsushita Whateover.” 28

Organizations and their managers go to great lengths to avoid the negative and achieve the positive aspects of intergroup dynamics. Groups engaged in destructive competition, for example, can be refocused on a common enemy or a common goal. Direct negotiations can be held among the groups, and members can be trained to work more cooperatively. It is important to avoid win–lose reward systems in which one group must lose something in order for the other to gain. Rewards can be refocused on contributions to the total organization and on how much groups help one another. Also, cooperation tends to increase as interaction between groups increases.

Decision Making in Groups

One of the most important activities in any group is decision making—discussed in detail in Chapter 9 as the process of choosing among alternative courses of action. Obviously, the quality and timeliness of decisions made and the processes through which they are arrived at can have an important impact on group effectiveness.
Teams are center stage at this maker of popular GORE-TEX® fabrics and other high-tech products, including GLIDE® dental floss. Employees, or associates, praise a “bossless” management style in which they are encouraged to make their own commitments. An associate stock ownership plan adds incentive to making good investment decisions.

How Groups Make Decisions

Edgar Schein, a noted scholar and consultant, has worked extensively with groups to analyze and improve their decision-making processes. He observes that groups may make decisions through any of the following six methods: lack of response, authority rule, minority rule, majority rule, consensus, or unanimity.
In decision by lack of response, one idea after another is suggested without any discussion taking place. When the group finally accepts an idea, all others have been bypassed and discarded by simple lack of response rather than by critical evaluation. In decision by authority rule, the chairperson, manager, or leader makes a decision for the group. This can be done with or without discussion and is very time efficient. Whether the decision is a good one or a bad one depends on whether the authority figure has the necessary information and on how well other group members accept this approach. In decision by minority rule, two or three people are able to dominate or “railroad” the group into making a decision to which they agree. This is often done by providing a suggestion and then forcing quick agreement by challenging the group with such statements as: “Does anyone object?… No? Well, let’s go ahead then.”

One of the most common ways groups make decisions, especially when early signs of disagreement set in, is decision by majority rule. Formal voting may take place or members may be polled to find the majority viewpoint. This method parallels the democratic political system and is often used without awareness of its potential problems. The very process of voting can create coalitions. That is, some people will be “winners,” and others will be “losers” when the final vote is tallied. Those in the minority—the “losers,” may feel left out or discarded without having had a fair say. As a result, they may be less enthusiastic about implementing the decision of the “winners.” Lingering resentments may impair group effectiveness in the future.

The Effective Manager 9.2

Guidelines for Group Consensus

1. Don’t argue blindly; consider others’ reactions to your points.
2. Don’t change your mind just to reach quick agreement.
3. Avoid conflict reduction by voting, coin tossing, and bargaining.
4. Try to involve everyone in the decision process.
5. Allow disagreements to surface so that information and opinions can be deliberated.
6. Don’t focus on winning versus losing; seek alternatives acceptable to all.
7. Discuss assumptions, listen carefully, and encourage participation by everyone.

Another alternative is decision by consensus. Formally defined, consensus is a state of affairs whereby discussion leads to one alternative being favored by most members and the other members agreeing to support it. When a consensus is reached, even those who may have opposed the chosen course of action know that they have been listened to and have had a fair chance to influence the outcome. Consensus, as suggested by the guidelines in The Effective Manager 9.2,
does not require unanimity. What it does require is the opportunity for any dissenting members to feel they have been able to speak, and that their voices have been heard.\textsuperscript{30}

A \textit{decision by unanimity} may be the ideal state of affairs. Here, all group members agree totally on the course of action to be taken. This is a “logically perfect” group decision method that is extremely difficult to attain in actual practice. One reason that groups sometimes turn to authority decisions, majority voting, or even minority decisions is the difficulty of managing the group process to achieve consensus or unanimity.\textsuperscript{31}

**Assets and Liabilities of Group Decision Making**

The best groups don’t limit themselves to just one decision-making method, using it over and over again regardless of circumstances. Instead, they operate in contingency fashion by changing decision methods to best fit the problem and situation at hand. Indeed, an important leadership skill is helping a group choose the “right” decision method—one providing for a timely and quality decision to which the members are highly committed.

The choice among decision methods should be made with a full awareness of both the potential assets and liabilities of group decision making. For example, the \textit{potential advantages of group decision making} include:\textsuperscript{32}

1. \textit{Information}—more knowledge and expertise is applied to solve the problem.
2. \textit{Alternatives}—a greater number of alternatives are examined, avoiding tunnel vision.
3. \textit{Understanding and acceptance}—the final decision is better understood and accepted by all group members.
4. \textit{Commitment}—there is more commitment among all group members to make the final decision work.

We also know that groups can experience problems when they are making decisions. The \textit{potential disadvantages of group decision making} include:\textsuperscript{33}

1. \textit{Social pressure to conform}—individuals may feel compelled to go along with the apparent wishes of the group.
2. \textit{Minority domination}—the group’s decision may be forced or “railroaded” by one individual or a small coalition.
3. \textit{Time demands}—with more people involved in the dialogue and discussion, group decisions usually take longer to make than individual decisions.

**Groupthink**

An important potential problem in group decision making, identified by social psychologist Irving Janis, is \textit{groupthink}—the tendency of members in highly cohesive groups to lose their
critical evaluative capabilities. Janis believes that, because highly cohesive groups demand conformity, their members tend to become unwilling to criticize one another’s ideas and suggestions. Desires to hold the group together and to avoid unpleasant disagreements lead to an overemphasis on agreement and an underemphasis on critical discussion. The possible result is a poor decision. Janis suggest that groupthink played a role in the lack of preparedness of U.S. forces at Pearl Harbor in World War II. It has also been linked to U.S. decision making during the Vietnam War and to the space shuttle Challenger disaster.

Group leaders and members should be alert to the symptoms of groupthink and quick to take any necessary action to prevent its occurrence. The Effective Manager 9.3 identifies steps that can be taken to avoid groupthink. Among them, for example, President Kennedy chose to absent himself from certain strategy discussions by his cabinet during the Cuban Missile crisis. Reportedly, this facilitated discussion and helped to improve decision making as the crisis was successfully resolved.

The Effective Manager 9.3

How to Avoid Groupthink

• Assign the role of critical evaluator to each group member.
• Have the leader avoid seeming partial to one course of action.
• Create subgroups to work on the same problem.
• Have group members discuss issues with outsiders and report back.
• Invite outside experts to observe and react to group processes.
• Assign someone to be a “devil’s advocate” at each meeting.
• Write alternative scenarios for the intentions of competing groups.
• Hold “second-chance” meetings after consensus is apparently achieved.

How to Improve Group Decision Making

In order to take full advantage of the group as a decision-making resource, care must be taken to manage group dynamics to balance individual contributions and group operations. A particular concern is with the process losses that often occur in free-flowing meetings, such as a committee deliberation or a staff meeting on a specific problem. In these settings the risk of social pressures to conform, domination, time pressures, and even highly emotional debates may detract from the purpose at hand. They are also settings in which special group decision techniques may be used to advantage.
Brainstorming

In brainstorming, group members actively generate as many ideas and alternatives as possible, and they do so relatively quickly and without inhibitions. Four rules typically govern the brainstorming process. First, all criticism is ruled out. No one is allowed to judge or evaluate any ideas until the idea-generation process has been completed. Second, “freewheeling” is welcomed. The emphasis is on creativity and imagination; the wilder or more radical the ideas, the better. Third, quantity is wanted. The emphasis is also on the number of ideas; the greater the number, the more likely a superior idea will appear. Fourth, “piggy-backing” is good. Everyone is encouraged to suggest how others’ ideas can be turned into new ideas or how two or more ideas can be joined into still another new idea. Typical results include enthusiasm, involvement, and a free flow of ideas useful in creative problem solving.

Nominal Group Technique

In any group, there will be times when the opinions of members differ so much that antagonistic arguments will develop during free-wheeling discussions. At other times the group will be so large that open discussion and brainstorming are awkward to manage. In such cases, a form of structured group decision making called the nominal group technique may be helpful. It puts people in small groups of six to seven members and asks everyone to respond individually and in writing to a “nominal question” such as: “What should be done to improve the effectiveness of this work team?” Everyone is encouraged to list as many alternatives or ideas as they can. Next, participants read aloud their responses to the nominal question in round-robin fashion. The recorder writes each response on large newsprint as it is offered. No criticism is allowed. The recorder asks for any questions that may clarify items on the newsprint. This is again done in round-robin fashion, and no evaluation is allowed. The goal is simply to make sure that everyone present fully understands each response. A structured voting procedure is then used to prioritize responses to the nominal question. The nominal group procedure allows ideas to be evaluated without risking the inhibitions, hostilities, and distortions that may occur in an open meeting.

Delphi Technique

A third group decision approach, the Delphi technique, was developed by the Rand Corporation for use in situations where group members are unable to meet face to face. In this procedure, a series of questionnaires are distributed to a panel of decision makers, who submit initial responses to a decision coordinator. The coordinator summarizes the solutions and sends the summary back to the panel members, along with a follow-up questionnaire. Panel members again send in their responses, and the process is repeated until a consensus is reached and a clear decision emerges.
Computer-Mediated Decision Making

Today's information and computer technologies enable group decision making to take place across great distances with the help of group decision support systems. The growing use of electronic brainstorming is one example of the trend toward virtual meetings. Assisted by special software, participants use personal computers to enter ideas at will, either through simultaneous interaction or over a period of time. The software compiles and disseminates the results. Both the nominal group and Delphi techniques also lend themselves to computer mediation. Electronic approaches to group decision making can offer several advantages, including the benefits of anonymity, greater number of ideas generated, efficiency of recording and storing for later use, and ability to handle large groups with geographically dispersed members.\(^3^9\)

Chapter 9 Study Guide

Summary

1. What is the nature of groups in organizations?
   - A group is a collection of people who interact with one another regularly to attain common goals.
   - Groups can help organizations by helping their members to improve task performance and experience more satisfaction from their work.
   - One way to view organizations is as interlocking networks of groups, whose managers serve as leaders in one group and subordinates in another.
   - Synergy occurs when groups are able to accomplish more than their members could by acting individually.
   - Formal groups are designated by the organization to serve an official purpose; examples are work units, task forces, and committees; informal groups are unofficial and emerge spontaneously because of special interests.

2. What are the stages of group development?
   - Groups pass through various stages in their life cycles, and each stage poses somewhat distinct management problems.
   - In the forming stage, groups have problems managing individual entry.
   - In the storming stage, groups have problems managing expectations and status.
   - In the norming or initial integration stage, groups have problems managing member relations and task efforts.
   - In the performing or total integration stage, groups have problems managing continuous improvement and self-renewal.
3. What are the foundations of group effectiveness?
   - An effective group is one that achieves high levels of task accomplishment and member satisfaction, and achieves viability to perform successfully over the long term.
   - As open systems, groups must interact successfully with their environments to obtain resources that are transformed into outputs.
   - Group input factors establish the core foundations for effectiveness, and include: goals, rewards, resources, technology, the task, membership characteristics, and group size, among other possibilities.

4. What are group and intergroup dynamics?
   - Group dynamics are the way members work together to utilize inputs; they are another foundation of group effectiveness.
   - Group dynamics are based on the interactions, activities, and sentiments of group members, and on the required and emergent ways in which members work together.
   - Intergroup dynamics are the forces that operate between two or more groups.
   - Although groups in organizations ideally cooperate with one another, they often become involved in dysfunctional conflicts and competition.
   - The disadvantages of intergroup competition can be reduced through management strategies to direct, train, and reinforce groups to pursue cooperative instead of purely competitive actions.

5. How do groups make decisions?
   - Groups can make decisions by lack of response, authority rule, minority rule, majority rule, consensus, and unanimity.
   - The potential assets to more group decision making include having more information available and generating more understanding and commitment.
   - The potential liabilities to more group decision making include social pressures to conform and greater time requirements.
   - “Groupthink” is the tendency of some groups to lose critical evaluative capabilities.
Techniques for improving creativity in group decision making include brainstorming, nominal group technique, and the Delphi method, including computer applications.

Self-Test
Multiple Choice

1. The FIRO-B theory addresses _____ in groups.
   a. membership compatibilities
   b. social loafing
   c. dominating members
   d. conformity

2. It is during the _____ stage of group development that members begin to really come together as a coordinated unit.
   a. storming
   b. norming
   c. performing
   d. total integration

3. An effective group is defined as one that achieves high levels of task performance, member satisfaction, and _____ .
   a. coordination
   b. harmony
   c. creativity
   d. team viability

4. Task characteristics, reward systems, and group size are all _____ that can make a difference in group effectiveness.
   a. group processes
   b. group dynamics
   c. group inputs
   d. human-resource maintenance factors

5. The best size for a problem-solving group is usually _____ members.
   a. no more than 3 or 4
b. 5 to 7

c. 8 to 10

d. around 12 to 13

6. When two groups are in competition with one another, within each group _____ may be expected.
   a. more in-group loyalty
   b. less reliance on the leader
   c. less task focus
   d. more conflict

7. The tendency of groups to lose their critical evaluative capabilities during decision making is a phenomenon called _____.
   a. groupthink
   b. the Ringlemann effect
   c. decision congruence
   d. group consensus

8. When a decision requires a high degree of commitment for its implementation, a/an _____ decision is generally preferred.
   a. authority
   b. majority vote
   c. group consensus
   d. groupthink

9. What does the Ringlemann effect describe in respect to group behavior?
   a. tendency of groups to make risky decisions
   b. social loafing
   c. social facilitation
   d. satisfaction of members' social needs

10. Members of a multinational task force in a large international business should be aware that _____ might initially slow the progress of the group in meeting its task objectives.
    a. synergy
    b. groupthink
c. diversity–consensus dilemma
d. intergroup dynamics

True–False
1. The creation of a whole that is greater than the sum of its parts defines synergy.
2. Informal groups tend to hurt organizations and should not be tolerated by managers.
3. Generally speaking, members of homogeneous groups are expected to work easily and well with one another.
4. Poor attitudes toward work are examples of sentiments that may exist in group dynamics.
5. Decision by majority voting is the only group decision method without any disadvantages.
6. The potential liabilities or disadvantages of group decision making include social pressures to conform.
7. When group members are not getting along well together, the brainstorming technique is a good approach for improving creativity in decision making.
8. Devil's advocate roles and second-chance meetings are good ways for members to avoid the dangers of groupthink.
9. Increasing interactions among members is one way of dealing with dysfunctional intergroup relationships.
10. Group decision making is always superior to individual decision making.

Short Response
1. How can groups be good for organizations?
2. What types of formal groups are found in organizations today?
3. What is the difference between required and emergent behaviors in group dynamics?
4. How can intergroup competition be bad for organizations?

Applications Essay
1. Alejandro Puron recently encountered a dilemma in working with his quality circle (QC) team. One of the team members claims that the QC must always be unanimous in its recommendations. “Otherwise,” she says, “we will not have a true consensus.” Alejandro, the current QC leader, disagrees. He believes that unanimity is desirable but not always necessary to achieve consensus. You are a management consultant
specializing in group utilization in organizations. Alejandro calls you for advice. What would you tell him and why?

Explore application-oriented Fast Company articles, cases, experiential exercises, and self-assessments in the OB Skills Workbook

Visit the Schermerhorn Web site to find the Interactive Self-Test and Internet exercises for this chapter.

www.wiley.com/college/schermerhorn