Understanding Groups and Managing Work Teams

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Imagine working for an organization that employs more than 2,700 individuals with each one having the identical focus. Imagine, too, that company managers in this organization want you to work hard and be the best at what you do. If you’re employed by Ferrari S.p.A., such realities aren’t hard to imagine.

When most people hear the name Ferrari, they think of expensive, super-fast sports cars. That reputation for speed is why Ferraris continue to be well-known and respected in racing groups around the world. The Italian company was founded by Enzo Ferrari in 1928, and even in its early days, racing was an important part of the Ferrari legend. Today, Luca Cordero (photo on right), president and managing director of the company, believes that his employees truly make a difference in producing one of the world’s greatest sports cars. He recognizes that to be the best, he needs employees who understand how to work together and how to achieve common goals. At Ferrari, employee teams combine their efforts to produce an outstanding automobile, with quality befitting its iconic reputation. You won’t find traditional assembly lines in the Ferrari factory, nor will you find production quotas. With prices for a Ferrari starting at $140,000, auto assembly time isn’t measured in seconds. Rather, team tasks often last more than 90 minutes for each portion of a car. Then the team proudly passes its finished work to the next team so its work can begin. Average time to manufacture one car: three days. The company produces around 6,000 Ferraris in any one year, although the company hopes to boost that number to 10,000 cars by 2010. To achieve that goal, the company is expanding current capacity although its singular focus on quality and teamwork won’t change.

Employees at Ferrari truly enjoy being part of a team. They say that working toward a common goal is one of the most satisfying elements in their jobs. They also appreciate what the company does for them. They enjoy a state-of-the-art fitness center, annual physicals at the company’s on-site clinic, an employee cafeteria, and home-based training for employees to learn English. They feel as if Cordero and his team treat them as associates, not just as cogs in the Ferrari wheel. As one employee stated, “For many of us working for Ferrari is like working in the Vatican.” Recently, the company won an award for Best Place to Work in Europe. The prize resulted from the company’s “Formula-1-inspired workplace initiative called Formula Uomo,” which took the principles of Ferrari’s success in Formula 1 racing and applied them to the workplace. The main thrust was recognizing its people as the “fulcrum of the company’s work system.”

Is the team concept at Ferrari working? By all accounts, yes. The company has achieved over $2.3 billion in sales. And more importantly, the car still retains its appeal as one of the best and most desired in the world. Although profits have been nominal during the global economic downturn, there are always going to be customers who want to own the car with the rearing-horse logo.
Like company executives at Ferrari, managers today believe that the use of teams allows their organizations to increase sales or produce better products faster and at lower costs. Although the effort to create teams isn’t always successful, well-planned teams can reinvigorate productivity and better position an organization to deal with a rapidly changing environment.

You’ve probably had a lot of experience working in groups—class project teams, maybe an athletic team, a fund-raising committee, or even a sales team at work. Work teams are one of the realities—and challenges—of managing in today’s dynamic global environment. Many organizations have made the move to restructure work around teams rather than individuals. Why? What do these teams look like? And how can managers build effective teams? These are some of the questions we’ll be answering in this chapter. Before we can understand teams, however, we first need to understand some basics about groups and group behavior.

What Is a Group and What Stages of Development Do Groups Go Through?

Each person in the group had his or her assigned role: The Spotter, The Back Spotter, The Gorilla, and the Big Player. For over 10 years, this group—former MIT students who were members of a secret Black Jack Club—used their extraordinary mathematical abilities, expert training, teamwork, and interpersonal skills to take millions of dollars from some of the major casinos in the United States. Although most groups aren’t formed for such dishonest purposes, the success of this group at its task was impressive. Managers would like their work groups to be successful at their tasks also. The first step is understanding what a group is and how groups develop.

What Is a Group?

A group is defined as two or more interacting and interdependent individuals who come together to achieve specific goals. Formal groups are work groups that are defined by the organization’s structure and have designated work assignments and specific tasks directed at accomplishing organizational goals. Exhibit 9-1 provides some examples. Informal groups are social groups. These groups occur naturally in the workplace and tend to form around friendships and common interests. For example, five employees from different departments who regularly eat lunch together are an informal group.

EXHIBIT 9-1 Examples of Formal Work Groups

- **Command groups**—Groups that are determined by the organization chart and composed of individuals who report directly to a given manager.
- **Task groups**—Groups composed of individuals brought together to complete a specific job task; their existence is often temporary because when the task is completed, the group disbands.
- **Cross-functional teams**—Groups that bring together the knowledge and skills of individuals from various work areas or groups whose members have been trained to do each other’s jobs.
- **Self-managed teams**—Groups that are essentially independent and that, in addition to their own tasks, take on traditional managerial responsibilities, such as hiring, planning and scheduling, and evaluating performance.
What Are the Stages of Group Development?

Research shows that groups develop through five stages. As shown in Exhibit 9-2, these five stages are: forming, storming, norming, performing, and adjourning.

The **forming** stage has two phases. The first occurs as people join the group. In a formal group, people join because of some work assignment. Once they’ve joined, the second phase begins: defining the group’s purpose, structure, and leadership. This phase involves a great deal of uncertainty as members “test the waters” to determine what types of behavior are acceptable. This stage is complete when members begin to think of themselves as part of a group.

The **storming** stage is appropriately named because of the intragroup conflict. There’s conflict over who will control the group and what the group needs to be doing. When this stage is complete, there will be a relatively clear hierarchy of leadership and agreement on the group’s direction.

The **norming** stage is one in which close relationships develop and the group becomes cohesive. There’s now a strong sense of group identity and camaraderie. This stage is complete when the group structure solidifies and the group has assimilated a common set of expectations (or norms) regarding member behavior.
The fourth stage is performing. The group structure is in place and accepted by group members. Their energies have moved from getting to know and understand each other to working on the group’s task. This is the last stage of development for permanent work groups. However, for temporary groups—project teams, task forces, or similar groups that have a limited task to do—the final stage is adjourning. In this stage, the group prepares to disband. Attention is focused on wrapping up activities instead of task performance. Group members react in different ways. Some are upbeat, thrilled about the group’s accomplishments. Others may be sad over the loss of camaraderie and friendships.

Many of you have probably experienced these stages as you’ve worked on a group project for a class. Group members are selected or assigned and then meet for the first time. There’s a “feeling out” period to assess what the group is going to do and how it’s going to be done. This is usually followed by a battle for control: Who’s going to be in charge? Once this issue is resolved and a “hierarchy” agreed on, the group identifies specific work that needs to be done, who’s going to do each part, and dates by which the assigned work needs to be completed. General expectations are established. These decisions form the foundation for what you hope will be a coordinated group effort culminating in a project that’s been done well. Once the project is complete and turned in, the group breaks up. Of course, some groups don’t get much beyond the forming or storming stages. These groups may have serious interpersonal conflicts, turn in disappointing work, and get lower grades.

Does a group become more effective as it progresses through the first four stages? Some researchers say yes, but it’s not that simple. That assumption may be generally true, but what makes a group effective is a complex issue. Under some conditions, high levels of conflict are conducive to high levels of group performance. There might be situations in which groups in the storming stage outperform those in the norming or performing stages. Also, groups don’t always proceed sequentially from one stage to the next. Sometimes, groups are storming and performing at the same time. Groups even occasionally regress to previous stages. Therefore, don’t assume that all groups precisely follow this process or that performing is always the most preferable stage. Think of this model as a general framework that underscores the fact that groups are dynamic entities and managers need to know the stage a group is in so they can understand the problems and issues that are most likely to surface.

**What Are the Major Concepts of Group Behavior?**

The basic foundation for understanding group behavior includes roles, norms and conformity, status systems, group size, and group cohesiveness. Let’s take a closer look at each of those aspects.

**What Are Roles?**

We introduced the concept of roles in Chapter 1 when we discussed what managers do. Of course, managers aren’t the only individuals in an organization who have roles. The concept of roles applies to all employees in organizations and to their lives outside the organization as well.

A role refers to behavior patterns expected of someone who occupies a given position in a social unit. Individuals play multiple roles, adjusting their roles to the group to which they belong at the time. In an organization, employees attempt to determine what behaviors are expected of them. They read their job descriptions, get suggestions from their bosses, and watch what their coworkers do. An individual who’s confronted by divergent role expectations experiences role conflict. Employees in organizations often face such role conflicts.

The credit manager expects her credit analysts to process a minimum of 30 applications a week, but the work group pressures members to restrict output to 20 applications a week so that everyone has work to do and no one gets laid off. A newly hired college instructor’s colleagues want him to give out only a few high grades to maintain the department’s reputation for high standards, whereas students want him to give out lots of high grades to

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**and the survey says...**

85 percent of Fortune 1000 companies used team- or group-based pay to some degree in 2005.

83 percent of respondents identified teams as a key ingredient to organizational success.

33 percent of females wanted more face-to-face group meetings.

27 percent of males wanted more face-to-face group meetings.

10 to 12: the average number of production workers per team.

40 percent of senior executives said that meeting deadlines was the most important characteristic of a good team player.

37 percent of workers feel more productive in a small group.

69 percent of workers said their teams were not given enough resources.

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enhance their grade point averages. To the degree that the instructor sincerely seeks to satisfy the expectations of both his colleagues and his students, he faces role conflict.

**How Do Norms and Conformity Affect Group Behavior?**

All groups have established norms, acceptable standards that are shared by the group’s members. Norms dictate output levels, absenteeism rates, promptness or tardiness, the amount of socializing allowed on the job, and so on. Norms, for example, dictate the dress code of customer service representatives at a credit card processing company. Most workers who have little direct customer contact come to work dressed casually. However, on occasion, a newly hired employee will come to work dressed in a suit. Those who do are teased and pressured until their dress conforms to the group’s standard.

Although each group has its own unique set of norms, common classes of norms appear in most organizations. These norms focus on effort and performance, dress, and loyalty. Probably the most widespread norms are related to levels of effort and performance. Work groups typically provide their members with explicit cues on how hard to work, what level of output to have, when to look busy, when it’s acceptable to goof off, and the like. These norms are extremely powerful in affecting an individual employee’s performance. They’re so powerful that performance predictions based solely on an employee’s ability and level of personal motivation often prove wrong.

Some organizations have formal dress codes—even describing what’s considered acceptable for corporate casual dress. However, even in the absence of codes, norms frequently develop to dictate the kind of clothing that should be worn to work. College seniors, when interviewing for their first postgraduate job, pick up this norm quickly. Every spring, on college campuses around the country, students interviewing for jobs can be spotted; they’re the ones walking around in the dark gray or blue pinstriped suits. They’re enacting the dress norms they’ve learned are expected in professional positions. Of course, acceptable dress in one organization will be different from another’s norms.

Few managers appreciate employees who ridicule the organization. Similarly, professional employees and those in the executive ranks recognize that most employers view persons who actively look for another job unfavorably. People who are unhappy know that they should keep their job searches secret. These examples demonstrate that loyalty norms are widespread in organizations. This concern for demonstrating loyalty, by the way, often explains why ambitious aspirants to top management positions willingly take work home at night, come in on weekends, and accept transfers to cities in which they would otherwise prefer not to live. Because individuals desire acceptance by the groups to which they belong, they’re susceptible to conformity pressures. The impact of group pressures for

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**Right or Wrong?**

You’ve been hired as a summer intern in the events planning department of a public relations firm in Dallas. After working there about a month, you conclude that the attitude in the office is “anything goes.” Employees know that supervisors won’t discipline them for ignoring company rules. For example, employees turn in expense reports, but the process is a joke. Nobody submits receipts to verify reimbursement and nothing is ever said. In fact, when you tried to turn in your receipts with your expense report, you were told, “Nobody else turns in receipts and you don’t really need to either.” Although the employee handbook says that receipts are required for reimbursement, you know that no expense check has ever been denied because of failure to turn in a receipt. Also, your coworkers use company phones for personal long-distance calls even though that’s also prohibited by the employee handbook. And one of the permanent employees told you to “help yourself” to any paper, pens, or pencils you might need here or at home. What are the norms of this group? Suppose that you were the supervisor in this area. How would you go about changing the norms?
conformity on an individual member’s judgment and attitudes was demonstrated in the classic studies by Solomon Asch. Asch’s results suggest that group norms press us toward conformity. We desire to be one of the group and to avoid being visibly different. We can generalize this finding to say that when an individual’s opinion of objective data differs significantly from that of others in the group, he or she feels extensive pressure to align his or her opinion to conform with those of the others (see our previous discussion on group-think, p. 72). The “From the Past to the Present” box has additional background information on Asch’s contributions to group theory.

**What Is Status and Why Is It Important?**

*Status* is a prestige grading, position, or rank within a group. As far back as scientists have been able to trace human groupings, they’ve found status hierarchies: tribal chiefs and their followers, nobles and peasants, the haves and the have-nots. Status systems are important factors in understanding behavior. Status is a significant motivator that has behavioral consequences when individuals see a disparity between what they perceive their status to be and what others perceive it to be.
Status may be informally conferred by characteristics such as education, age, skill, or experience. However, anything can have status value if others in the group admire it. Of course, just because status is informal doesn’t mean that it’s unimportant or that there’s disagreement on who has it or who doesn’t. Members of groups have no problem placing people into status categories, and they usually agree about who’s high, low, and in the middle.

It’s important for employees to believe that the organization’s formal status system is congruent. That is, there should be equity between the perceived ranking of an individual and the status symbols he or she is given by the organization. For instance, incongruence may occur when a supervisor earns less than his or her employees or when a desirable office is occupied by a lower-ranking individual. Employees may view such cases as a disruption to the general pattern of order and consistency in the organization.

**Does Group Size Affect Group Behavior?**

The size of a group affects that group’s behavior. However, that effect depends on what criteria you’re looking at.8 The evidence indicates, for instance, that small groups complete tasks faster than larger ones. However, if a group is engaged in problem solving, large groups consistently get better marks than their smaller counterparts. Translating these results into specific numbers is a bit trickier, but we can offer some parameters. Large groups—with a dozen or more members—are good for gaining diverse input. Thus, if the goal of the group is to find facts, larger groups should be more effective. On the other hand, smaller groups are better at doing something productive with those facts. Groups of approximately five to seven members tend to act more effectively.

One of the more disturbing findings is that, as groups get incrementally larger, the contribution of individual members often tends to lessen. That is, although the total productivity of a group of four is generally greater than that of a group of three, the individual productivity of each group member declines as the group expands. Thus, a group of four will tend to produce at a level of less than four times the average individual performance. The best explanation for this reduction of effort is that dispersion of responsibility encourages individuals to slack off; a behavior referred to as **social loafing**.9 When the results of the group can’t be attributed to any single person, the relationship between an individual’s input and the group’s output is clouded. In such situations, individuals may be tempted to become “free riders” and coast on the group’s efforts. In other words, efficiency is reduced when individuals think that their contributions cannot be measured. The obvious conclusion from this finding is that managers who use work groups should also provide a means by which individual efforts can be identified.

**status**

A prestige grading, position, or rank within a group.

**social loafing**

The tendency for individuals to expend less effort when working collectively than when working individually.
Discuss how groups are turned into effective teams.

Are Cohesive Groups More Effective?

Intuitively, it makes sense that groups that experience a lot of internal disagreement and lack of cooperation are less effective than are groups in which individuals generally agree, cooperate, and like each other. Research has looked at group cohesiveness, the degree to which members are attracted to one another and share the group’s goals. The more that members are attracted to one another and the more that a group’s goals align with each individual’s goals, the greater the group’s cohesiveness.

Previous research has generally shown that highly cohesive groups are more effective than are those with less cohesiveness, but the relationship between cohesiveness and effectiveness is more complex. A key moderating variable is the degree to which the group’s attitude aligns with its formal goals or those of the larger organization. The more cohesive a group is, the more its members will follow its goals. If these goals are favorable (for instance, high output, quality work, cooperation with individuals outside the group), a cohesive group is more productive than a less cohesive group. But if cohesiveness is high and attitudes are unfavorable, productivity decreases. If cohesiveness is low and goals are supported, productivity increases, but not as much as when both cohesiveness and support are high. When cohesiveness is low and goals are not supported, cohesiveness has no significant effect on productivity. These conclusions are summarized in Exhibit 9-4.

How Are Groups Turned into Effective Teams?

When companies like W. L. Gore, Volvo, and Kraft Foods introduced teams into their production processes, it made news because no one else was doing it. Today, it’s just the opposite—the organization that doesn’t use teams would be newsworthy. It’s estimated that some 80 percent of Fortune 500 companies have at least half of their employees on teams. And over 70 percent of U.S. manufacturers use work teams. Teams are likely to continue to be popular. Why? Research suggests that teams typically outperform individuals when the tasks being done require multiple skills, judgment, and experience. Organizations are using team-based structures because they’ve found that teams are more flexible and responsive to changing events than are traditional departments or other permanent work groups. Teams have the ability to quickly assemble, deploy, refocus, and disband. In this section, we’ll discuss what a work team is, the different types of teams that organizations might use, and how to develop and manage work teams.
Aren’t Work Groups and Work Teams the Same?

At this point, you may be asking yourself: Aren’t teams and groups the same thing? No. In this section, we clarify the difference between a work group and a work team.14

Most of you are probably familiar with teams especially if you’ve watched or participated in organized sports events. Work teams do differ from work groups and have their own unique traits (see Exhibit 9-5). Work groups interact primarily to share information and to make decisions to help each member do his or her job more efficiently and effectively. There’s no need or opportunity for work groups to engage in collective work that requires joint effort. On the other hand, work teams are groups whose members work intensely on a specific, common goal using their positive synergy, individual and mutual accountability, and complementary skills.

These descriptions should help clarify why so many organizations have restructured work processes around teams. Managers are looking for that positive synergy that will help the organization improve its performance.15 The extensive use of teams creates the potential for an organization to generate greater outputs with no increase in (or even fewer) inputs. For example, until the economic downturn hit, investment teams at Wachovia’s Asset Management Division (which is now a part of Wells Fargo & Company) were able to significantly improve investment performance. As a result, these teams helped the bank improve its Morningstar financial rating.16

Recognize, however, that such increases are simply “potential.” Nothing inherently magical in the creation of work teams guarantees that this positive synergy and its accompanying productivity will occur. Accordingly, merely calling a group a team doesn’t automatically increase its performance.17 As we show later in this chapter, successful or high-performing work teams have certain common characteristics. If managers hope to gain increases in organizational performance, it will need to ensure that its teams possess those characteristics.

What Are the Different Types of Work Teams?

Teams can do a variety of things. They can design products, provide services, negotiate deals, coordinate projects, offer advice, and make decisions.18 For instance, at Rockwell Automation’s facility in North Carolina, teams are used in work process optimization projects. At Arkansas-based Axiom Corporation, a team of human resource professionals planned and implemented a cultural change. And every summer weekend at any NASCAR race, you can see work teams in action during drivers’ pit stops.19 The four most common types of work
teams are problem-solving teams, self-managed work teams, cross-functional teams, and virtual teams.

When work teams first became popular, most were problem-solving teams, which are teams from the same department or functional area involved in efforts to improve work activities or to solve specific problems. Members share ideas or offer suggestions on how work processes and methods can be improved. However, these teams are rarely given the authority to implement any of their suggested actions.

Although problem-solving teams were helpful, they didn’t go far enough in getting employees involved in work-related decisions and processes. This led to another type of team, a self-managed work team, which is a formal group of employees who operate without a manager and are responsible for a complete work process or segment. A self-managed team is responsible for getting the work done and for managing themselves. This usually includes planning and scheduling of work, assigning tasks to members, collective control over the pace of work, making operating decisions, and taking action on problems. For instance, teams at Corning have no shift supervisors and work closely with other manufacturing divisions to solve production-line problems and coordinate deadlines and deliveries. The teams have the authority to make and implement decisions, finish projects, and address problems. Other organizations such as Xerox, Boeing, PepsiCo, and Hewlett-Packard also use self-managed teams. It’s estimated that about 30 percent of U.S. employers now use this form of team; and among large firms, the number is probably closer to 50 percent. Most organizations that use self-managed teams find them to be effective.

The third type of team is the cross-functional team, which we introduced in Chapter 5 and defined as a work team composed of individuals from various specialties. Many organizations use cross-functional teams. For example, ArcelorMittal, the world’s largest steel company, uses cross-functional teams of scientists, plant managers, and salespeople to review and monitor product innovations. The concept of cross-functional teams is even being applied in health care. For instance, at Suburban Hospital in Bethesda, Maryland, intensive care unit (ICU) teams composed of a doctor trained in intensive care medicine, a pharmacist, a social worker, a nutritionist, the chief ICU nurse, a respiratory therapist, and a chaplain meet daily with every patient’s bedside nurse to discuss and debate the best course of treatment. The hospital credits this team care approach with reducing errors, shortening the amount of time patients spent in ICU, and improving communication between families and the medical staff.

One of the most popular types of work teams is the problem-solving team. The employees shown here are members of a Customer Support Team at AhnLab, Inc., a leading Web security firm in Seoul, South Korea, that develops security solutions for information networks and provides security consulting services. Members of the team use their positive synergy in working on the common goal of solving customer problems such as cyber attacks that slow Web sites.

Work teams need information to do their work. With work teams often being not just steps away, but continents away from each other, it’s important to have a way for team members to communicate and collaborate. That’s where IT comes in. Technology has enabled greater online communication and collaboration within teams of all types.

The idea of technologically aided collaboration actually originated with online search engines. The Internet itself was initially intended as a way for groups of scientists and researchers to share information. Then, as more and more information was put “on the Web,” users relied on a variety of search engines to help them find that information. Now, we see many examples of collaborative technologies such as wiki pages, blogs, and even multiplayer virtual reality games.

Today, online collaborative tools have given work teams more efficient and effective ways to get work done. For instance, engineers at Toyota use collaborative communication tools to share process improvements and innovations. They have developed a “widely disseminated, collectively owned pool of common knowledge, which drives innovation at a speed few other corporate systems can match.” And there’s no disputing the successes Toyota has achieved. Managers everywhere should look to the power of IT to help work teams improve the way work gets done.

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The final type of team is the **virtual team**, which is a team that uses technology to link physically dispersed members in order to achieve a common goal. For instance, a virtual team at Boeing-Rocketdyne played a pivotal role in developing a radically new product. Another company, Decision Lens, uses a virtual team environment to generate and evaluate creative ideas. In a virtual team, members collaborate online with tools such as wide-area networks, videoconferencing, fax, e-mail, or Web sites where the team can hold online conferences. Virtual teams can do all the things that other teams can—share information, make decisions, and complete tasks; however, they lack the normal give-and-take of face-to-face discussions. That’s why virtual teams tend to be more task-oriented—especially if the team members have never personally met.

**What Makes a Team Effective?**

Much research has been done on what it is that makes a team effective. Out of these efforts, we now have a fairly focused model identifying those characteristics. Exhibit 9-6 summarizes what we currently know about what makes a team effective. As we look at this model, keep in mind two things. First, teams differ in form and structure. This model attempts to generalize across all types of teams. Second, we are looking at a model of team effectiveness, not necessarily team performance. The model does not attempt to explain why teams perform well or not well; it simply identifies what characteristics are associated with high team effectiveness.

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**EXHIBIT 9-6 Team Effectiveness Model**

- **Context**
  - Adequate resources
  - Leadership and structure
  - Climate of trust
  - Performance evaluation
  - Reward systems

- **Composition**
  - Abilities of members
  - Personality
  - Allocating roles
  - Diversity
  - Size of teams
  - Member flexibility
  - Member preferences

- **Work design**
  - Autonomy
  - Skill variety
  - Task identity
  - Task significance

- **Process**
  - Common purpose
  - Specific goals
  - Team efficacy
  - Conflict levels
  - Social loafing

teams, so you should only use it as a guide. Secondly, the model assumes that managers have already determined that teamwork is preferable to individual work. Creating “effective” teams in situations in which individuals can do the job better would be wasted effort.

One thing we need to clarify first before looking at the model is what we mean by team effectiveness. Typically, it includes objective measures of a team’s productivity, managers’ ratings of the team’s performance, and aggregate measures of member satisfaction. As you can see from the model, there are four key components of effective teams including the context, the team’s composition, work design, and process variables.

WHAT FACTORS IN THE CONTEXT APPEAR TO MAKE A TEAM EFFECTIVE? Four contextual factors appear to be most significantly related to team performance. These include adequate resources, leadership and structure, a climate of trust, and performance evaluation and reward systems.

As part of the larger organization system, a team relies on resources outside the group to sustain it. If it doesn’t have adequate resources, the team’s ability to perform its job effectively is reduced. This factor appears to be so important to team performance that one research study concluded that “perhaps one of the most important characteristics of an effective work group is the support the group receives from the organization.” Resources can include timely information, proper equipment, encouragement, adequate staffing, and administrative assistance.

If a team can’t agree on who is to do what or ensure that all members contribute equally in sharing the work load, it won’t function properly. Agreeing on the specifics of work and how all the team members’ individual skills fit together requires team leadership and structure. This can come from the organization or from the team itself. Even in self-managed teams, a manager’s job is to be more of a coach by supporting the team’s efforts and managing outside (rather than inside) the team. See the “Developing Your Coaching Skill” box for more information on coaching skills.

Members of effective teams trust each other. And they also trust their leaders. Why is trust important? It facilitates cooperation, reduces the need to monitor each other’s behavior, and bonds members around the belief that others on the team won’t take advantage of them. Trusting the team leader is also important because it means the team is willing to accept and commit to the leader’s goals and decisions.

The final contextual factor of an effective team is a performance evaluation and reward system. Team members have to be accountable both individually and jointly. So, in addition to evaluating and rewarding employees for their individual contributions, managers should consider group-based appraisals, profit-sharing, and other approaches that reinforce team effort and commitment.

WHAT TEAM COMPOSITION FACTORS LEAD TO EFFECTIVENESS? Several team composition factors are important to a team’s effectiveness. These include team member abilities, personality, role allocation, diversity, size of teams, member flexibility, and member preferences.

Part of a team’s performance depends on its members’ knowledge, skills, and abilities. Research has shown that to perform effectively, a team needs three different types of skills. First, it needs people with technical expertise. Next, it needs members with problem-solving and decision-making skills. Finally, a team needs people with interpersonal skills. A team can’t achieve its performance potential if it doesn’t have or can’t develop all these skills. And the right mix of these skills is also critical. Too much of one at the expense of another will lead to lower team performance. However, a team doesn’t necessarily need all these skills immediately. It’s not uncommon for team members to take responsibility for learning the skills in which the group is deficient. That way a team can achieve its full potential.

As we saw in the last chapter, personality significantly influences individual behavior. It’s also true for team behavior. Research has shown that three of the Big Five dimensions are relevant to team effectiveness. For instance, high levels of both conscientiousness and openness-to-experience tend to lead to higher team performance. Agreeableness also appears to matter. And teams that had one or more highly disagreeable members performed poorly. Maybe you’ve had that not-so-good experience in group projects that you’ve been part of!
Nine potential team roles have been identified. (See Exhibit 9-7.) High-performing work teams have people to fill all these roles and have selected people to fulfill these roles based on their skills and preferences. On many teams, individuals may play multiple roles. It’s important for managers to understand the individual strengths a person will bring to a team and select team members with those strengths in mind to ensure that these roles are filled.

Team diversity is another factor that can influence team effectiveness. Although many of us hold the optimistic view that diversity is desirable, research seems to show the opposite. One review found that “Studies on diversity in teams from the last 50 years have shown that surface-level social-category differences such as race/ethnicity, gender, and age tend to . . . have negative effects” on the performance of teams. However, there is some evidence showing that the disruptive effects of diversity decline over time, although little evidence exists that diverse teams perform better eventually. The “Managing Diversity” box describes some of the challenges managers face in managing diverse teams.

What size should a work team be in order to be effective? At Amazon.com, work teams have considerable autonomy to innovate and to investigate ideas. And Jeff Bezos, founder and...
CEO, uses a “two-pizza” philosophy; that is, a team should be small enough that it can be fed with two pizzas. This “two-pizza” philosophy usually limits groups to five to seven people, depending, of course, on team member appetites! Generally speaking, the most effective teams have five to nine members. And experts suggest using the smallest number of people who can do the task.

Managing teams composed of people who are similar isn’t always easy. But add in diverse members and it can be even more challenging! However, the benefits from the diverse perspectives, skills, and abilities are worth it. Four interpersonal factors are important for meeting the challenge of coordinating a diverse work team: understanding, empathy, tolerance, and communication.

You know that people aren’t the same, yet they need to be treated fairly and equitably. And differences (cultural, physical, or other) can cause people to behave in different ways. You need to understand and accept these differences and encourage each team member to do the same.

Empathy is closely related to understanding. As a team leader, you should try to understand others’ perspectives. Put yourself in their place and encourage team members to empathize as well. For instance, suppose an Asian woman joins a team of Caucasian and Hispanic men. They can make her feel more welcome and comfortable by identifying with how she might feel. Is she excited or disappointed about her new work assignment? What were her previous work experiences? How can they help her feel more comfortable? By empathizing with her, existing team members can work together better as an effective group.

Tolerance is another important interpersonal consideration. Just because you understand that people are different and you empathize with them doesn’t mean that it’s any easier to accept different perspectives or behaviors. But it’s important to be tolerant and open-minded about different values, attitudes, and behaviors.

Finally, open and two-way communication is important to managing a diverse team. Diversity problems may intensify if people are afraid or unwilling to openly discuss issues that concern them. If a person wants to know whether a certain behavior is offensive to someone else, it’s best to ask. Likewise, a person who is offended by another’s behavior should explain his or her concerns and ask that person to stop. Such communication exchanges can be positive when they’re handled in a nonthreatening, low-key, and friendly manner.
Team member preferences need to be considered. Why? Some people just prefer not to work on teams. Given the option, many employees will opt not to be part of a team. When people who would prefer to work alone are forced on a team, it creates a direct threat to the team’s morale and to individual member satisfaction.40

**HOW DOES WORK DESIGN AFFECT TEAM EFFECTIVENESS?** Effective teams need to work together and take collective responsibility for completing tasks. An effective team must be more than a “team in name only.”41 Important work design elements include autonomy, using a variety of skills, being able to complete a whole and identifiable task or product, and working on a task or project that has a significant impact on others. Research indicates that these characteristics enhance team member motivation and increase team effectiveness.42

**WHAT TEAM PROCESSES ARE RELATED TO TEAM EFFECTIVENESS?** Five team process variables have been shown to be related to team effectiveness. These include a common purpose, specific team goals, team efficacy, managed conflict, and minimal social loafing.

An effective team has a common plan and purpose. This common purpose provides direction, momentum, and commitment for team members.43 Members of successful teams put a lot of time and effort into discussing, shaping, and agreeing on a purpose that belongs to them both individually and as a team.

Teams also need specific goals. Such goals facilitate clear communication and help teams maintain their focus on getting results.

Team efficacy describes when teams believe in themselves and believe they can succeed.44 Effective teams have confidence in themselves and in their members.

Effective teams need some conflict. Conflict on a team isn’t necessarily bad and can actually improve team effectiveness.45 But, it has to be the right kind of conflict. Relationship conflicts—those based on interpersonal incompatibilities, tension, and autonomy toward others—are almost always dysfunctional. However, task conflicts—those based on disagreements about task content—can be beneficial because they may stimulate discussion, promote critical assessment of problems and options, and can lead to better team decisions.

Finally, effective teams work to minimize the tendency for social loafing, which we discussed earlier in this chapter. Successful teams make members individually and jointly accountable for the team’s purpose, goals, and approach.46

Effective teams have a common plan and purpose that provide direction, momentum, and commitment for team members. The goal of “The Elvis Hit Making Team” was to bring back Elvis Presley’s famous Memphis rock sound. Dedicated to accomplish this goal, musicians, such as the members of the New York String Section shown here, vocal groups, bands, and composers who created the original Memphis sound reunited in a historical music project that took place in recording studios throughout America during a ten-year period. The team members effectively worked together to accomplish their goal of bringing back the Memphis sound by releasing a CD titled “The End: A New Beginning.”
How Can a Manager Shape Team Behavior?

There are several things managers can do to shape a team’s behavior including proper selection, employee training, and rewarding the appropriate team behaviors. Let’s look at each.

WHAT ROLE DOES SELECTION PLAY? Some individuals already possess the interpersonal skills to be effective team players. When hiring team members, managers should check whether applicants have the technical skills required to successfully perform the job and whether they can fulfill team roles.

Some applicants may have been socialized around individual contributions and, consequently, lack team skills, which could also be true for some current employees being moved into teams due to organizational restructuring. When faced with this, a manager can do several things. First, and most obvious, if team skills are woefully lacking, don’t hire the person. If successful performance is going to require interaction, not hiring the individual is appropriate. On the other hand, an applicant who has some basic skills can be hired on a probationary basis and required to undergo training to shape him or her into a team player. If the skills aren’t learned or practiced, then the individual may have to be let go.

CAN INDIVIDUALS BE TRAINED TO BE TEAM PLAYERS? Performing well in a team involves a set of behaviors. As we discussed in the preceding chapter, new behaviors can be learned. Even people who feel strongly about the importance of individual accomplishment can be trained to become team players. Training specialists can conduct exercises so employees can experience what teamwork is all about. The workshops can cover such topics as team problem solving, communications, negotiations, conflict resolution, and coaching skills. It’s not unusual, too, for these individuals to be exposed to the stages of team development that we discussed earlier. At Verizon Communications, for example, trainers focus on how a team goes through various stages before it gels. And employees are reminded of the importance of patience, because teams take longer to do some things—such as make decisions—than do employees acting alone.

WHAT ROLE DO REWARDS PLAY IN SHAPING TEAM PLAYERS? An organization’s reward system needs to encourage cooperative efforts rather than competitive ones. For instance, Lockheed Martin’s aeronautics division organized its 20,000-plus employees into teams. Rewards are structured to return a percentage increase in the bottom line to the team members on the basis of achievements of the team’s performance goals.

Promotions, pay raises, and other forms of recognition should be given to employees who are effective collaborative team members. Taking this approach doesn’t mean that individual contribution is ignored, but rather that it’s balanced with selfless contributions to the team. Examples of behaviors that should be rewarded include training new colleagues, sharing information with teammates, helping resolve team conflicts, and mastering new skills in which the team is deficient. Finally, managers can’t forget the inherent rewards that employees can receive from teamwork. Work teams provide camaraderie. It’s exciting and satisfying to be an integral part of a successful team. The opportunity to engage in personal development and to help teammates grow can be a satisfying and rewarding experience for employees.

What Current Issues Do Managers Face in Managing Teams?

Few trends have influenced how work gets done in organizations as much as the use of work teams. The shift from working alone to working on teams requires employees to cooperate with others, share information, confront differences, and sublimate personal interests for the greater good of the team. Managers can build effective teams by understanding what influences performance and satisfaction. However, managers also face some...
current challenges in managing teams, including those associated with managing global teams and with understanding when teams aren’t the answer.

What’s Involved with Managing Global Teams?
Two characteristics of today’s organizations are obvious: they’re global and work is increasingly done by teams. This means that any manager is likely to have to manage a global team. What do we know about managing global teams? We know there are both drawbacks and benefits in using global teams (see Exhibit 9-8). What are some of the challenges associated with managing global teams?

HOW DO TEAM COMPOSITION FACTORS AFFECT MANAGING A GLOBAL TEAM? In global organizations, understanding the relationship between team effectiveness and team composition is more challenging because of the unique cultural characteristics represented by members of a global team. In addition to recognizing team members’ abilities, skills, knowledge, and personality, managers need to be familiar with and clearly understand the cultural characteristics of the groups and the group members they manage. For instance, is the global team from a culture in which uncertainty avoidance is high? If so, members will not be comfortable dealing with unpredictable and ambiguous tasks. Also, as managers work with global teams, they need to be aware of the potential for stereotyping, which can lead to problems.

HOW DOES TEAM STRUCTURE AFFECT MANAGING A GLOBAL TEAM? Some of the structural areas where we see differences in managing global teams include conformity, status, social loafing, and cohesiveness.

Are conformity findings generalizable across cultures? Research suggests that Asch’s findings are culture-bound. For instance, as might be expected, conformity to social norms tends to be higher in collectivistic cultures than in individualistic cultures. Despite this, however, groupthink tends to be less of a problem in global teams because members are less likely to feel pressured to conform to the ideas, conclusions, and decisions of the group.

Also, the importance of status varies between cultures. The French, for example, are extremely status conscious. Also, countries differ on the criteria that confer status. For instance, in Latin America and Asia, status tends to come from family position and formal roles held in organizations. In contrast, while status is important in countries like the United States and Australia, it tends to be less “in your face.” And it tends to be given based on accomplishments rather than on titles and family history. Managers must understand who and what holds status when interacting with people from a culture different from their own. An American manager who doesn’t understand that office size isn’t a measure of a Japanese executive’s position or who fails to grasp the importance the British
According to Hofstede’s cross-cultural characteristics, India ranks high in power distance and low in uncertainty avoidance. Thus, managers of this Microsoft team in India might expect that team members would be more accepting of a manager’s authority but also have high tolerance for unstructured, unclear, and unpredictable situations. It’s important for team managers to know and understand the cultural characteristics of team members in order to help that team be most effective.

place on family genealogy and social class is likely to unintentionally offend others and lessen his or her interpersonal effectiveness.

Social loafing has a Western bias. It’s consistent with individualistic cultures, like the United States and Canada, which are dominated by self-interest. It’s not consistent with collectivistic societies, in which individuals are motivated by group goals. For instance, in studies comparing employees from the United States with employees from the People’s Republic of China and Israel (both collectivistic societies), the Chinese and Israelis showed no propensity to engage in social loafing. In fact, they actually performed better in a group than when working alone.55

Cohesiveness is another group structural element where managers may face special challenges. In a cohesive group, members are unified and “act as one.” There’s a great deal of camaraderie and group identity is high. In global teams, however, cohesiveness is often more difficult to achieve because of higher levels of “mistrust, miscommunication, and stress.”56

HOW DO TEAM PROCESSES AFFECT MANAGING A GLOBAL TEAM? The processes that global teams use to do their work can be particularly challenging for managers. For one thing, communication issues often arise because not all team members may be fluent in the team’s working language. This can lead to inaccuracies, misunderstandings, and inefficiencies.57 However, research has also shown that a multicultural global team is better able to capitalize on the diversity of ideas represented if a wide range of information is used.58

Managing conflict in global teams isn’t easy, especially when those teams are virtual teams. Conflict can interfere with how information is used by the team. However, research shows that in collectivistic cultures, a collaborative conflict management style can be most effective.59

When Are Teams Not the Answer?

Teamwork takes more time and often more resources than does individual work.60 Teams require managers to communicate more, manage conflicts, and run meetings. So, the benefits of using teams need to exceed the costs. And that’s not always the case.61 In the rush to use teams, some managers have introduced them into situations in which it would have been better to have individuals do the work. So before rushing into implementing teams, just because everyone’s talking about their popularity, you should carefully evaluate whether the work requires or will benefit from a collective effort.
How do you know whether work is better done individually or by a group? Three “tests” have been suggested. First, can the work be done better by more than one person? Task complexity would be a good indicator of a need for different perspectives. Simple tasks that don’t require diverse input are probably better done by individuals. Second, does the work create a common purpose or set of goals for the people in the group that’s more than the sum of individual goals? For instance, many car dealerships use teams to link customer-service personnel, mechanics, parts specialists, and sales representatives. Such teams can better meet the goal of outstanding customer satisfaction. The final test to assess whether teams or individuals are better suited for doing work is to look at the interdependence of the individuals. Using teams makes sense when there’s interdependence between tasks; that is, when the success of everyone depends on the success of each person and the success of each person depends on the others. For example, soccer is an obvious team sport. Success requires a lot of coordination between interdependent players. On the other hand, swim teams aren’t really teams, except on relays. They’re groups of individuals, performing individually, whose total performance is merely the sum of their individual performances.
Chapter Summary

9.1 Define a group and describe the stages of group development. A group is two or more interacting and interdependent individuals who come together to achieve specific goals. Formal groups are work groups that are defined by the organization’s structure and have designated work assignments and specific tasks directed at accomplishing organizational goals. Informal groups are social groups.

The forming stage consists of two phases: joining the group and defining the group’s purpose, structure, and leadership. The storming stage is one of intragroup conflict over who will control the group and what the group will be doing. The norming stage is when close relationships and cohesiveness develop as norms are determined. The performing stage is when group members began to work on the group’s task. The adjourning stage is when the group prepares to disband.

9.2 Describe the major concepts of group behavior. A role refers to a set of behavior patterns expected of someone occupying a given position in a social unit. At any given time, employees adjust their role behaviors to the group of which they are a part. Norms are standards shared by group members. They informally convey to employees which behaviors are acceptable and which are unacceptable. Status is another factor to know since status can be a significant motivator and it needs to be congruent. Also, group size affects group behavior in a number of ways. Smaller groups are generally faster at completing tasks than are larger ones. However, larger groups are frequently better at fact finding because of their diversified input. As a result, larger groups are generally better at problem solving. Finally, group cohesiveness is important because of its impact on a group’s effectiveness at achieving its goals.

9.3 Discuss how groups are turned into effective teams. Effective teams have common characteristics. They have adequate resources, effective leadership, a climate of trust, and a performance evaluation and reward system that reflects team contributions. These teams have individuals with technical expertise as well as problem-solving, decision-making, and interpersonal skills and the right traits, especially conscientiousness and openness to new experiences. Effective teams also tend to be small, preferably of diverse backgrounds. They have members who fill role demands and who prefer to be part of a team. And the work that members do provides freedom and autonomy, the opportunity to use different skills and talents, the ability to complete a whole and identifiable task or product, and work that has a substantial impact on others. Finally, effective teams have members who believe in the team’s capabilities and are committed to a common plan and purpose, specific team goals, a manageable level of conflict, and a minimal degree of social loafing.

9.4 Discuss contemporary issues in managing teams. The challenges of managing global teams can be seen in the team composition factors, especially the diverse cultural characteristics; in team structure, especially conformity, status, social loafing, and cohesiveness; and in team processes, especially with communication and managing conflict; and the manager’s role in making it all work.

Managers also need to know when teams are not the answer. They can do this by assessing whether the work can be done better by more than one person; by whether the work creates a common purpose or set of goals for the members of the team; and by the amount of interdependence among team members.

Understanding the Chapter

1. Think of a group to which you belong (or have belonged). Trace its development through the stages of group development as shown in Exhibit 9-2. How closely did its development parallel the group development model? How might the group development model be used to improve this group’s effectiveness?

2. Contrast (a) self-managed and cross-functional teams and (b) virtual and face-to-face teams.

3. How do you explain the popularity of work teams in countries such as the United States and Canada, whose national cultures place a high value on individualism?

4. “All work teams are work groups, but not all work groups are work teams.” Do you agree or disagree with this statement? Discuss.

5. Would you prefer to work alone or as part of a team? Why? Support your response with data from the self-
Understanding Yourself

What’s My Attitude Toward Working in Groups?

One thing is for certain about organizations these days: more and more work is being performed by teams. So, it’s quite likely that you’ll be part of a team at some point if you’ve not already been so.

Teams comprised of members who enjoy being part of a group can be quite effective. However, research has indicated that as little as one person with a negative attitude toward working in groups can hurt team performance. Why? Team members with negative attitudes can increase interpersonal conflict among group members, harming cohesiveness and team processes. Team morale and satisfaction are lowered, and performance ultimately declines.

INSTRUMENT  Using the scale below, indicate the extent to which you agree or disagree with each of the following statements about your feelings toward working in groups or teams.

1 = Strongly disagree
2 = Disagree
3 = Neutral
4 = Agree
5 = Strongly agree

1. I don’t miss group meetings or team practices. 1 2 3 4 5
2. I enjoy being part of a group. 1 2 3 4 5
3. I support my teammates or fellow group members. 1 2 3 4 5
4. I feel I must respect the decisions made by my group. 1 2 3 4 5
5. I am not good at working with a group. 1 2 3 4 5
6. I prefer to do everything alone. 1 2 3 4 5
7. I work best when I am alone. 1 2 3 4 5
8. I keep to myself. 1 2 3 4 5
9. I don’t think it’s important to socialize with others. 1 2 3 4 5

SCORING KEY  To score the measure, first reverse-code items 5, 6, 7, 8, and 9 so that 1 = 5, 2 = 4, 3 = 3, 4 = 2, and 5 = 1. Then, compute the sum of the nine items. Scores will range from 9 to 45.

ANALYSIS AND INTERPRETATION  This measure assesses your attitude toward working in groups. Scores at or above 36 indicate that you enjoy working in groups and that you are a “team player.” Scores at or below 18 indicate the opposite—that you prefer to work alone and do not enjoy being part of a team. Scores between 18 and 36 indicate no particularly strong feelings either way.

If you scored low on this measure and find yourself on a team at some point, try to see the benefits of teamwork. Not only is work shared among individuals, but teams also can facilitate feelings of inclusion and camaraderie among team members. Remember to be patient, however. Although teams often outperform individuals working by themselves (especially on complex tasks that require multiple skills and experience), they tend to take longer to reach decisions.

To: Eric Gershman, Manager, Program Infractions Investigations
From: Audrey Costa, Director of Association Services
Subject: Conflicts on Investigation Teams

Eric, we’ve got a potentially big problem on our hands. I’ve been receiving complaints that the members of the five-person investigation teams we’re sending out to high schools to investigate allegations of rules infractions are having conflicts. Because these team members have to work closely together in interviewing people, interpreting the rules, and writing up reports, I’m worried that this conflict may be hurting the quality of the team’s investigation process. We’ve got to address this problem immediately in order to protect our reputation for being fair and reasonable in our rules enforcement. Please send me a bulleted list (no longer than a page) describing how you’re going to address this problem and get it to me as soon as possible. Once I’ve had a chance to look it over, we’ll get together to discuss it.

This fictionalized company and message were created for educational purposes only. It is not meant to reflect positively or negatively on management practices by any company that may share this name.
How do you combine two packaged-food companies, both with very well-known household brand names, and make it work? That’s the challenge managers at General Mills faced when it acquired Pillsbury. The company’s chief learning officer, Kevin Wilde (standing at left in the photo), said, “Let’s get the best out of both of our marketing organizations. And let’s not stop there.” So they decided to identify, share, and integrate the best practices from both companies. And employee teams played a major role in how the company proceeded.

An intensive training program called “Brand Champions” was created and launched. The program was designed not just for marketing specialists, but for all employees from different functional areas who worked on particular brands. These cross-functional teams attended the in-house training together as a unified group. According to one of the program developers (Beth Gunderson, seated in the photo), specific benefits of including these teams soon became evident. “A person from human resources, for instance, would ask a provocative question precisely because she wasn’t a marketer. And you’d see the look on the marketers’ faces: Whoa, I never thought of that.” It helped employees understand and appreciate different perspectives.

Another benefit of including people from different functions was improved communication throughout the company. People were no longer griping about what other functional areas were doing. Employees began to understand how the other functional areas worked and how each area’s contribution was important to the overall success of the company.

The training program has been so successful that now General Mills’ production plants have asked for a mini-version of the course. “They want to understand the language marketers speak and why things are done as they are.” Oh... and one other example of how successful the program has been. Betty Crocker is well-known for packaged cake mixes, but less so for cookie mixes. Inspired by input from the group, the cookie-mix team decided to go after scratch bakers. (These are people who bake from scratch rather than from a boxed mix. As one person said, they were “taking on grandma.”) The cookie mixes were reformulated and now the brand owns 90 percent of the dry cookie mix category.

Discussion Questions
1. What benefits did the cross-functional teams bring to General Mills?
2. What challenges would there be in creating an effective cross-functional team? How could managers deal with these challenges?
3. Explain how roles, norms, status, group size, and cohesiveness might affect these teams.
4. Explain how each of the characteristics of effective teams (see Exhibit 9-6) would be important for an effective cross-functional team.