# DEVELOPING SUCCESSFUL TEAMS IN ORGANISATIONS

Satrina Harvey, Bruce Millett and Don Smith

## ABSTRACT

While the use of teams appears to offer many benefits, teams may not be the most suitable approach for all organisations. This article reviews current literature on teams in an attempt to outline some of the attractions and challenges of implementing teams so as to give a realistic preview of what can be achieved through teamwork. The literature indicates that the effects of teamwork (both positive and negative) are contingent upon many factors, including the organisations' culture and climate, effectiveness of team leadership, employee commitment, the system of compensation and rewards, and the level of employee autonomy. This article outlines eight key points that have been identified by a number of authors which facilitate the effective development of teams. These points are: clear goals; decision making authority; accountability and responsibility; effective leadership; training and development; provision of resources; organisational support; and rewards for team success.

**Key words:** teams; organisational structure

## INTRODUCTION

Over twenty years ago, automobile manufacturers Volvo and Toyota implemented team-based structures at a time when highly formalised, centralised and departmentalised mechanistic structures were the norm (Robbins 1998). In the 1980s, a growing number of private and public sector organisations began to introduce teams. The Australian Tax Office, for instance, introduced teams to various areas of their operations in a radical departure from their bureaucratic structure.

In the 1990s, the utilisation of teams has spread rapidly. Small manufacturing firms such as the Toowoomba Foundry believe that the development of strong and effective production and managerial teams will lead to the potential for higher performance and increased job satisfaction. Larger firms such as Qantas are encouraging the development of teams, where appropriate, across all aspects of their operations because they believe that there are synergies to be gained from greater levels of involvement in the workforce. It seems that the utilisation of teams has spread to the point that it is now the bureaucratic and mechanistic organisational designs that are becoming the exception rather than the norm.

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While the use of teams appears to offer many benefits, teams may not be the most suitable approach for all organisations. This paper attempts to outline some of the attractions and challenges of implementing teams so as to give a realistic preview of what can be achieved through teamwork. It should be noted that not all organisations would experience all of the challenges. The effects of teamwork (both positive and negative) are contingent upon many factors, including the organisation's culture and climate, effectiveness of team leadership, organisational support and so on. This paper outlines eight key points that facilitate the effective development of teams. Before these issues are examined, however, it is essential to define teams, discuss the attraction of teamwork and identify the challenges presented by teamwork.

## TEAMS DEFINED

As there are many types of teams, it is essential to determine which type this article is concerned with. In basic terms, a team can be defined as a small number of people, with a set of performance goals, who have a commitment to a common purpose and an approach for which they hold themselves mutually accountable (Katzenbach & Smith 1993). This definition suggests that teams must be of a manageable size and that all team members must be committed to reach team goals. Furthermore, the team members must be jointly accountable for their actions and the outcomes of these actions.

It could be argued that there is little point in trying to make a distinction between a group and a team because the two terms are used interchangeably in everyday language. Stott and Walker (1995) believe that some distinction needs to be made. They see a team as compromising a set of attributes that extend past the basic definition of a group as two or more people working together for a common purpose. By referring to other definitions, Stott and Walker (1995) identify the significance of relationships, the need for cooperation and the degree of dependency among members as some of the defining characteristics. Furthermore, various roles such as leadership can be interchangeable.

In addition to this definition, it is also necessary to distinguish between work-teams and other groups of people who are assembled together in organisations. Argote and McGrath (1993) distinguish between acting groups and standing groups. They explain that acting groups are sets of people who perform interdependent activities and standing groups are sets of people who are labelled as a group or unit, but who are not performing interdependent activities. This paper is concerned with the former and includes both temporary teams that may be together for the length of a project, and permanent teams that are together indefinitely.

## THE ATTRACTION OF TEAMWORK

The attraction of teamwork stems from the reasons teams are implemented. A number of authors state that teams are being implemented in ever-increasing numbers as a reaction to increased global competition (Heap 1996; Roufaiel & Meissner 1995; Sundstrom, De Meuse & Futrell 1990). While increased competitiveness may be occurring, it also seems that there is a growing need to cater for niche markets. Not only must manufacturers and service providers compete on cost, they must also compete on innovation by creating unique products and services that cannot be

rivalled by other companies. This creates a problem where companies can no longer rely on mass production and economies of scale to compete in the marketplace.

Many companies believe that teams are the answer to this problem. Teams can maximise organisational innovation because employees have increased autonomy, increased participation, and ownership regarding decisions. The employees are no longer told what to do. Instead, they are given goals, or they develop goals with their team leader, and are then free to decide how best to achieve the goals. In addition to maximising innovation, teams can provide a number of other attractions for the organisations in which they operate.

First, teams make optimum use of human resources as they allow organisations to gain access to an individual's knowledge and skills (IRS Employment Review 1995). The increasing complexity of organisations means that managers can no longer know everything about every aspect of the organisation's operations. In this situation it is essential that the knowledge and skills of the workforce be utilised. Second, teams enhance organisational learning because employees are able to experiment and create strategies that are best suited to their work (Wageman 1997). Third, teams can result in gains in an individual's productivity and efficiency, thereby creating a synergy (Katzenbach & Smith 1993). Finally, team work is associated with a greater variety of tasks and added responsibility for team members, which is likely to result in increased levels of job satisfaction, motivation and employee commitment. This may result in lower staff turnover and absenteeism, thereby reducing organisational costs and improving an organisation's memory or knowledge base (Kirkman & Shapiro 1997).

## CHALLENGES PRESENTED BY TEAMWORK

The implementation of teams is, fundamentally, an organisational change and development process. Teams are, therefore, susceptible to all the challenges that can occur during any organisational change process. In particular, employee resistance may result where employees are required to work with other employees with whom they are unfamiliar. In this case, the new teams are breaking up established social relationships. One way in which this can be overcome is through teambuilding. Teambuilding attempts to 'improve group performance by improving communication, reducing conflict, and generating greater cohesion and commitment among work group members' (Bettenhausen 1991, p. 369). Employee resistance may also result for other reasons. For example, teamwork may require job enlargement. This often occurs when individuals are required to perform their conventional roles as well as their team duties (IRS Employment Review 1995). In this situation, it may be necessary to either reduce some of their duties or to change the system of compensation and rewards.

Along with job enlargement, teamwork is often associated with empowerment, ownership and added responsibility. Managers often assume that individuals prefer to be involved in decision making, rather than simply being told what to do. While this may be true in most cases, it is not true in all cases. This may result in alienation for some employees, which may then lead to job dissatisfaction, labour turnover and/or decreased performance. While there is no simple remedy for this problem, training or a change of position within the organisation may be possible.

Another problem associated with 'empowered' teams occurs when the teams are not trusted enough to make major decisions. As a result, teams and the organisation to which they belong, are not reaching their full potential. Where teams are required to seek permission before implementing ideas, timeliness and ownership are reduced. Innovation is also reduced as teams are forced to suggest solutions that are likely to be accepted (Nahavandi & Aranda 1994). Furthermore, team members may believe that management is merely paying lip service to the fundamental ideas of teamwork. This will almost certainly reduce employee morale.

Where teams are trusted to make decisions it may be found that they take up more time than the system they replaced. This is also likely where coordination is required and where a number of teams are interdependent. The problem may be partly overcome by teambuilding, but is likely to required continued training and development of team members. Such training will be particularly relevant for new staff, as there may not be set procedures for them to follow. Coordination also requires effective team leadership. Put simply, efficient team performance requires:

> *" a balance between autonomy and decentralisation of power on the one hand, for the sake of both motivation and flexibility, and centralised control on the other hand, for the sake of coordination and predicability"* (Argote & McGrath 1993, p. 337).

As is the case with all organisational change and development initiatives, the organisational culture and climate needs to be considered. It should not be assumed that the goals and values of employees are the same as the goals of management, or even that goals and values are consistent across the organisation. Employee attitudes concerning teams will determine the likelihood of success. For teams to be implemented successfully, they need to be an extension of existing values (Carr 1992). However, the implementation of teamwork may also be useful where a culture change is desirable. Teamwork demands such a shift in attitudes that organisations may turn to it when they want to achieve a cultural transformation, for example, when becoming customer or quality oriented (IRS Employment Review 1995).

## DEVELOPING TEAMS SUCCESSFULLY

In light of the attractions and challenges of teamwork discussed above, this article proposes a number of characteristics that, according to the literature, are associated with successful teams. A number of authors have outlined ways in which teams can be implemented successfully (for example, Brower 1995; Carr 1992). Although there is no one best way, this section integrates some of the literature in order to develop a more comprehensive model for team development. The model proposes eight key points that can facilitate the successful implementation of teams. These points, which embrace both critical elements of teams, as well as enabling factors, are presented below:

1. Clear goals
2. Decision making authority
3. Accountability and responsibility
4. Effective leadership
5. Training and development

6. Resources
7. Organisational support
8. Rewards for team success

**Clear goals**

Goals should be specific enough to give the team direction. For example, to raise market share by ten percent in six months provides more guidance than simply to raise market share. A goal should also state the ends, rather than the means. This gives teams the freedom to work out how best to achieve the goal (Carr 1992). Associated with providing clear goals is the development of meaningful and acceptable performance measures so that the team members can feel confident in their own achievements.

**Decision making authority**

Teams require decision making authority and, therefore, a certain level of empowerment in order to carry out their work efficiently. Without this authority they would need to get approval for their ideas and these ideas may be rejected before they are either proven or not proven. For innovation to occur, teams must be allowed to experiment. However, to avoid costly mistakes, it is appropriate to give teams this authority within certain boundaries. It may also be necessary to hand over authority on a gradual basis so team members are not overwhelmed by their newly-acquired authority (Brower 1995). People are able to empower themselves through a clear focus and the removal of the sense of fear in what they do (Wilson 1996).

**Accountability and responsibility**

If teams are to enjoy decision making authority, they must also be prepared to be accountable and responsible for their actions. This does not suggest that some failures are not permitted. It does suggest that teams need to monitor customer expectations and also their own performance. If their goals are not being met or customer expectations are not being satisfied, then their approach and methods will need some adjustment (Brower 1995).

The acceptance of accountability and responsibility is also associated with the establishment of a positive and productive set of group norms. Work teams can behave similarly to adults in a family environment by developing norms that improve cohesion of the group (Wilson 1996). Such norms may include sensibility, responsibility, supporting each other, and having fun.

**Effective leadership**

Managers and supervisors who become team leaders experience a significant change of role. Team leaders do not direct or control work, but instead work as coaches and mentors (Carr 1992). Effective communication, leadership and consulting skills will be required which may necessitate training and development. A new mindset is also required. Team leaders concerned with a loss of power need to understand that their new role is pertinent to the success of the teams, and that their knowledge is required

now more than ever. The issue is not about the erosion of power, but a shift in the source of power — from legitimate to knowledge based (Robbins 1998).

**Training and development**

The previous paragraph highlighted the importance of training for team leaders. However, most, if not all, team members are likely to require training (IRS Employment Review 1995). Employees may need to learn new skills such as budgeting, computing, public relations and marketing, as well as skills which allow them to work together effectively, such as effective communication, confliction resolution and problem solving. Training and development are enabling factors that allow team members and leaders to take on new responsibilities. Where team members possess inadequate work skills and knowledge, teams are less likely to succeed.

**Resources**

For teams to operate effectively they must have access to resources. These resources can include money, time, equipment, technology, people and information (Robbins 1998). Provision of resources requires trust on the part of the organisation and responsibility on the part of the team members. Like authority, resources should not, and cannot, be unlimited and should perhaps be given to employees gradually (Brower 1995).

**Organisational support**

Teams cannot operate without the support and commitment of middle and upper management (Brower 1995). Therefore, changes must be initiated by those from the top of the organisational hierarchy, rather than those on the shop floor. Any improvements that result from a shop floor initiative may be seen as management incompetence and are not likely to be supported by management (Field & Swift 1996). A nurturing environment with a collaborative climate provides the support and encouragement that teams need for job performance (Margulies & Kleiner 1995).

**Rewards for team success**

An emphasis on individual rewards undermines the effectiveness of team-based work and encourages team members to strive for individual performance goals that may not be congruent with the goals of the team. A team-based reward system should reward employees for teamwork and contributions to team success. One example of such a system is a gainsharing plan whereby ideas that are successful and profitable result in the entire team being rewarded (Margulies & Kleiner 1995).

A problem that may occur with team-based rewards is the problem of social loafing. This occurs when the efforts of one or more members of the team decreases and is more likely to occur in teams that are excessively large (Bettenhausen 1991; Robbins 1998). Where team-based rewards are used, social loafers are rewarded similarly to other team members who are responsible for the group performance. This is not an argument for a reward system based on individual efforts, but rather an argument for the necessity of team-based discipline to accompany the team-based reward system.

## CONCLUSION

To implement and support teams within an organisation, considerable organisational change needs to occur and many issues need to be considered. The changes affect not only the team members, but also the roles of supervisors and managers, the organisational structure, culture, work processes and methods, and social relationships. Because of the depth and scope of these changes, the implementation of teams is often a lengthy process which presents many challenges. However, many organisations that are implementing teams have no plans to revert to their previous structures (IRS Employment Review 1995). It appears that despite the challenges, teams are able to provide many benefits to organisations in the long term.

## INSTRUCTIONAL COMMENTARY

The paper deals with the topic of developing teams in organisations. It is an important topic in the current business climate as organisations are looking to team-based structures to stimulate further improvements to their productivity, profitability and service quality. The paper provides an outline of key issues associated with the implementation of teamwork. As such, it does not deal with all the issues associated with developing teams, nor does it deal with particular issues in depth. However, the article does raise a number of issues for the reader that are worthy of self-reflection.

1. What are your experiences with teams in the work environment?
2. The implementation of teams affects the organisational structure. What are some of the other organisational systems that are affected by the implementation of teams? Why are these systems affected?
3. What benefits are apparent from teams in your workplace?
4. What problems have occurred at your workplace due to teams? How could these problems be resolved?
5. What is the purpose of teambuilding?
6. What behaviours would demonstrate that groups have made the transition to teams?

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