# The Use of Teams in Organizations: When A Good Idea Isn't And When A Good Idea Goes Bad

**James W. Bishop**

Department of Management
New Mexico State University
Las Cruces, NM 88003
(505) 646-3096, FAX: (505) 521-0572
jbishop@nmsu.edu

**Ashish Mahajan**

Department of Management
New Mexico State University
Las Cruces, NM 88003
505-646-5679
amahajan@nmsu.edu

**ABSTRACT**

*The costs associated with team failure are greater than the direct costs that can be accounted for on an organization's balance sheet. This paper points out some of these costs and offers suggestions to avoid them by discussing two primary reasons for team failure: (1) when the nature of the tasks indicate that should not have been implemented in the first place and (2) when teams have been implemented well but one team (or more) is pursuing its own objectives and while apparently contributing to organizational success, is, in fact, inhibiting the organization from operating at maximum efficiency. Suggestions are offered for avoiding these problems. Suggestions for research topics are also made.*

## INTRODUCTION

The use of work teams has become a popular strategy for increasing productivity and worker flexibility in the United States. Seventy-eight percent of U.S. organizations report that at least some of their employees are organized into work teams. In those organizations that utilize teams, an average of 61% of all employees are members of teams (Training Magazine, 1995). All 25 finalists for the 1996 America's Best Plants sponsored by Industry Week have implemented work teams, and the majority of these companies' production work force are engaging in self-directed or self-managed teams (Sheridan, 1997). Organizations have reported a number of benefits derived from the use of work teams. These include increased individual performance, better quality, less absenteeism, reduced employee turnover, leaner plant structures, and substantial improvements in production cycle time (Harris, 1992). In general, teams are considered an important ingredient of organizational success in the modern economy which is characterized by needs for rapid information exchange and response to customer demands (Cohen & Bailey, 1997).

With endorsements like the ones in the preceding paragraph, it is little wonder that some organizations dash headlong into implementing work teams. Unfortunately, many times this is done without the proper planning and necessary forethought. When team implementation lacks the necessary planning and forethought, the chances of the organization profiting by the use of teams is severely reduced. What is not reduced, however, are the costs associated with implementing and using teams.

These costs are not limited to the variable costs associated with training employees to work in teams, job redesign associated with the use of teams, and other processes required to get teams off the ground. These costs exist even when teams are successful. A whole new set of costs appear when teams fail. These include (1) opportunity costs associated with what employees could have accomplished had the use of teams never been attempted, (2) organizational inefficiencies that occur when teams (or anything else) founders, (3) possible loss of customer goodwill, and (4) negatively impacted employee-management relationship.

The last point is particularly noteworthy because the implementation of teams is unlikely to be the last (or first) program that, in order to succeed, requires (1) employee-management cooperation, (2) significant employee buy-in, (3) considerable investment of organizational resources, and (4) strong unambiguous management support. An aborted program or a poorly implemented program, especially one of the magnitude of teams, sends negative signals to organizational members with respect to the four requirements listed above. For instance employees may make the following interpretations. For number 1, managers express a desire for employee-management cooperation, but are not serious about their side of it. For number 2, managers are indifferent to employee buy-in; managers admonish employees to buy into a course of action when they, themselves, do not. For number 3, managers are poor stewards of organizational resources while, at the same time, insist that employees be frugal with company supplies and careful with company property. Finally, for number 4, managers may express support for certain things but in reality are either indifferent to the project or are indifferent to its effect on the organization's employees or the organization's success. Either way, they are not to be taken seriously when they announce organizational changes. Hence we can conclude that the costs associated with team failure are greater than the direct costs that can be accounted for on an organization's balance sheet.

The reasons for team failure and inefficiency are many and varied. However, the most insidious causes are characterized by the following outcomes. First, based on external, and perhaps superficial, inspection, teams are doing what they are told and accomplishing their assigned tasks. Second, at the same time the organization finds itself reaping few if any of the rewards and gains it felt were promised by the use of teams. Hence, the organization is faced with the contradictory evidence that teams are performing well but the organization is not.

Therefore, the purpose of this paper is to identify two primary conditions under which team failure may lead to the above condition, offer guidelines to avoid them, and suggest topics for researchers to examine in order to understand these conditions more fully, identify the specific circumstances that promote them, and determine actions that can be taken to prevent them. The two conditions associated with team failure that we address here are (1) when the nature of the

tasks indicate that should not have been implemented in the first place and (2) when teams have been implemented well but one team (or more) is pursuing its own objectives and while apparently contributing to organizational success, is, in fact, inhibiting the organization from operating at maximum efficiency. These two conditions were chosen because, in the first place a massive and expensive project would be doomed to failure from the start. In the second place an apparently successful project would be contributing to organizational failure. Furthermore, these topics are neglected in the extant literature. On the other hand, the literature relating to how to implement teams effectively and how to deal with problem teams are vast and ubiquitous. Neither of these topics are addressed in this paper.

## WHAT IS A TEAM?

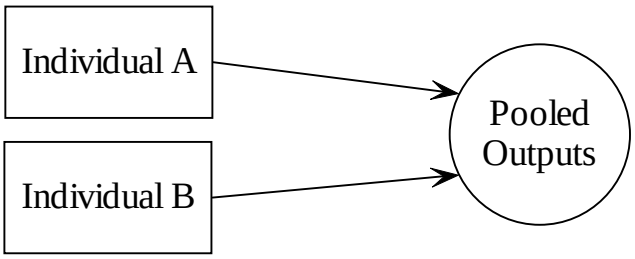
Prior to addressing our purpose, it is important to understand what we mean by the term "team." More particularly, what are the attributes of teams that concern us here. While there are numerous definitions of what a "team" is, there is general consensus of what one's attributes are. One of these attributes is synergy. That is, the individual efforts of the members result in a level of performance that is greater than the sum of the individual inputs. In other words, the whole is greater than the sum of its parts. Another attribute is that teams produce collective work products. That is, each unit of output (services or goods) is the result of all team members' contributions. Finally, members of teams evaluate themselves and are evaluated by others on how they contribute to the team. That is, accountability is at the group and the individual levels.

## WHEN TEAMS ARE A BAD IDEA

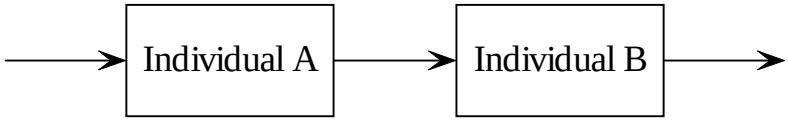
Teams are a bad idea when they are not needed. More specifically, there are conditions under which teams should not be used. The primary determination for whether they are needed can be determined from the tasks performed by the potential members. The determining attribute of the tasks is the type and degree of there interdependence.

Tasks are interdependent if their progression or completion is influenced by, determined by, or subject to the progression or completion of one another. Stated another way, task interdependence can be thought of as the degree to which the completion of a given task requires that other tasks are completed, the degree to which the given task is required to be completed in order for another task to be completed, or the degree to which the individual performing the given task is required to interact with others in order to complete the task.

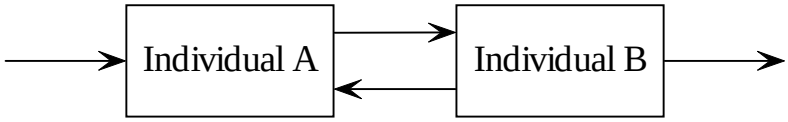
Task interdependence can be thought of as having three types or forms, (1) pooled interdependence, (2) sequential interdependence, and (3) reciprocal interdependence. See Figure 1.




Pooled Interdependence




Sequential Interdependence




Reciprocal Interdependence

**Figure 1: Types of Task Interdependence**

***Pooled Task Interdependence***

Pooled interdependence occurs when two individuals function with relative independence but their combined output contributes to the group's or organization's overall goals. An example of pooled interdependence would be if an assembly shop had a number of employees, each working alone to assemble radios. At the end of the day the completed radios are shipped out together. In this case the workers' efforts were independent but the results of their efforts were "pooled" and it could be said that "the shop" produced *x* number of radios (Katzenbach & Smith, 1993).

If task interdependence is pooled, it is unlikely that teams are needed. A cautionary note: Even if the use of teams is not indicated, it does not mean that workers can not or should not help each other and work together at times. Nor does it mean that a group of individuals cannot be referred to as a "team" even if they are not one. Sometimes such words as part of an effort to establish an

"esprit de corps" or otherwise invoke an identification with and a loyalty for a group or other entity.

In terms of employees helping in the context of pooled interdependence, envision a group of accountants preparing tax returns. Certainly they may consult with each other and work together when a difficult question arises. This does not make them a team. The hallmark of pooled task interdependence is that, at the end of the day, the group's output is the sum of each individual's contribution; the source of each unit of output can be traced to a specific individual, and each member is evaluated on his or her individual performance.

***Sequential Task Interdependence***

Sequential interdependence occurs when workers depends upon others for their inputs. The dependency is in only one direction and if those who provides the inputs don't perform their job properly, those who are dependent on them will be significantly affected. An example of sequential interdependence is an assembly line. In the above radio shop example, sequential interdependence would exist if each worker installed a component in a partially completed radio and passed the partially assembled unit on to the next worker in the line. That worker would then install a component, and so on. The steps have a specific order and individuals cannot perform their tasks until the tasks that precede theirs are completed (Katzenbach & Smith, 1993).

In the case of sequential task interdependence, the decision of whether to use teams may be more difficult to make. It is clear from the definition that Individual B cannot performance his or her task until Individual A performs his. This is the classic assembly line configuration. However, what cannot be determined by the definition is whether A or B move around to help others in a team context. That is, leave their own stations and go to others to contribute to the team's performance. Do they bring complimentary skills to bear at stations other than their own on the line? Do, or can, the line members make strategic or tactical decisions about who will work where on the line and when? If not, it is unlikely that the team technology will help. If so, perhaps it can. Similarly, if management can devise a way to increase productivity by changing the process from one of sequential interdependence to one of reciprocal interdependence, then it is likely that the use of teams can be beneficial.

***Reciprocal Task Interdependence***

Reciprocal interdependence occurs when individuals exchange inputs and outputs. If the performance of any task is compromised, the effect will eventually be visited upon the other tasks. For example, sales people, in contact with customers, acquire information about the customers' future needs. Sales then relays this back to the product development department so they can create new products or alter existing ones to meet customers' needs. By the same token, the product development department would try to anticipate customer needs with their development efforts. By keeping the sales force informed of their innovations, they influence the interactions that the sales reps have with the customers. Another example would be a surgical team in which the actions of one member influence and are influenced by actions of the others (Katzenbach & Smith, 1993).

When task interdependence is reciprocal, then it is likely that teams can be used. However, the usual care must be taken when they are implemented. As stated earlier the methods of effectively implementing the team technology is beyond the scope of this paper. However, following a well done implementation danger of problems with teams still exist. The usual problems include personality issues of the members, teams loosing sight of their collective purpose, poorly designed reward systems that undermine group accountability, and management and team member indifference to the relationship between process gain and process loss. Again, these problems are addressed in other sources. Our concern here is when a team is appearing to perform well, but in reality is hurting the organization.

## WHEN A GOOD IDEA GOES BAD

Even when the work situation calls for teams and even when teams are implemented well, things can go wrong with teams in such a way as to reduce the effectiveness of the organization. See Appendix A. Most, if not all, of the traditional measures of team performance would have the "all-star" team described in Appendix A rated extremely high. Their synergy was good … the whole was greater than the sum of its parts. The members had high individual performance scores and the collective score, i.e. team performance, was the best of all the teams in the organization. They were doing the job assigned to them better than any other team. Yet they were hurting the organization as a whole.

How did they do this? By inhibiting other teams from accomplishing their own objectives. While the "all-stars" did not overtly sabotage other teams - that is, they did not take overt action against them, they did not take actions for the express purpose of causing them to fail - the actions they took had this effect.

In response, one may ask, "What should managers do when confronted with a situation like this?" The better questions are, "How can managers prevent situations of this type from developing?" and "How can managers detect the presence of such situations?"

Let's examine the second question first. The answer necessitates a "back to basics" approach. The basic here is managerial control, control based upon sound accounting principles. Managers should account for all raw materials used by their subordinates. The justification and advantages of this goes beyond the use of teams. It is simply good business. In the case described in Appendix A, a comparison of the use of parts based upon documented repairs and a parts inventory would have revealed a parts "shortage." These were the parts residing in the "All-Stars" tool boxes and other hiding places.

Managerial control should go beyond the accounting component. The company commander should have asked himself, "Why is the "All-Star" team's performance so much superior to that of the other teams?" With a discrepancy in performance of this magnitude occurring across teams that are homogenous in terms of ability, training, tasks, mission, and reward structures, a competent manager would want to know why. A situation of this type should cause the manager to seek out why the "All-Stars" perform so well, why other teams perform so (relatively) poorly, or perhaps the discrepancy is a combination of the two. A well-designed performance appraisal system constitutes a managerial mechanism to formally document, analyze, and correct

situations of this type.

Detection and correction of problems are good; prevention is better. From a mechanistic perspective the same control mechanisms that could have been used to det3ect the problem described in Appendix A could have also served to prevent it or, at least, constitute a deterrent to some degree. Another and perhaps better opportunity to prevent a team or teams from working at variance with the organization's goals occurs at the time the teams are formed.

This is the time the teams' missions and ways an means are articulated. It is also the time when teams' individual idiosyncratic norms start developing. Therefore, it is the time to preempt the formation of norms like those displayed by the "All-Stars," specifically the norms that led to the behaviors that, while they did enhance the performance of the "All-Star" team, also had the effect of sabotaging the performance of other teams and thereby the whole company.

To counter this possibility, management should take a two-front approach. First, delineate the rules, policies, and procedures by which the teams are to strive for their objectives. Explain these from a business perspective, point out the control mechanisms, and make clear that adherence to the rules, policies, and procedures are salient components of the performance appraisal systems.

Second, and equally important, imbue the teams with superordinate goals related to organizational effectiveness. Managers should allow, encourage, and if possible reward inter-team cooperation that forwards the achievement of organizational goals. At the same time, one should realize that this second course of action may not always be possible. For example, physical proximity may be too great to make this type of cooperation possible. Heterogeneous tasks may also prevent cooperation between teams.

Sometimes the reward structure may preclude team cooperation because the self interests of team members may be too severely compromised. For example, the authors are familiar with sewing facilities that employed a team level production based pay system. Under this system every member of the team was paid the same amount based upon the quantity of product turned out by that team. While this pay mechanism did much to promote intra-team cooperation, it effectively prohibited inter-team cooperation. Managers must learn to recognize situations that do not allow for inter-team collaboration or cooperation and make sure that the appropriate control mechanisms are in place and are being effectively applied.

## DISCUSSION

The purpose of this paper was to point out two of the more insidious problems related to the use of work teams and their failure. Costs, particularly hidden costs, associated with them were also identified. One of the two problems was attempting to have employees work in tams when the tasks they were responsible for performing did not lend themselves to being done in a team environment. A typology of tasks was presented and the pros and cons of their applicability to teamwork was discussed and recommendations were made. Future research, particularly in a laboratory setting is called for to control for variables other than the nature of the tasks. Then the types of tasks could be varied in order to determine the more specific characteristics of their nature that would be either conducive or detrimental to the use of teams. Hybrid tasks, that is,

tasks that do not fit well in current typologies should also be investigated in this manner. Compound tasks, that is task that consist of subtasks that have characteristics of both reciprocal interdependence and one or both of the other two. Field research could examine the efficacy of altering tasks in such a way as to make them conducive to the use of teams. The relationship of such an effort with employee commitment (cf. Bishop & Scott, 2000), job performance (cf. Bishop, Scott, & Burroughs, 2000), job satisfaction, and other important variables would be of particular interest to managers and researchers.

The other situation examined here occurred when teams were, in fact, needed and implemented well. The problem occurred when the team adopted methods for performing its assigned tasks that were detrimental to the organization as a whole. We pointed out that diagnosing this type of problem was particularly problematic since the team was performing successfully according to traditional performance appraisal standards. Future research related to this problem should be conducted in two areas. First, researchers should examine, evaluate, and where necessary devise control methods to detect and prevent this type of activity. Second, research on making the acceptance of superordinate organizational goals part of strong team performance norms would be of great benefit to the study and use of work teams.

## APPENDIX A

### WHEN A GOOD TEAM GOES BAD.

(This is a stylized account of an actual situation that occurred in a branch of the armed services in a country that will remain nameless.)

In a branch of the Armed Services, there was a company of helicopter "flights." Each flight consisted of several helicopters and the company consisted of several flights. Each flight had a maintenance team, or ground crew, that was responsible for keeping the helicopters in their flight up and running.

In one particular company there was an "all star" ground crew who, it seemed, never had an inoperable helicopter. Their "birds" were always airworthy. Their success was the stuff of legends and was in sharp contrast to the "up time" achieved by other flight crews. Though competent and hardworking, the other crews seemed to have one or more of their birds down at any given time. Knowing just this, one would be tempted to say, "The 'All-Stars' are really a great team. Clearly their goals and objectives are congruent with the company's goals and objectives. Furthermore, they should serve as a role model for other teams who should copy their methods."

But, do they have goal congruence with the company? Should they serve as a role model for other teams? Let's take a closer look and see.

As those familiar with helicopters can attest, because of the nature of the movable wing aircraft design, helicopters are notorious for wearing out parts. Therefore, a good supply of spare parts is absolutely essential in order to keep a company of helicopters flying. In addition to their skill and motivation, one of the reasons for the success of the "All-Stars" was that they never experienced a shortage of spare parts. On the other hand, the other crews were constantly short of parts and even resorted to cannibalizing parts from inoperable helicopters, something the "All-Stars" never had to do. Why was this? Wasn't there a common store of parts from which the flights drew replacements? Yes. Well then, didn't everyone have the same access to parts? Yes, at least officially. But in reality the truth was quite different.

It turned out that the "All-Stars" had their own parts procurement process to "supplement" company procedures. They went around the chain of command; they established informal relationships with the appropriate quartermaster personnel; and they devised an extra-official parts procurement processes and procedures of their own. And, as if that wasn't enough, they hoarded parts. Since some helicopter parts wear out in a predictable manner, it was known beforehand which parts would likely be needed in greater quantities. It was these parts that the "All-Stars" hoarded in the greatest quantity. The result was that, while the "All-Stars" had 100% up-time for their helicopters, the company as a whole had a number of helicopters down for the want of parts that the "All-Star" team members possessed in abundance.

## REFERENCES


Bishop, J. W., & Scott, K. D. (2000). Organizational and team commitment in a team environment. Journal of Applied Psychology, 85(3): 439-450.

Bishop, J. W., Scott, K. D., & Burroughs, S. M. (2000). Support, commitment, and employee outcomes in a team environment. Journal of Management, 26(6): 1113-1132.

Cohen, S. G., & Bailey, D. E. (1997). What makes teams work: Group effectiveness research from the shop floor to the executive suite. *Journal of Management, 23,* 239-290.

Harris, T. E. (1992). Toward effective employee involvement: An analysis of parallel and self - managing teams. *Journal of Allied Business Research, 9(1)*: 25-33.

Katzenbach, J. R., & Smith, D. K. (1993). *The Wisdom of Teams: Creating the High-Performance Organization*. Boston, MA: Harvard Business School Press.

Sheridan, J. H. (1997). Culture-change lessons. *Industry Week,* February 17: 20-24.

*Training Magazine* (1995). Teams in practice. Lakewood Publications, Minneapolis, October.