

Portland State University PDXScholar

Engineering and Technology Management Student
Projects

Engineering and Technology Management

Fall 2017

Implications in Implementing Self-Managed Teams in Organizations

Aayushi Gupta

Portland State University

Alex Tacco Melendez

Portland State University

Janet Rosenthal

Portland State University

Lipishree Vrushabhendra

Portland State University

Let us know how access to this document benefits you.

Follow this and additional works at: https://pdxscholar.library.pdx.edu/etm_studentprojects

 Part of the [Business Administration, Management, and Operations Commons](#), and the [Organizational Communication Commons](#)

Citation Details

Gupta, Aayushi; Melendez, Alex Tacco; Rosenthal, Janet; and Vrushabhendra, Lipishree, "Implications in Implementing Self-Managed Teams in Organizations" (2017). *Engineering and Technology Management Student Projects*. 1143.

https://pdxscholar.library.pdx.edu/etm_studentprojects/1143

This Project is brought to you for free and open access. It has been accepted for inclusion in Engineering and Technology Management Student Projects by an authorized administrator of PDXScholar. For more information, please contact pdxscholar@pdx.edu.



Title: Implications in Implementing Self-Managed Teams in Organizations

Course: Communication and Team Building

Year: Fall' 2017

Professor: Dr. Charles Weber

Authors: Aayushi Gupta, Alex Tacco Melendez, Janet Rosenthal and Lipishree Vrushabhendra

ETM OFFICE USE ONLY

Report No.: See Above

Type: Student Project

Note: This project is in the filing cabinet in the ETM department office

ABSTRACT

Over the past few decades, organizations have developed workplace teams that are multi-faceted, diverse and classified or divided by objective. These teams are essentially turning out to be instrumental in innovation and change in organizations. One such work team that has evoked interest in the recent past is the self-managed team. The design, structure and performance of self-managed teams varies from the other teams significantly. Nevertheless, these teams like the other workplace teams share common benefits such as increased knowledge and skills, synergy and commitment. The main difference lies in the way these teams work. The objective of this research paper is to study the way the self-managed teams are formed and assess their performance and finally derive the implications in implementing them in today's modern organizations.

INTRODUCTION

A self-managed team is a group responsible for all aspects of producing the complete product or delivering a service [8]. In traditional format of work teams, tasks are assigned to the team members depending on their specialized skills or the functional department within which they work whereas the self-managed teams are not considered a traditional management style. In self-managed teams, members are responsible not only for executing the work but also for monitoring and managing their own work [9]. The roles within self-managed teams are much more fluid than in hierarchical teams. The team members have increased discretion over their work, which can lead to greater motivation and improved performance. Overall, recent studies indicate that substantive participation in the form of self-managed work teams has clear benefits. Organizations that offer flexibility, promote the employees' intellectual-creative capabilities and that want the teams to be the decision makers, are adopting the design of self-managed teams as a management practice of choice [15]. Surveys indicate that 68% to 70% of Fortune 1000 companies are using such teams [15]. It is observed that worker autonomy enhances worker attitudes, behaviors, and performance whether measured objectively or rated subjectively by team members [10]. Researchers on this subject also agree that this structure increases team effectiveness while few other researchers have a different opinion [16]. Planning, preparation, ongoing communication and follow-up are all necessary for the effectiveness of self-managed teams. For a self-managed team to remain successful, it is essential that the team members must be tolerant of errors and allow for learning. Another crucial factor is trust within the team and between the team and different groups of the organization. Our research investigates the implications in implementing self-managed teams in organizations. The four questions that form the basis of this research are, 1. How are the self-managed teams formed? 2. What are the advantages of self-managed teams? 3. What are the challenges self-managed teams face? and 4. How is the performance of these teams assessed? In addition to focusing on these questions, we provide the results that include examples of organizations which have adopted the structure of self-managed teams.

RESEARCH METHOD

The proposed article uses Literature Review as the research method which involves study of various academic articles, journals and case studies. We performed a literature review over a multitude of topics that focused on formation of self-managed teams, the conflicts that emerge among peers, peer evaluation, rotated leadership, performance assessment and the factors that lead to their success which in turn benefits the organizations.

LITERATURE REVIEW

A development model for Self-Managed Teams:

Self-managed teams require maximum autonomy, and therefore rely on being set up properly. In some ways, employees may have to be trained out of the traditional method of working. A prescriptive model has been developed for management to use in team development [1]. This model is based on the experience of implementing self-managed work teams in Dutch companies, in which self-managed teams have had some success. The model is based on three basic principles: (1) From simple to complex. Over time, the number of tasks go from simple to complex team. This is a gradual process, and starts with a small number of simple tasks. Depending on the particular situation and the progress made, a larger number and more complex managerial tasks can be assigned. By this process, the level of autonomy increases and the team members can get used to the accountability and responsibility[1].

(2) From the individual to the team level. Initially, the work is done individually, and the feeling of being a team member hasn't developed. In the beginning, the team leader has to approach team members as individuals. The process of empowering starts by teaching individual team members to regulate their own work processes. In a later phase, they can be assigned managerial tasks that are needed for the team[1].

(3) Strike a balance between employees' and organizational interests. An effective self-directed work team is oriented towards improving organizational efficacy. In the Dutch socio-technical vision, an important way of-realizing this is to make sure that employees can handle their own work processes as independently as possible and are not frustrated by organizational constraints in their attempts to work effectively. At the same time, this means that employees enjoy a lot of room for decision making, which is seen as the most important job characteristic of the quality of working life. From this point of view, employees' and organizational interests go hand in hand and cannot be separated. [1].

When setting up a self-managed team, personality has been studied as well. Management must find the optimum personality type for a member of a self-managed team. The five-factor model has become the standard for personality, after decades of research [2]. Five stable dimensions have emerged and are considered the standard extraversion, emotional stability, agreeableness, conscientiousness, and openness to experience [2]. Conscientiousness is arguably the most significant predictor of workplace performance [11]. This aspect will include individual differences in planning, organizing, and executing tasks. Conscientiousness is positively related to the careful and thorough accomplishing of tasks on the job [12]. Individuals high in conscientiousness have a strong sense of purpose, obligation and persistence which helped them to perform better than those who were low in conscientiousness [13]. The second most important factor would be Locus of Control [2]. An individual with an internal locus of control believes that his or her life outcomes are the result of internal factors such as hard work. Someone with an external locus of control believes that events are controlled by luck or other external phenomena [2].

Four phases are distinguished in the development of the model for self-managed teams [1].

Phase 1: Bundling of individuals: Once the technical conditions for implementing teamwork have been set, team members have to be trained to become multi-skilled workers. Furthermore, being able to conduct a variety of tasks and provide a significant contribution to the overall production process is held to appeal to people's sense of craftsmanship. Finally, investing in their training signals to employees that things are really changing and that the change process is taken seriously [1].

Phase 2: Group: The second phase focuses on integrating various organizing and supporting tasks into the team. The process cannot be planned in detail, but tends to progress gradually, but continuously. Team members become involved in activities such as maintenance, quality control, production planning, safety, and dealing with absenteeism. Furthermore, team members need additional training. Team leaders and staff play an important role in the training sessions [1].

Phase 3: Team: The first two phases laid the basis to work autonomously. In the third phase, the emphasis shifts on working together without the direct intervention of managers. This entails solving conflicts between team members and consensual decision making. The appraisal of the team's results becomes the responsibility of the team itself. The team negotiates with management about the results to be reached and by what performance indicators (which can be influenced by the team) these results are measured. The team is given a budget to realize the negotiated performance, but can decide for itself how to reach this [1].

Phase 4: Open team: In the fourth and final phase, the focus is on getting involved in contractual relationships with internal and external customers and partners. The team deals directly with clients and suppliers. A few times a year contracts are drafted and reviewed with the help of specialists in the supporting staff. Examples of issues to be included in such contracts are the costs of supporting services and delivery terms [1].

Benefits of having Self- Managed Teams

In self-managed teams, the members have greater ownership of all the activities involved in producing the end product or delivering the service to the customer [3]. Management and the technical responsibilities are shared by the team members. Therefore, decisions made by such teams are more effective. The external leaders are a link between a self -managed team and the other wider part of the organization [3]. They have the ability to act more strategically, develop their teams with purpose and are often freed from many management tasks. The benefits of self-managed teams include:

- *Cost savings:* Organizations such as RCAR Electronics in the USA reported annual savings of \$10 million following the implementation of self-managed teams.
- *Innovation:* Team members have the freedom to review and improve working practices.
- *Effective decision making:* Self-managed teams can develop quicker or more effective decision-making skills.
- *Increased productivity:* Teams work towards a common goal and are responsible for their own actions. When successful, self-managed teams can be 15–20 per cent more productive than other types of teams.
- *Improved customer satisfaction:* Self-managed teams benefit organizational performance through improved sales figures and customer service. Companies have reported significantly lower customer returns and complaints.
- *Commitment:* Team members can become more involved in projects as a direct result of having increased autonomy and responsibility.
- *Motivation:* Team members have shared or equal responsibility so members are accountable for their actions.
- *Increased compatibility between employers and employees:* Self-managed teams can relieve stress for the leader, who is then able to concentrate on other tasks. The team is mutually supportive and members learn from each other instead of approaching the team leader for advice [3].

- *Conflicts resolved internally:* Self-managed teams can be useful if a business has difficulties with employee satisfaction and retention of staff. With greater scope and responsibilities, individuals find greater happiness in their employment, and when emotional difficulties arise are more empowered to find a solution from within their team. The need for an external mediator can still be required when philosophical disputes arise, however this is to be expected when you move to a more leadership and self-managed team culture within your business [3].
- *Identifies skills weakness:* Self-managed teams are also quicker at identifying when there's a skills and knowledge gap in your business. Through their problem solving and task delegation processes, self-managed teams are able to quickly identify when there just isn't enough information or local knowledge to get something achieved. Making it much easier to identify skills and knowledge that needs to be recruited into the business when the time comes to grow your headcount [3].

Challenges faced by Self-Managed teams

Self-managed teams have an advantage of increased flexibility in adapting to a diverse set of tasks, situations and conditions [5]. But this could also be limiting and dysfunctional. The conflicts within such teams when associated with lower intra-team trust, may influence the team structure by two factors:

a. reducing individual autonomy and b. loosening task interdependencies in teams.

This leads to a less ideal design of self-managed teams. The conflicts in self-managed teams are categorized into two types: task conflict and relationship conflict [5]. A conflict that is signified by a disagreement among the team members about their decisions, ideas and opinions including controversy over the best way to achieve a goal or an objective of the team, then it is defined as the task conflict. The second type of conflict is the Relationship conflict which is defined as the perception of interpersonal incompatibility, and characterized by animosity, tension, and annoyance among members which also negatively affects trust. A third type of conflict, process conflict is defined as an awareness of controversies about how task accomplishment should proceed, how to delegate work assignments, and who has responsibility for different group tasks [17]. Apart from the three types of conflicts discussed, there are two more types of conflicts called the inter-sender conflict and resource related conflict [4]. When a person perceives incompatible requests from two or more people or when a received request conflicts with an organizational policy or standard, then it is termed as an inter-sender conflict. This impacts a more comprehensive set of responsibilities and decisions and weakens individuals' team commitment in different ways [4]. Resource-related conflict is another conflict which occurs when there is a conflict between defined role behaviors and the resources required to perform them [4]. Insufficient material resources are often a major impediment to the performance of self-directed work teams and cannot be overcome through simply clarifying other role-related issues. The company provides resources such as raw materials and supplies, and employees apply labor, knowledge, skills, abilities to change raw materials into goods and services desired by the company. If required resources are not available, employees cannot produce output required to meet personal, team, and company objectives [4].

Effects of Peer Evaluation and Rotated Leadership on Effectiveness

As we have seen so far, self-managed teams are designed differently, and this has important implications when trying to evaluate its effectiveness. In this objective, the first element that will be analyzed concerns the way in which team members' performance is assessed and rewarded through peer evaluations.

The second element concerns the nature of team leadership. If the leadership responsibilities are rotated among team members, a climate of shared leadership may be fostered and this should promote effective performance [22].

Effectiveness will be evaluated through the influence that these elements have on three team processes: workload sharing, voice, and cooperation.

Workload sharing reflects the extent to which members of a team do a fair share of the work [18]. Doing this maintains equity norms, social responsibility norms, and norms of reciprocity [19]. Therefore, team member satisfaction should be higher in teams where this process is high.

Voice reflects the extent to which people speak up and offer constructive suggestions for change [20]. The level of voice in a team is related to member satisfaction as people tend to be more pleased when they are able to express their ideas and suggestions [21].

Cooperation refers to the quality of interaction among members of a team [18]. The positive relationship between cooperation and team performance is attributed to the notion that cooperation promotes the integration of members' task focused inputs [9]. Team members are fulfilled in the sense that their social needs are satisfied when interpersonal relationships are positive [18].

DISCUSSION

Based on the literature review for the structure of self-managed team, a model for self-managed teams is developed as shown in the figure below taking into consideration the aspects of forming the self-managed team around an objective, clearly define the desired result, define the processes needed to get that result. Then set metrics for steps in the process and after approval, run the model.



Figure: A development model for Self-managed team

The task and relationship conflicts have significant potential to damage trust and the team members experiencing this always believe that their own decisions are correct and they end up questioning the competencies of those who disagree with them. This results in serious trust issues and reflects that the team members do not share mutual understanding and do not appreciate each other which finally undermines trust. They end up perceiving people whom they dislike as being less likely to be helpful or less cooperative when it is necessary. The inter-sender conflicts project inconsistent team values and reduces the chances of the values be accepted by all, leaving the team members confused about the team goals. When goals are not specific, there is confusion on how to perform team tasks, lowering expectancy that effort will lead to successful task completion and, in turn, this lessens the willingness to put efforts. In a self-directed work-team environment, the two primary sources of information are the facilitators and team members. Due to inter-sender conflict the interaction between individuals and the source of the conflict becomes less pleasant and uncertainty and stress prevails. Lack of resources in resource conflict interrupts the exchange relationship between employees and the company. Employees perceive that the company has failed the reciprocity norm by its inability to respond to, or reciprocate for, previous employee efforts. With the exchange cycle interrupted, employees may feel freed from the responsibility of reciprocation and they are unable to reciprocate and the development of commitment associated with reciprocation does not take place.

Performance of self-managed teams is assessed by analyzing the correlation that peer evaluation and rotated leadership have with three team processes: workload sharing, voice, and cooperation; and how this relationship affects task performance and member satisfaction.

By nature, we tend to put less effort in carrying out a group task than an individual one. Perhaps we rely on other team members' initiative to get the work done; however, if all members have the same perception, the task will be underachieved. A way to overcome this common practice, and therefore to increase workload sharing, is by implementing peer evaluation and praising good performance with rewards. In addition, it is important for all members to rotate the leadership role throughout the life of the team. By sharing this responsibility, each leader will acknowledge his participation in the team's success. In regards to the second attribute, voice is promoted through peer evaluations by evaluating members' contributions in a task. A positive outcome of this communication process is that many thoughts and suggestions come into play in considering new ways of approaching a problem. Similarly, rotated leadership will help team members gain experience and confidence in expressing themselves when facing challenging situations. Finally, peer evaluations make team members accountable to one another which promotes a more supportive context. Peers want to be perceived as team players, and therefore their interactions will reflect cooperation. It has been demonstrated that peer evaluations had a positive impact on team members' perception of open communication, group viability, and member relationships [18]. In the same way, when team members rotate the leadership role, each of them experiences the difficulties and challenges that this responsibility represents, and they become more empathetic and cooperative to each other.

Self-managed teams are a proven success in most of the organizations. By resolving the conflicts discussed above, they could be the future of most businesses [25]. This is because, it is not just the team, but the ownership that motivates everyone. A self-managed team shares the responsibilities and not just the tasks [25]. Apart from this there are benefits in terms of cost savings, innovation, effective decision making and improved customer satisfaction. Overall, the studies indicate that substantive participation in the form of self-managed work teams has clear benefits. Worker autonomy enhances worker attitudes, behaviors, and performance whether measured objectively or rated subjectively by team members. As a result, the organizations grow faster, are more productive and more profitable,

have lower turnover, and have increased longevity [23]. As more and more owners and investors see the numbers, they will demand that other organizations move in this direction [23].

RESULTS AND APPLICATIONS

The studies of the past six years tend to be consistent with the findings of recent reviews that examined the literature of the past thirty years. In a meta-analysis of 131 North American field studies involving organizational change, it has been determined that autonomous and semiautonomous teams had a significant effect on an organization's financial and overall performance, while other team configurations like quality circles, general work teams, and employee involvement teams did not [5]. BusinessWeek recently reported that self-directed work teams are, on average, 30 to 50 percent more productive than their conventional counterparts [6].

Examples of organizations that attribute major productivity results to the advantages of self-directed work teams:

- AT&T -- Increased the quality of its operator service by 12 percent.
- Federal Express -- Cut service errors by 13 percent.
- Johnson & Johnson -- Achieved inventory reductions of \$6 million.
- Shenandoah Life Insurance -- Cut staffing needs, saving \$200,000 per year, while handling a 33-percent greater volume of work.
- 3M's Hutchinson facility -- Increased production gains by 300 percent.

Furthermore, when implementing self-managed teams, it is important to note the research results on the ideal employee. Internal locus of control was a significant predictor of good performance under the self-managed style [2]. This suggests that before implementing, individuals should be screened for locus of control. This finding is consistent with previous research on locus of control. For example, internal locus of control was found to be a significant predictor of timely graduation among college students [14]. Surprisingly, conscientiousness was not a significant correlate of performance [2].

The major obstacle to self-management, is thought to be people, especially managers. The most important requirement for self-management success is conviction and commitment of top management [24]. True and genuine self-management cannot happen if there are bosses or supervisors around and there needs to be a clear choice of who wants to self-manage and who doesn't. Self-managed teams happen only if readiness is there on both sides [24].

CONCLUSION

This research paper explored implications of self-managed teams in an organization. The research overwhelmingly shows that self-managed teams can be more effective than the traditional team structure. Furthermore, self-management leads to employee satisfaction and leader development. But there are conflicts that cannot be overlooked. These conflicts could be resolved by the self-managed teams by prioritizing accountability over blame, quantify the impact of the problem and finally encourage openness to productive conflicts. Therefore, employee involvement plays a major role in this context. Further research should look into how to implement these types of teams in a cross functional work environment. For the functioning of multi-disciplinary projects, the individually focused self-managed teams have to form integrated groups and therefore one must be careful in applying the self-management concepts at the collective level. The next stage would be exploring this type of structure with global and virtual teams.

REFERENCES

- [1] P. V. Amelsvoort., J. Benders., “Team time: a model for developing self-directed work teams”, *International Journal of Operations & Production Management*, 16.2 (Feb. 1996): p159.
- [2] E. D. Pillis., B. Parsons., “Implementing Self-Directed Work Teams at a College Newspaper” *College Student Journal*, 2013, Vol.47(1), p.53-63[Peer Reviewed Journal]
- [3] “How Teams Work”., OpenLearn, The Open University.
- [4] J.W. Bishop., D. Scott., “An examination of organizational and team commitment in a self-directed team environment”, Loyola University Chicago, 2000.
- [5] C. W. Langfred.,” The downside of Self-Management: A longitudinal study of the effects of conflict on trust, autonomy, and task interdependence in self-managing teams, *Academy of Management Journal*, 2007, Vol. 50, No. 4, 885–900.
- [6] R. Batt., “The Economic Costs and Benefits of Self-Managed Teams Among Skilled Technicians”., CAHRS Working Paper Series, Center for Advanced Human Resource Studies (CAHRS), Cornell University ILR School, 9-1-1997
- [7] L. L. Silverman., A. L. Propst., “Ensuring Success: A model for self-managed teams”, *Partners for Progress and Quality Transformation Services*,1996
- [8] M. Z. Hackman., C. E. Johnson., “Leadership: a communication perspective Prospect Heights”, IL: Waveland Press, 1996
- [9] J. R. Hackman., J. Lorsch., “The design of work teams”, *Handbook of organizational behavior* (pp. 315-342). Englewood Cliffs, NJ: Prentice-Hall, 1987.
- [10] S. Cohen., and D. Bailey., “What Makes Teams Work: Group Effectiveness Research from the Shop Floor to the Executive Suite”, *Journal of Management*, 23(3), pp.239-290, 1997.
- [11] M. R. Barrick., M. K. Mount., “Select on conscientiousness and emotional stability. In E. A. Locke (Ed.), *Handbook of Principles of Organizational Behavior*” (pp. 15-28). Malden, MA: Blackwell, 2004
- [12] M. R. Barrick., M. K. Mount., “The Big Five Personality Dimensions and Job Performance: A Meta-Analysis. *Personnel Psychology*”, 44, 1-26, 1991
- [13] B. L. Kirkman., B. Rosen., C. B. Gibson., P. E. Tesluk., S. O. McPherson., “Five Challenges to Virtual Team Success: Lessons from Sabre”, *Inc. Academy of Management Executive*, 16(3), 67-79, 2002.

- [14] C. Hall., K. Smith., R. Chia., "Cognitive and personality factors in relation to timely completion of a college degree" [Article]. *College Student Journal*, 42(4), 1087-1098. 2008.
- [15] J. Tata., S. Prasad., "Team Self-management, Organizational Structure, and Judgments of Team Effectiveness", *Journal of Managerial Issues*, Vol. 16, No. 2 (Summer 2004), pp. 248-265
- [16] C. C. Manz., "Self-Leading Work Teams: Moving Beyond Self-Management Myths", Research Article, *Sage Journal*, First Published November 1, 1992
- [17] K. A. Jehn., "A multimethod examination of the benefits and detriments of intragroup conflict". *Administrative Science Quarterly*, 40: 256–282, 1995.
- [18] A. Erez., J. LePine J., H. Elms., "Effects of rotated leadership and peer evaluation on the functioning and effectiveness of self-managed teams", Department of Management, University of Florida, 2002.
- [19] N. L. Kerr., "Motivation losses in small groups: A paradigm for social dilemma analysis", *Journal of Personality and Social Psychology*, 45, 819-828, 1983
- [20] J. A. LePine., L. V. Dyne., "Voice and cooperative behavior as contrasting forms of contextual performance: Evidence of differential effects of Big Five personality characteristics and general cognitive ability", *Journal of Applied Psychology*, 86, 326-336, 2001.
- [21] E. A. Lind., T.R. Tyler., "The social psychology of procedural justice", New York: Plenum Press, 1988.
- [22] S. A. Mohrman., S. G. Cohen., Mohrman Jr., "Designing team-based organizations: New forms for knowledge work". San Francisco: Jossey-Bass, 1995
- [23] C. Blakeman., "Why Self-Managed Teams Are the Future of Business", Article by Founder of Crankset Group.
- [24] J. Heskett., "Are we ready for Self - Management", Working Knowledge- Business Research for Business Leaders, Harvard Business School.
- [25] A. Maimon., "How self-managed teams can resolve Conflict", *Harvard Business Review*, April, 2017