IS THE TEAM TIGHT ENOUGH TO DELIVER?

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Abstract
Groups are increasingly becoming the norm in the largely dynamic and complex environment surrounding organizations. Due to this, understanding group dynamics is imperative for modern managers. It is commonly assumed that once a group is put together, group members will harness their collective abilities to accomplish group tasks. This is especially at the top of the organization where top managers are largely aware of overall organization objectives. However, the ability of the group to deliver group goals depends on how well the group members can work together and support each other. The self categorization theory proposes that this ability is driven by how cohesive the group is. This study therefore sought to determine the effect of group cohesion on firm performance through a cross sectional descriptive survey. Primary and secondary data was obtained relating to 53 large food and beverage manufacturing firms in Kenya and was analyzed using ordinary linear regression. The study established that the teams in these firms were moderately to highly cohesive. Further, group cohesion significantly affected financial, customer, internal processes, social and learning and development performance perspectives positively which was consistent with the self categorization theory. The study therefore concluded that group cohesion was a key ingredient in the performance of teams and recommended that managers should always craft measures to engender task and social cohesion in designing working teams if such teams were to deliver superior performance.

Key Words: Group cohesion, task cohesion, social cohesion, groups, group dynamics, firm performance, food and beverage manufacturing firms.

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1. Introduction
Since the seminal work by the Hawthorne experiments, groups at the work place have continued to elicit much interest among scholars given that they are largely unavoidable. Banwo, Du and Onokala (2015) observed that groups are common in human society and their formation takes different approaches which highlights the prevalence of groups in human interactions. More specifically, groups are becoming increasingly important as organizations seek to adapt to the dynamic and complex modern day environment. Lau and Murnighan (1998) noted that there were two growing trends in organizations which were the use of groups and the diversity in organizations. These two trends serve to increase the complexity associated with the presence of groups in organizations and indicates the growing need to understand the groups that make up the organization and the dynamics inherent in these groups. Greer (2012) observed that due to the universality of groups, scholars in various fields had tried to study group dynamics and its construct group cohesion which informed the subject matter of this study.

Group cohesion is the bond that binds group members to each other and to the group as a whole. It implies the extent to which individuals feel part of the group, are committed to its goals and work together to achieve them. Banwo et al (2015) defined group cohesion as the complete influences, exogenous and endogenous, working on members to stay within the team. It reflects the inclination of the group to bond, stick together, and stay unified in pursuing group goals and organizational objectives. A cohesive group is able to pull in the same direction and be aligned to common objectives and goals. Beal, Cohen, Burke and McLendon (2003) posited that when cohesion is strong, a group is encouraged to perform well and can coordinate its activities to succeed.

When a group is put together, members do not automatically accustom to each other and become cohesive. It takes a process through which they get acquainted with each other, agree or disagree and accommodate each other before they can work together cohesively (Tuckman, 1965). At the initial stages, the group may suffer from poor performance which improves over time as members get accustomed to each other. This is especially more prominent in work groups compared to social groups since it is the work activities that inform the core characteristics that bring the group together.

Tuckman (1965) in his groundbreaking work on groups coalesced a model of the process that groups go through before they are knit together and start working in unity. First, is the forming stage where members are brought together and they get oriented to each other and test their interpersonal boundaries. This is followed by storming where there is escalation of disagreements and resistance to group objectives and influence. Next is the norming stage where the group overcomes conflicts and develops cohesiveness. Finally, is the performing stage where group energy is directed towards the task. Tuckman and Jensen (1977) included a final stage referred to as adjourning where the group members separated. From this model group cohesion only happens in the
third stage which implies that performance of the group may deteriorate initially when the group is formed and improve at a later stage.

Group cohesion is also multifaceted with elements that relate to the work and others relating to the interpersonal relationships among the members. While the impact of the work related elements on performance are obvious, interpersonal elements also affect performance. This is due to the fact that group members cannot delink their social relations from the work relations to a large extent. Chang, Duck and Bordia (2006) noted that group cohesion was a multidimensional construct that focuses on the group’s integration and the individual’s appeal to the group. This implies that the social interactions and the members’ attitudes to each other largely affect the ability of a work group to deliver on performance. Due to this, studies on the linkage between group cohesion and performance have resulted in mixed findings. Therefore in measuring cohesion both dimensions needed to be considered since they help to bind members to their group.

Group cohesion can be categorized into task cohesion and social cohesion. Task cohesion is the level to which individuals in a group work collectively and are committed to accomplish universal objectives. It relates to the work aspect of the group and how well the members of the group are able to work together to deliver the task at hand. Task cohesion has a direct link to group performance since it relates to the underlying reason for the work group’s existence. Wheelan (2005) established that task cohesion had a significant and stronger impact on firm performance than social cohesion. Social cohesion is the level by which individuals in a group like each other, trust, get along and support each other. It relates to the degree to which members of a group relate harmoniously outside the work environment. Social cohesion is important since it increases proximity among group members which facilitates better performance. Harun and Mahmood (2012) found out that social cohesion also had a significant bearing on firm performance.

Divergent work groups are likely to be confronted by more obstacles in their cohesiveness due to the differences among the members. Lau and Murnighan (1998) observed that analysis of the developmental processes of diverse work teams is bound to be insightful given that confronting diversity further complicates managers’ work. To evaluate the effect of cohesion on performance, this study focused on top management teams in organizations given that they represent some of the most diverse groups in an organization to equip them with a variety of skills to oversee the whole organization. Cross functional teams such as the top management team are usually designed with deliberate heterogeneity (Ancona & Caldwell, 1992) to empower them with divergent skills and experiences. This heterogeneity in the team introduces another dimension in its relationship with performance. It can trigger dysfunctional conflicts and activate fault lines leading to negative impact on cohesion (Carpenter, 2002) which leads to poor performance.

Knight et al. (1999) posited that demographic differences can affect the processes in the group in contradictory directions. On one hand they may affect
communication and cohesion negatively by increasing the conflicts among them. This leads to a negative effect on performance. On the other hand, they can also increase the creativity and innovation of the team by offering a variety of ideas which affects performance positively. If the top management team can work together and tap into their collective mental models and values, then their differences can lead to superior performance. Harun and Mahmood (2012) concluded that both task and social elements of cohesion were interconnected with performance and Beal et al (2003) observed that different cohesion components had different associations with performance.

Group cohesion further affects the effectiveness of the team by affecting how much cooperation the members offer to the each other. It affects the feelings, attitudes and moods that the members bring to the group. When the group is cohesive, the members are likely to be positive and supportive towards each other which lead to positive performance. Marchewka (2014) noted that cohesion influences the management team’s cognitive processes and their affective states and may persuade members to participate or dissuade them. This implies that the degree to which the team is able to work together and deliver superior performance is influenced by the cohesion among the team members. When the members are cohesive, they are able to cooperate, support each other and share ideas to deliver superior performance but if they are not cohesive performance suffers.

1.2 Firm Performance

All organizations exist to serve a given purpose whether profit making or not. Firm performance is important to organizations since it usually designates the sole reason for the existence of the firm. Due to this, this construct is valuable to most business managers and management researchers (Richard, Devinney, Yip & Johnson, 2009). It is therefore a commonly tested dependent variable in management research (March & Sutton, 1997). Firm performance is the outcome of organization activities that is it is the accomplishment from given actions. Richard et al (2009) and Venkatraman and Ramanujam (1986) noted that firm performance was a subset of effectiveness which includes performance and other internal outcomes related to efficient operations and non-economic external measures. Performance on the other hand includes three aspects namely financial performance, market performance and shareholders return.

Richard et al. (2009) noted that although organizational performance was commonly applied, it is rarely defined or measured consistently. They noted that business performance was commonly appraised in three ways. First was to use a single measure pegged on the relationship of the measure to performance. Second, was where different measures were used to compare with same independent variables but different dependent variables. Lastly, was where dependent variables were aggregated commonly applied with subjective measures. They further argued that it was important to align performance measures to the research contexts which would provide potential for meaningful comparisons across firms and industries.
Venkatraman and Ramanujam (1996) focusing on the strategic management perspective noted that use of financial indicators of performance was the narrowest conception of firm performance. They suggested that a broader perspective would also emphasize operational measures of performance. This integration of measures is supported by Nourayi and Daroca (1996). Kaplan and Norton (1992) noting that financial gauges were misaligned with the experiences of modern organizations, proposed the Balanced Scorecard (BSC). They noted that managers needed not choose between financial and operational measures of performance since none was balanced enough to present a clear picture of critical business areas. They therefore developed the BSC which incorporates financial measures and operational measures on customer satisfaction, internal processes and innovation and learning perspectives. Due to this, the BSC is a more comprehensive measure of performance providing a broader perspective of the firm’s performance.

Hubbard (2009) noted that most organizations that adopted the BSC tended to customize it to their own circumstances. In addition, most of the firms had not reached the level of sophistication required to incorporate the BSC in their organizations. Due to this, he proposed the sustainable balanced scorecard (SBSC) which incorporates social and environmental measures in the BSC. The SBSC incorporates measures that top managers can identify with effortlessly and is likely to be readily accepted by organizations to measure performance. Further, by incorporating social and environmental perspectives the SBSC takes care of the emerging requirements on organizations to report on other performance perspectives. To accommodate this wider perspective of firm performance and provide for the variety of objectives for top managers, this study adopted the SBSC measures. However, Venkatraman and Ramanujam (1996) noted that by broadening the perspective of performance, researchers would face challenges emanating from data collection sources. Specifically they noted that firms would not be forthcoming on data on financial indicators due to confidentiality and sensitivity. They proposed mixed sources whereby financial indicators would be obtained from secondary sources while operational indicators would be obtained from primary sources. This was the approach adopted by this study in collecting data for measuring firm performance.

2. Literature review
This study was founded on the self categorization theory. The self categorization theory holds that people psychologically categorize themselves and others as belonging to the group or not belonging by looking at their differences and similarities (Turner, Oakes, Haslam & McGarty, 1994 and Hogg & Terry, 2000). By categorizing himself and others as part of the group or not a person accentuates the perceived similarity of a subject to the group or not. This results into self categories which are cognitive groups made up of the collective and others. Hogg and Terry (2000) posited that the categorization leads to depersonalization whereby subjects are not perceived as unique persons any more but rather as an embodiment of a given category. In this
In line with this theory, whether the management team members are attracted to the team and its goals depends on whether they feel part of the group or not as a result of their similarities and differences with the rest of the group members. Given that management teams are made up of members with different characteristics, individual members might perceive themselves as belonging to the group or not belonging. When individual managers perceive many differences from the rest of the members they feel they do not belong leading to less cohesiveness while if they perceive more similarities they have a strong appeal to the group leading to more cohesiveness. Therefore the group cohesion among the top management team members can be explained using the self categorization theory.

Hambrick (2007) in his study of top management teams asserted that the level to which the team engages in joint and shared relations has a positive influence on corporate performance which raises the importance of the ability of the team to work together as a harmonious whole. This ability should not be taken for granted just because managers are in the top team. Carpenter, Geletkanycz and Sanders (2004) suggested that the subgroups within the management team should be differentiated as opposed to treating the corporate executives as a collective whole. This suggestion acknowledges the possible existence of subgroups within the top management team consistent with the self categorization theory.

Marchewka (2014) analyzed the top management team group structure and group dynamics and company
performance among 291 domestic firms listed on the Warsaw Stock Exchange. In her study she noted that although the management team’s effectiveness was affected by the characteristics of the team, the effect was indirect. She concluded that the team’s effectiveness was determined by group dynamics which then affected company performance. This position is in conformity with the conclusions by Knight et al. (1999) who ascertained that group processes strengthened the relationship between top management team heterogeneity and strategic consensus. These studies hint to the value of the group processes inherent within the top management team.

Greer (2012) observed that group cohesion was a commonly applied construct of group dynamics due to its universality. Further, group cohesion is one of the critical ingredients in any small group (Brawley, Carron & Widmeyer, 1987). Hambrick et al (2015) in their study established that when the top management team was heterogeneous and designed with little cohesion, it operated in a fragmented way leading to unfavourable performance. This alludes to the critical role of cohesion within the top management team whereby a team whose structure enhances cohesion is more effective. Cohesion allows diverse groups to work mutually concerning a shared purpose and thus affects how effective the group is.

Studies on group cohesion and its impact on performance have yielded mixed results. In their study of group cohesiveness among 371 respondents from cooperative movements in Malaysia, Harun and Mahmood (2012) determined that group cohesion was significantly related to performance. They concluded that the level of cohesiveness among the individuals in the cooperative movement determined the success of the movement. Beal et al (2003) conducted a meta-analysis of 145 studies on the correlation between cohesion and firm performance. They established that cohesion affected performance positively. They however noted that this effect was stronger when performance was crystallized in behaviour terms rather than results. In this case cohesion had a stronger correlation to efficiency than effectiveness.

Shin and Park (2009) studied the effect of group cohesion at both personal and group level among 249 employees and 42 groups within a Korean manufacturing company. They established that group cohesion negatively moderated the association between competency and performance at an individual level. This implies that cohesion led to otherwise competent members downplaying their skills when they were cohesive to fit with the group performance. However at a group level, cohesion positively moderated the competency and performance relationship implying that cohesion empowered competent teams to perform better. Van Vianen and De Dreu (2001) studying 24 drilling teams in the USA and 25 student teams in Netherlands established that there was a significant relationship between cohesion and performance. These studies suggest that group cohesion significantly affected firm performance positively.

Some researchers have found contradicting results. Banwo et al (2015) surveyed 180 employees in 4 commercial bank branches in Nigeria. Their study resulted in non-findings since there was strong
cohesiveness in both the groups with high performance and those with low performance. They concluded that whether cohesion elicited positive or negative impact on performance depended on what brought the team together. In addition, they noted that cohesive groups with members who had longer organizational tenure performed better than those with shorter tenure. This suggests that organizational tenure and cohesion have a stronger effect on performance which could be attributed to the idea that as the team stayed together over time they were able to go through the group formation process and start performing. The time spent together allowed team members to go through the group stages. These findings were similar to the findings by Shin and Park (2009) on the effect of group cohesion at individual levels. The differences in findings among group cohesion researchers could be attributed to the differences in the operationalization of cohesion and the level of analysis. Beal et al (2003) noted that the components of cohesion had different impacts on performance. Chang et al (2006) observed that the confusion in findings on cohesion was due to discrepancy in characterization and measurement of cohesion. They noted that group cohesion was a multifaceted concept involving an individual’s assessment of the group as a whole and the person’s appeal to the group. Brawley et al (1987) observed that there was a need to differentiate between the work and collective concerns of members of the group. Group cohesion therefore can be divided into the task aspect which centers on work related goals and the social aspect which centers on the interactions of the team outside the work environment or work situations.

Chang et al (2006) in their study comprising of 28 student groups set to explore the effect of group cohesion on performance using multidimensional measures. They found out that group cohesion consisted of a two factor structure that is social and task cohesion. In addition both components of cohesion had a positive effect on group performance and they increased over time and that cohesion was a stronger antecedent to performance than a consequence. This implied that it is cohesion that affected performance rather than performance affecting the cohesion.

The findings by Chang et al (2006) implied that a cohesive group performed better than a less cohesive one and that the cohesiveness increased as the group members interacted longer with each other. This was aligned with the conclusions by Banwo et al (2015) that longer tenured cohesive groups had better performance than those with shorter tenures. This also supported the group formation process by Tuckman (1965) that argued that group performance was as a result of the group advancing from the initial stages riddled with disagreement to the performing stage where the group was cohesive. In their study Harun and Mahmood (2012) established that performance was significantly affected by both task and social cohesion. However, task cohesion had a stronger effect on performance compared to social cohesion.

By viewing the top management team as a group with the usual group dynamics, it may be possible to derive further insights.
on how the dynamics within the top management team affect the performance of the team. Several authors (Knight et al, 2009; Hambrick et al, 2015, Marchewka, 2014) have pointed to the need to study the dynamics within top management teams. Characteristics of the top management team members are likely to elicit group processes which in turn affect performance in various ways. Van Vianen and De Dreu (2001) in their study established that cohesion measures did not mediate the relationships between personality composition and team performance (Aeron & Pathak, 2012). On the other hand, Peterson, Smith, Martorana and Owens (2003) studying 17 CEOs established that CEO personality can influence top management team dynamics which then influences firm performance suggesting the importance of team dynamics in understanding the performance of the team. Hambrick et al. (2015) noted the importance of ‘teamness’ in understanding how the heterogeneity of the top management team members affects firm performance. This study therefore set to explore the hypothesis that:

*Group cohesion has no significant effect on performance*

3. Research Methodology

This study employed a cross sectional descriptive survey design among 53 large food and beverage manufacturing firms in Kenya. This was driven by the need for a context with firms led by management teams as opposed to predominantly single manager set ups. The food and beverage manufacturing sector had a large number of large firms with established top management teams (Mutunga & Minja, 2014) appropriate for this study. Primary data relating to group cohesion and non financial performance measures was obtained through a structured questionnaire with questions on group cohesion adapted from the Carron, Widmeyer and Brawley’s Group Environment Questionnaire (GEQ) which is one of the internationally recognized and most applied tools for measuring group cohesion (Prokesova & Musalek, 2011). Secondary data relating to financial performance was obtained from the Kenya Revenue Authority (KRA). Ordinary linear regression was used to evaluate the effect of group cohesion on firm performance.

4. Results and Discussions

Group cohesion was tested as a composite variable consisting of task and social cohesion. Performance was gauged in terms of the six SBSC perspectives namely financial, customer, internal processes, learning and development, social and environmental perspectives. The study established that most of the top management teams were moderately to highly cohesive. The firms had mean scores ranging from 3.37 to 4.36 for task cohesion and 3.25 to 3.96 for social cohesion. Firm performance was then regressed against group cohesion. Table I summarized the results obtained.
Table I: Group Cohesion and Firm Performance

<table>
<thead>
<tr>
<th>Performance Perspective</th>
<th>R</th>
<th>R square</th>
<th>F</th>
<th>p-value</th>
<th>B</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>0.336</td>
<td>0.113</td>
<td>6.469</td>
<td>0.014</td>
<td>0.223</td>
<td>Significant</td>
</tr>
<tr>
<td>Customer</td>
<td>0.358</td>
<td>0.129</td>
<td>7.521</td>
<td>0.008</td>
<td>0.411</td>
<td>Significant</td>
</tr>
<tr>
<td>Internal Processes</td>
<td>0.404</td>
<td>0.163</td>
<td>9.55</td>
<td>0.003</td>
<td>0.428</td>
<td>Significant</td>
</tr>
<tr>
<td>Learning &amp; Development</td>
<td>0.344</td>
<td>0.118</td>
<td>6.83</td>
<td>0.012</td>
<td>0.325</td>
<td>Significant</td>
</tr>
<tr>
<td>Social</td>
<td>0.301</td>
<td>0.09</td>
<td>5.064</td>
<td>0.029</td>
<td>0.423</td>
<td>Significant</td>
</tr>
<tr>
<td>Environmental</td>
<td>0.186</td>
<td>0.035</td>
<td>1.828</td>
<td>0.182</td>
<td>0.253</td>
<td>Not Significant</td>
</tr>
</tbody>
</table>

Table I revealed that group cohesion had a statistically significant effect on all performance perspectives except for environmental performance as revealed by the p values which were < 0.05. Further, where group cohesion was significant, it explained between 9% and 16.3% of the variations in the different perspectives of performance. The B coefficients revealed that group cohesion affected performance positively implying that group cohesion was beneficial to performance. This was aligned to the conclusions by Beal et al (2003), Van Vianen and De Dreu (2001), Chang et al (2006), Shin and Park (2009) and Harun and Mahmood (2012) that group cohesion was beneficial to firm performance.

The findings that group cohesion had a positive effect on corporate performance provided empirical evidence in support of the self categorization theory. Consistent with this theory when group members perceive themselves as belonging to the group, they are attracted to the group and its goals resulting in increased cohesion which helps them to deliver on overall group goals (Hogg et al, 1995). The teams sampled were moderately to highly cohesive suggesting that most of the managers had a sense of oneness with the teams they belonged to. This resulted in attraction to the group goals and commitment towards group goals and their achievement as reflected by the positive effect on performance. Thus a cohesive group is able to overlook the idiosyncratic differences of the group members and work together to deliver group goals. Therefore firm performance increased with increase in group cohesion.

5. Conclusion
This study concluded that if groups were able to foster cohesiveness then it would benefit the firm in terms of positive performance. Specifically, group cohesion should not be overlooked in designing work teams in the organizations. Given the necessity of work teams in modern organizations and the increased diversity among such working teams, it was imperative for managers to consider the dynamics between the team members and craft methods of amplifying perceived similarities among group members in order to engender group cohesion. In addition, managers would benefit from acknowledging the existence of subgroups within working teams and craft measures to bring such subgroups together.
6. Implications
Diversity has become the reality of most organizations and organizations are becoming increasingly complex. This study would inform policy makers on the importance of putting measures such as team building activities, team meetings, team objectives, openness to suggestions and support and communication channels to foster cohesion in their attempts to diversify their management teams. This study highlighted the merit of addressing cohesion in organizations. Policy makers in the private sector would thus benefit from instituting policies that foster cohesion even among their senior executives.

This study also noted that on average the firms studied had higher scores on task cohesion than social cohesion. Managers needed to create opportunities for their team members to build social cohesion. Activities like team buildings, shared fun days, team lunches and dinners and family days needed to be encouraged in organizations since they would increase interactions among members outside the work environment which would translate to positive firm performance. Group members would also need to be conscious of the importance of working together harmoniously and resolve conflicts among them amicably.

References


