

# Dysfunctiona

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HOW TO MOTIVATE TEAMS

## WHY DO TEAMS FAIL?

In 1997, surveys reported that as many as 82% of Fortune 1000 companies have a fifth of their employees working in groups that are identified as teams. Despite the prevalent use of teams in organisations, a high percentage of teams fail. A leading cause of team failure stems from ineffective team reward systems. Many companies have experienced difficulty with determining the standards and timing for rewarding teams. Unfortunately, there is no single universal way to reward teams that will work in every situation so organisations should develop individual plans.

Although organisations increasingly rely on teams, reward systems are still based on the performance of the individual. Research has found that companies successful in using teams are those that changed their compensation system from an individual-based to a team-based system. In US organisations, individual-based pay systems have had the most impact on the inefficiency of team-based structures.

Within an organisation there may also exist the need to develop different reward systems for different types of teams, based on their functionality. Engineers and scientists value respect and appreciation by peers and organisations more than financial awards. For cross-functional product development teams, position-based rewards led to greater satisfaction but individual-based rewards did not contribute to team effectiveness for research and development (R&D) teams. This result indicates that the function of teams should be considered when rewarding members individually.

The most effective team reward systems are those that include high levels of communication with employees about the specifics of the system, strong worker involvement in the system's design and implementation, and the perceived fairness of the system by team members. Table 1 shows the factors along with their specific components that influence the perceived fairness of reward systems. Each of these factors and components may vary based on the individual team.

When compensating team members, organisations typically focus on the outcome and productivity of the team. A more complete model of compensation should examine the process of getting the work done and consider the satisfaction of the team members, where satisfaction is a function of behaviour and attitude. Attitude considers the extent to which the process of carrying out the work enhances the capability of members to work interdependently in the future. Behaviour is the extent to

## KEEPING TEAM MEMBERS MOTIVATED IS VITAL TO SUCCESS

**T**he pressures of the competitive environment have forced organisations to change their structure to focus more on teams, which is helping organisations become more flexible. Agility allows an organisation to be proactive in response to the incessantly changing demands of the economy. In a highly competitive environment, organisations will increasingly turn to teams as a means of ensuring success.

Creating teams that function at their highest potential is paramount in remaining competitive as future generations of organisations will increasingly depend on teamwork for project completion. If creating teams that operate efficiently is important, keeping team members motivated is equally vital to success.

One of the methods for ensuring continual improvement involves creating a system of rewards. Teams that are acknowledged for their efforts are more likely to be motivated and therefore rewarding teams is becoming a critical issue for both managers and executives. This article investigates the current research on rewarding teams, examines the problems and pitfalls of team-based rewards, and presents ideas for the future of team-based rewards.

# In the past, functional future: TEAM-BASED REWARDS

which the team experience contributes to the growth and personal well-being of team members. Behaviour and attitude are important to members' desire to participate in teaming initiatives in the future and therefore should play an integral part in their compensation. Task and reward interdependence have positive effects on the satisfaction of team members.

## DEVELOPING A REWARD SYSTEM

The rapid implementation of teams requires that more attention be given to the reward system to be used. The following issues should be considered as future research is developed:

*Team Behaviour:* There has been some research done in relating team behaviour to rewards, however, nothing has shown the criteria and attributes that can be related to team behaviour. Therefore, research should be conducted in two ways: first, it is necessary to determine what types of behaviours are to be rewarded (qualitative research may be helpful). Quantitative research can help in investigating the relationship between team behaviour characteristics and rewarding teams, testing whether or not any behavioural attributes of team should be awarded.

*Rewarding teams and their functionality:* The

| FACTOR                   | COMPONENT   |
|--------------------------|---|
| Reward                   | Size<br>Frequency<br>Allocation method  |
| Organisation             | Culture<br>Business strategy<br>Consistency in rewarding teams<br>Procedure for allocating rewards            |
| Team                     | Function<br>Composition<br>Size<br>Stage of development   |
| Team members             | Ability<br>Position<br>Behaviour<br>Attitude  |
| Team members' perception | Organisational objectives<br>Purpose of team<br>Goals<br>Outcomes<br>Balanced workload<br>Pay for performance |

Table 1: Factors influencing the perceived fairness of a rewarding system.

development of a generic model for rewarding based on the function of the team also needs exploration before a team-based reward system can be implemented. Currently, there is no general model for rewarding different types of teams. The first step might be to develop a general framework around the tenure of the team, which in most cases is related to team type. For example, most specialty teams, (i.e. ad hoc, cross-functional, or Kaizen) are together for shorter periods of time, whereas a R&D team might be together for a longer time. Thus the rewards should reflect the difference.

*Business strategy and teamwork:* The relationship between business strategy and the way teams are rewarded has not been determined yet. A 'strategic reward system' would consist of rewarding teams based on the implementation of a selected strategy. The balance between compensation strategy and business strategy contributes to a firm's performance, where certain behaviours consistent with the organisation's objectives will be rewarded.

*Competitive strategy and team-based reward:* Another aspect of rewarding teams is the type of competitive strategy selected. It is important to discern the effect of the organisation's competitive strategy on forming and rewarding teams, when determining a reward system. Investigating whether a difference in competitive strategy has any effect on rewarding teams and the way teams should be rewarded may provide a broader framework for rewarding teams, regardless of their functionality, size, and other attributes that may be difficult to address.

The importance of team-based rewards is an issue that has attracted the attention of many researchers, both in business and academia.

There are some areas that could be considered for future study in team-based rewards such as understanding the behaviour of teams, how to reward certain behaviours of teams, and developing reward systems based on the functionality of teams. The importance of areas that have been rarely discussed should not be discounted as they too can lead to creating a successful system of rewards. In addition, the way team-based rewards can be linked to business strategy is a topical issue which needs to be developed further. Current trends towards increased teaming in organisations, coupled with the rate of failure for teams, require that improvements to team rewarding be made. ■

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