Impact of Team Decision making approach towards organizational performance

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Abstract: The impacts of decision making will take place in various aspects and different scales of organization. The main goal of this study was to analysis the Impact of Team Decision making approach towards organizational performance. The methods of Participative decision making and Team Concept have been applied. Results indicated that participation of employees in decision making on matters important to organizations has many benefits. Also team decision making increases staff ownership of decisions made, gives them a voice in the organization policy and management, and maximizes use of employees' expertise. However, One way to judge a successful manager in today business environment is his or her ability to determine which decisions should be made by the group and which should be made individually

1.Introduction

The Decision making processes represent the brain and nervous system of the organization" (Daft, 1983). Simon (Duncan, 1990) noted that decision making is the "heart of executive activity". Likewise and Fournier (1991) supported this policy of allowing input and responsibility from those affected most by decisions being made as a "powerful antidote for complacency and failure".

Decision-making pervades all management functions. Planning, staffing, directing, and controlling all involve decision-making (Lunenburg and Ornstein 1991). The degree of success an individual, group, or organization experiences, apparently, is directly proportional to the quality of the decisions they make (Sharman, 1984). Many organizations traditionally placed the major sources or power in making decisions at the top of the organizational hierarchy; consequently limiting the power and influence of decision making at lower levels. Early organizational and management theorists believed that workers were motivated primarily by economic incentives and job security, that efficient organizations developed rational rules and procedures to keep subordinates under control and protect the organization from human caprice. Decision making in organizational settings has generally been thought of as an activity performed by formal leaders in hierarchical ways. Involvement of subordinates in decision making was believed to be incompatible with organizational effectiveness (Schmuck and Runkel, 1985). However, in 1930s emerged support among administration scholars for cooperative, shared decision making. Shared decision making focusing on staff involvement and participation in decision making at the low level employees, has been identified in several studies as an important and essential element that contributes to successful management. This study intends to assess the impact of Team Decision making approach towards organizational performance

2.Methodology
2.1 Participative decision making

PDM is one of many ways in which an organization can make decision; it is also is the extent to which employers encourage employees to participate in organizational decision-making (Probst, 2005). Several studies supported participative decision making. Callahan, et al (1986) and Weaver (1997) suggested that the conditions of transfer of decision making authority from central government to institutional members tend toward greater productivity, greater staff satisfaction, and enhanced institutional performances.

Studies also supported the desirability of employees' involvement in decision making in business as well as in educational organization. Callahan, et al (1986) wrote that today's employees tend to demand increased participation in processes of making decisions.

Literature does not suggest one single, best participative decision making model appropriate for all instances (David, 1996). Variation in culture, beliefs, needs, and circumstances, plus diversity of viewpoints about goals and techniques, make this

difficult. However, some common issues and challenges can be anticipated and resolved through planning. Apart from financial and moral support from board and proper utilization of resources, success depends to a great extent on participation of personnel at all levels and development of employee leadership and ownership. Organization member's participation in decision making brings the experience and expertise of many individuals to bear on a particular area of concern or need (Peterson-del Mar, 1994). This approach is useful because no leader is likely to have adequate knowledge or skills to make the most appropriate decisions nor the time and effort to execute the decisions effectively. Barth (1991) stated, "It is impossible to serve employees by excluding them". Involving them in decisions on matters important to them and their organization are advantageous in many ways. According to Rowe and Wright (1999) and Peterson-del Mar (1994), staff's involvement in decision making facilitates implementing decisions and encourages them to be pleased when their views influence organizational decision, leading them to feel respected and empowered. Staff's participation in decision making also builds trust, helps acquire new skills, increases organizational effectiveness, and strengthens staff morale, commitment, and teamwork.

Studies such as by Lora and Tashakkori (2008) and Rowe and Wright (2001), however, found mixed reactions among leaders and employees toward accepting decision making approach in organizational management. Many leaders from central offices are reluctant to relinquish decision power they have held for many years. Other leaders ignore or only half-heartedly accept shared decision making, fearing loss of power.

2.2 Team Concept (TC)

TC is the Method of reorganizing work in ways which create a good relationship between employees and management work. Tashakkori (2007) listed a number of key characteristics exhibited by members of an effective team. The first distinguishing characteristic of a team is its members' full *commitment to a common goal and approach*, often one they have developed themselves. Members must agree that the team goal is worthwhile and agree on a general approach to that goal. Such agreement provides the vision and motivation for team members to perform. Second is *mutual accountability*. To succeed as a team, members must feel and be accountable to one another and to the organization for the process and the outcome of their work. Although group members report to a leader or manager and are accountable to them, team members

take on responsibility and perform because of their commitment to the team.

The third characteristic of a team is a team culture based on trust and collaboration. Whereas group members share norms, team members have a shared culture. Team members are willing to compromise, cooperate, and collaborate to reach their common purpose. A collaborative climate does not mean the absence of conflict, however. Conflict enhances team creativity and performance if handled constructively. Related to the team culture is shared leadership. Whereas groups have one assigned leader, teams differ by sharing leadership among all members.

Finally, teams develop synergy. In organizational behavior, we use the term synergy to mean the process of combining two or more actions that result in an effect that differs from the total of the individual actions. Put another way, the whole is greater than the sum of the parts. Synergy in teams means that team members working together achieve more than members working individually would.

1. Results and Discussions
3.1 How do teams fit in Today's organizations?

Today, many organizations are changing from hierarchical to team-based structures. The move from traditional hierarchies to teams can be seen as a continuum depicted in Figure 1. Showing how many of today's organizations fall in the middle of the continuum. They have kept some of their traditional departments and management control while using teams for specific purposes.

As organizations move to team-based structures, the control shifts from management to employees. Team-based structures do not mean that teams do as they please. Upper management still sets the general direction, vision, mission, and goals. However, employees at all levels make decisions and control their own activities.

3.2 Team development stages
Team cohesion, Maturity, and Composition

Helping a group become mature and cohesive is the first step toward team success. To building winning teams, managers must select members with care and provide them with opportunities for interaction and in some cases competition with outside groups. Groups also need the time to develop their norms and decide what they consider deviant and creative behavior. Additionally, managers must give the members sufficient time to develop into a mature group. Once a group reaches maturity, managers need to take additional steps to develop a high-performance team.

Another factor that managers and teams members must pay attention to is the composition of the team. Membership in effective teams is based on expertise

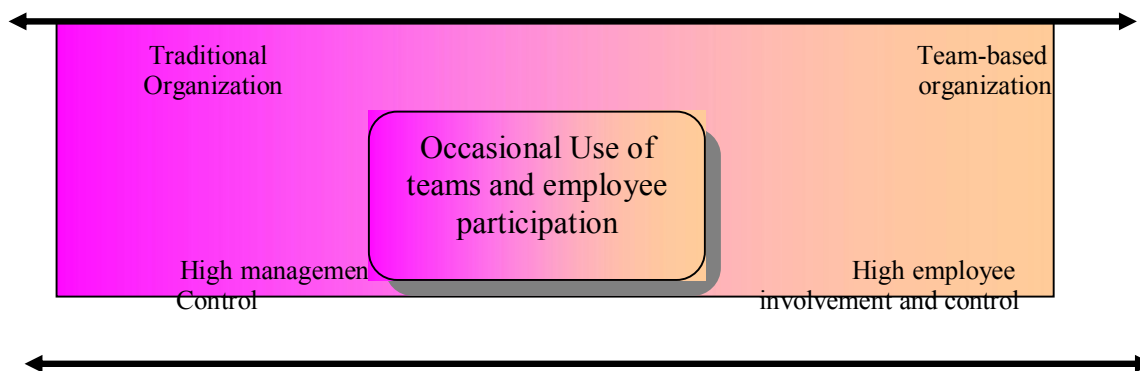in various areas that are necessary for task accomplishment.

Figure 1 Organizational structure from traditional hierarchies to team-based organizations

Handling Diversity

One of the major challenges for teams in heterogeneous cultures is handling the diversity of team members. Researchers have found that without a conscious effort and active management, teams drive out individuals who are different from other team members.

Today businesses understand that they must preserve an individual focus yet still encourage collaboration and cooperation. To be successful, teams need to value individual differences and capitalize on the benefit of diverse members who have different values, goals, and skills. Nahavandi and Malekzadeh (1999) suggest some steps to handle diversity in teams:

-Preserving and rewarding individual contribution. This means combining team and individual rewards.

-Encouraging and managing positive and constructive conflict. Rather than aiming for harmony and quick consensus, diverse teams should focus on capitalizing on the conflict that results from diversity. Members should then be trained to manage conflict well.

-Focus on short-term as well as long-term results. Teams should focus on both short- and long-term goals to avoid losing member interest and motivation.

Developing Trust

Teams must commit to a common goal, develop mutual accountability, and learn to collaborate. These actions cannot occur without trust. Trust is defined as each team member's faith in the other's intentions and actions.

Setting Clear Goals

Effective teams are committed to common goals. Unless the team sets clear, well-developed goals accepted by all team members, goal commitment and achievement are not possible.

Selecting Team Members Who Complement One Another

No individual is perfect, but a team can be. This statement is the basic premise behind a model of team building developed by R. Meredith Belbin of the Industrial Training Research Unit in Cambridge, England. Belbin suggests that each of us plays one or more team roles in our work groups. He identified eight team roles based on the four factors of intelligence, dominance, extroversion, and stability. According to Belbin, effective teams have team members with complementary roles. Coordinator, Shaper, Plant, Monitor-Evaluator, Implementor, Resource Investigator, Team worker, and Finisher. All eight roles are necessary for a complete team. All teams need shapers and coordinators to lead the task and relationship processes. Plants bring creativity. Resource investigator establish the external linkages whereas implementers bring practicality to the team. Monitors, evaluators, and finishers assure quality and completion whereas the team workers maintain team spirit.

Having eight people, one from each type, would create a complete team with a high potential of success. Belbin suggests that although each of us has a dominant team role, we also have one or more less dominant team roles that we can rely on, if needed, to complete the all team roles.

Appropriate Leadership

Team leaders, whether appointed by the organization or chosen by team members, must be aware of their role as facilitators and avoid over controlling and overdirecting their teams. As facilitators, their role is to help define goals, provide assistance and support, and remove internal and organizational obstacles for the team members to

perform their task. Additionally, as opposed to traditional models of management, in which managers' only role is to supervise others, team leaders themselves continue to contribute to the team as members.

Providing Training

Organizations that implement teams typically provide a variety of training for them beyond the technical training needed to accomplish the task. The team's training may include conflict management, managing interpersonal skills, time management, facilitation training, and so forth. The focus is to help

members manage interpersonal relationships better so they can create a collaborative climate in which commitment to a common goal is possible.

Rewarding the Team

A tough obstacle to successful team performance is how to reward teams in cultures that tend to reward only individual performance.
A recent survey of successful companies showed that most are now relying on team incentives to supplement salaries of employees.

3.3 Analysis of decision making approaches

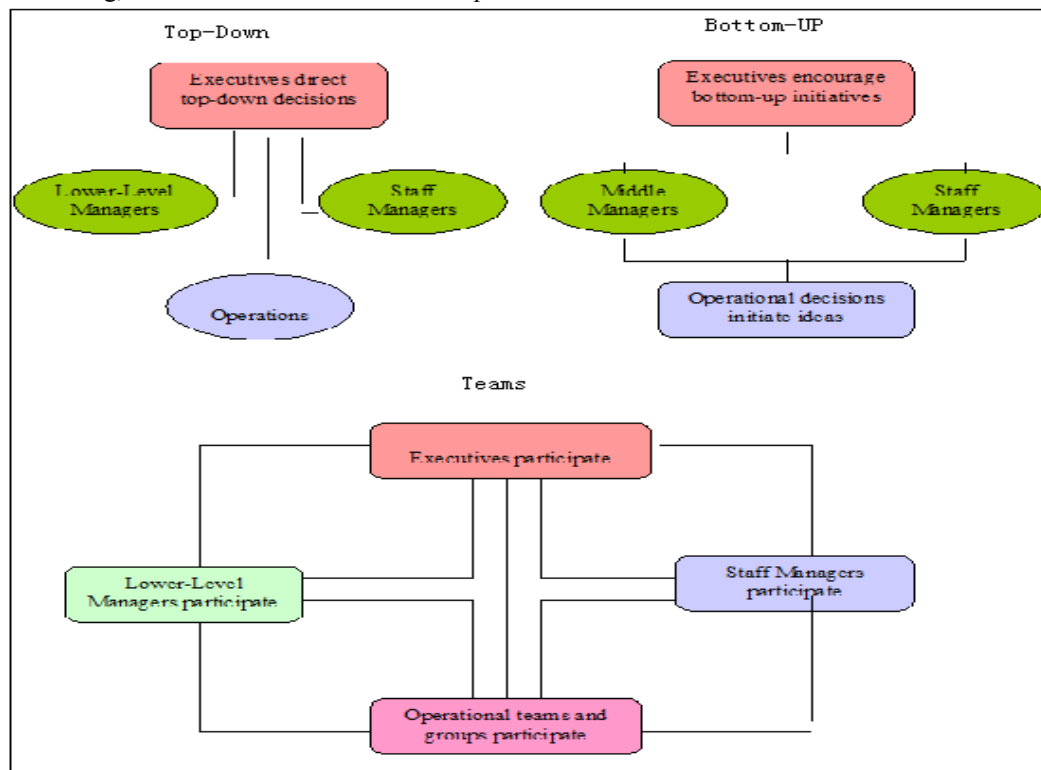Figure 2 Illustration of practices in decision making

Top – down Approach

In western societies, decisions have traditionally been made at higher levels and articulated downward. Top-down decision strategies follow similar patterns of authority. A few key executives make decisions without involving lower-level managers and without necessarily "softening up" the organization first. This process is not always considered onerous. In many organizations, executives are expected to "captain the ship," (Cheke and Holt, 1996) and this expectation includes directing how changes are to be implemented.

The Top-down approach has the advantage of being a rapid and efficient way of implementing major changes. Also, because only a few executives

with broad-based authority are directly accountable, decisions that require comprehensive efforts can be introduced as policy directives carrying tremendous weight. A top-down approach can be disruptive, though, particularly if employees and managers at lower ranks are not prepared to accept a directive style of leadership.

Bottom-up Approach

At the other extreme, decisions may be instituted at the lowest organizational level. The Bottom-up decision approach assumes an open environment for decision making where employees are encouraged to take the initiative. Decisions relating to corporate strategies remain focused at the

highest echelons, but responsibility for initiating operational decisions is shifted downward. Through the process of giving employees greater control over daily decisions, top management encourages innovations and constructive changes.

A well-managed system that encourages bottom-up decision making is human-relations-oriented, supporting individuals and small groups in their efforts to innovate and test new ideas.

The bottom-up approach emphasizes individual initiative, but does not imply participatory decision making. It fosters individual creativity, but organizational authority remains stratified. Therefore, if a company lacks effective methods for implementing decisions initiated by employees, or if managers fail to provide a supportive environment for constructive decisions, individual initiative will be stifled.

Team Approach

One of the foremost writers on management, Edward E. Lawler as cited by Cheke and Holt (1996), advocates participation as a strategy of implementing change through cooperative team decision making efforts. Lawler also suggests three general models of team involvement:

-*Suggestion*. In this approach, traditional authority structures prevail but employees are encouraged to make suggestions. Involvement is generated through group meetings, perhaps formal quality circle programs, and review systems within the hierarchy of management. Employees who make valuable suggestions may be brought into the change process or simply be rewarded by bonuses or other recognition.

-*Job involvement*. Lawler builds on Frederick Herzberg's concept of job

enrichment for this approach. Although a traditional hierarchy of management may prevail, individuals control how work is accomplished. Even if a company has no formal parallel structures such as quality circles, team performance is emphasized, along with skill-based rewards and personnel policies that support individual growth and development.

-*High involvement*. This descriptive label by Lawler implies an egalitarian

approach to involvement. Individuals make decisions about work methods, have input to strategic decisions, and often serve on formal task forces to resolve major business issues. The organization may be traditionally structured, or it may be designed around business units and work teams. It is more likely that work teams will parallel functional management structures, but in any case, team skills are emphasized.

If an organization has nourished a strong, centralized style of management, this approach will be congruent with employees' expectations. The bottom-up option is realistic in those companies that have developed employees' expectations for independent problem solving and that have support systems encouraging individual initiative. Team involvement requires an environment that favors collaboration and team building.

3.4 Analysis of Team Decision Making

In the past, the effective manager was all too often seen as an all-knowing, tough, single-minded individual who made decisions that his or her underlings followed. The successful manager of today and the future is a member of a team that pools its expertise and knowledge to find solutions to a wide range of problems.

Keith (1994) stated that two heads are better than one. And that more than two is even better. He evoked that if the decision making process is effective; it pulls together the skills, knowledge, experience, and opinions of the team and produces a solution that is greater than the sum of its parts. According to him, a good decision has two basic components: quality and commitment. A quality decision takes into account all of the facts and makes good use of that information. It's a logical choice with sound reasoning behind it.

The second element to a good decision is commitment of the people who have to carry it out. A good decision may be effective and innovative, but if people don't have the commitment to carry it out, for whatever reason, then it is a useless decision. Moreover, for a team to be successful, its members must also be able to communicate their ideas to each other in an open, nonhostile manner. Thus, for a team to be superior to individual, it must be composed of a heterogeneous collection of experts with complementary skills who can freely and openly contribute to the team product.

3.5 Advantages of Teams in Organizational decisions

Several potential advantages of Team decision making may be identified. Harrison (1999), Greenberg & Baron (1993) identified the following advantages of team decision making:

-The Team may have a larger and more varied knowledge base than any one
individual.

-The group decisions are more likely to be accepted by those who must carry them
out, especially if they had a voice in the decision.

-Group decision making can dilute biased or capricious behavior by individual
decision makers.

-Bringing people together may increase the amount of knowledge and information
available for making good decisions.
-Group decisions are likely to enjoy greater acceptance than individual decisions.
-In decision-making groups there can be a specialization of labor. With enough
people around to share the work load, individuals can perform only those tasks at which they are best, thereby potentially improving the quality of the group's efforts.
-People involved in making decisions may be expected to understand those
decisions better and be more committed to carrying them out than decisions made by someone else.
-Kelly (1994) listed the following benefits of team decision making:

Fresh and unusual ideas – Each person who contributes to a decision
making process has ideas. Some ideas may be fresh, unusual, and different from what you may have come up with on your own. They may spark other, even better, thoughts.

Increased learning and personal growth – When you make decisions, you have to think. You also have to learn about the underlying issues and make up your own mind about outcomes – you grow.

Increased challenge and autonomy – Employees who confront problems, and create solutions tend to be more motivated to improve their work and the work of their team. They feel responsible for that work and take steps toward becoming more autonomous.

Increased understanding of the big picture – When you are involved in making decisions, you develop a better understanding of other decisions made throughout your organization. You understand the difficulties and trade-offs of choosing between conflicting options.

Better results – Since most decisions require many people for implementation, a team decision is more likely to promote better results.

3.6 Disadvantages of team decision making
There are also some problems associated with using decision-making groups which are:
-One obvious drawback is that groups are likely to waste time. The time spent
socializing before getting down to business may be a drain on the group and be very costly to organizations.
-Potential disagreements over important matters may breed ill will and group
conflict.
-Groups may be ineffective because of members' intimidation by group leaders. A group composed of several "yes" men or women trying to please a dominant leader tends to discourage open and honest discussion of solutions.
-Inordinate amount of time it takes to achieve a consensus.
-The pressure to achieve a group consensus can be costly to individual members
and the quality of the decision, which may offset any advantages of collective decision making.
-Callahan et al. (1986) notes the times when it is more sensible to avoid team decision making. These times are as follows:
-When one person clearly knows more than others.
-When those to be affected by the decision accept the knowledge and expertise of that person.
-When the 'correct' answer is already known.
-Where there is no time for discussion.
-When no one really cares all that much about the issue.
-When people work more productively and effectively alone.

2. **Conclusions**
Involving employees in decision making is well supported in literature. Definitely, instrumental to correct utilization of decision making in organizations are top managers. Their roles need to be changed to become "internal consultants" and they need to be recognized as part of team decision makers. These become facilitators, guiding and facilitating organizations to become ready for team decision making by promoting a noncompetitive, trusting climate, creating opportunities for staff to express ideas, and placing priority on professional development. Therefore, given the several pros and cons of using groups to make decisions, we must conclude that neither groups nor individuals are always superior. Obviously, there are important trade-offs involved in using either one to make decisions. Moreover, all decisions do not need to be made on a team basis. Some decisions are best made by an individual, or with some input from others.

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