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## **Understanding Teams in Order to Understand Organizational Change: The OTIC Model of Organizational Change.**

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# Why we need to understand teams in order to understand change

## INTRODUCTION

In the quest for creating adaptive and flexible organisations, the focus of organisational change literature is predominantly on the organisation as a whole and on the effects and contributions of individuals within. More and more, you may read about the necessity to apply a multi-level perspective (e.g. Kuipers et al. 2014), nevertheless, the level of work teams, and the role teams play in organisational change is often disregarded in this field. This may be odd since many change programmes rely on teams and teamworking (Whitehead, 2001), aim to improve forms of teamworking within the organisation (Sullivan, Sullivan & Buffton, 2001), or heavily affect the functioning of teams (Sanner, 2017). Some particular change approaches, even, are especially dedicated to establish and develop teams in organisations (e.g. Agile working, TQM, BPR, Lean Management, and self-organisation). Further, the level of influence of most managers particularly concerns the teams they are in charge of, when giving shape to their role in implementing and initiating change (e.g. Neil, Wagstaff, Weller & Lewis, 2016). Hence, teams are important objects of change, are a means to create change and subsequently are an important level of analysis to understand change. For this reason we aim to further explore the role of teams in organisational change by addressing the three connections between three basic levels in organisations (Figure 1). The first is the *organisation-individual nexus*, on which most focus is put in organisational change. We will discuss how through the role of autonomy, the team level can play an important intermediating role. The second is the *individual-team nexus*. Here we argue that individual and team autonomy interact with each other. Third, we present the *team-organisation nexus*. This is the connection where organization philosophy and decisions about job design have their impact on the role and shape of teamwork in creating and supporting flexible organisations.

In each of these connections we discuss the particular role of teams.

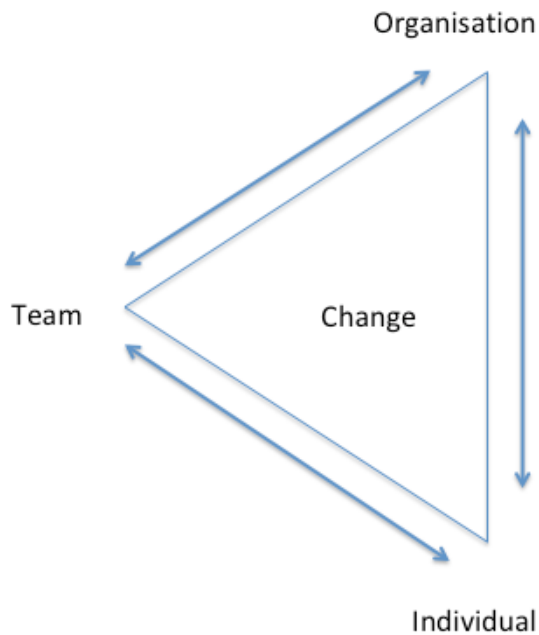


Figure 1: Basic elements and connections to explore the role of teams in organisational change.

## UNDERSTANDING TEAMS AND CHANGE

### *Organisation-individual Nexus*

Looked at from one perspective—what Crowley et al.'s (2014) review calls the 'empowerment' approach—the introduction of teamworking is seen as unequivocally a good thing. This is because of its association with change towards greater autonomy and discretion for employees. As Batt (2004: 187) expresses it, 'workers in self-managed teams should experience higher levels of decision-making discretion'. These levels of discretion are, in turn, associated with higher levels of performance. Manz and Sims (1987), for example, focus on participatory decision making and individual discretion as important motivating factors, suggesting these will lead to more committed employees who strive for greater efficiency and effectiveness. For Cohen and Ledford (1994: 14), self-managing teams have 'Work high in task variety, autonomy, identity, significance, and feedback [which] foster[s] internal work motivation, which in turn leads to high performance and satisfaction'.

While organisational change programmes can be undertaken on the basis of a general idea of 'empowerment', closer inspection shows that teams and teamworking *per se*

often play only a small part on this. As Cohen and Ledford (1994) point out, the type of work associated with teams is the same as the type of work also associated with job design models such as the Job Characteristics Model (JCM) of Hackman and Oldham (1980). Because such models applicable to the design of individual jobs, it can be difficult to isolate the effects that teamworking in itself might have.

Looking at this a different way, we can see that there is a strong tendency to conflate team-level autonomy with the discretion enjoyed by individual employees. The assumption (often implicit) is that organisational change takes place as, and through, change in the attitudes and values of employees. Teams might be part of this portrayal, but often only peripherally, as a result of their association with the broad idea of empowerment or autonomy. Teams, in this view, act merely as a cipher between the organisation and the individual. In terms of our Figure 1, it is the organisation-individual nexus that is seen as the important one. As we shall see, there are strong arguments to be made for given greater consideration to the other two connections: between the individual and the team, and between the team and the organisation.

#### *Individual-team Nexus*

So what happens if, as Kirkman and Rosen have argued, a clear conceptual distinction is made between individual and team autonomy (Kirkman and Rosen, 1999)? The first thing to note is that this does not mean that the two things cannot go hand-in-hand. Looked at as an empirical question, there is some evidence to support a positive link between team-level autonomy and individual-level discretion. Both Seibert et al. (2004) and Jonsson and Jeppesen (2013) arrived at this conclusion. What it does mean is that the two things are not the same thing, and this has important implications both for research and for the management of change.

Once individual and team-level autonomy are separated from each other, a number of possibilities are opened up. In terms of our Figure 1, we can say that the nexus between the team and the individual needs to be given much fuller consideration. We need first to look at the possibility that individual and team-level autonomy might actually work in opposite directions to each other. Langfred (2000) is amongst those who have argued

that in the design of teams, organisations need to be aware that ‘autonomy at the individual level may conflict with autonomy at the group level’ (2000: 581).

As Procter and Benders (2014) point out, this conflict is one way of understanding the position taken those critical of teams and teamworking: what Crowley et al. (2014) call the ‘panoptican’ approach. From a panoptican perspective, a greater degree of team autonomy can be seen as the means through which individual autonomy is constrained or even reduced. Teamworking thus represents a change in the *nature* of control: individuals are now controlled by the team rather than by management directly. In Barker’s (1993) account, for example, teamworking involves a move away from a rational, bureaucratic form of management control, and, in its place, the emergence of ‘concertive’ control, in which team members’ actions are controlled by normative rules which they themselves establish.

In addition to the ‘empowerment’ and ‘panoptican’ perspectives, we can consider a third one. Crowley et al. (2014) describe this as the ‘conflict’ approach. While the empowerment and panoptican perspectives regard employees—positively or negatively—as rather passive conduits of change in organisations, the conflict perspective gives employee agency a much greater role in shaping its form and effects. As part of this approach, it is not always immediately apparent why any organisational advantages might be gained from teamworking. Procter and Currie’s (2004) work in the UK civil service (2004), for example, showed that despite teams only being able to exercise a limited amount of autonomy, teamworking appeared to have had a clear positive effect on overall performance—a situation that van den Broek et al. (2004) described as ‘teams without teamwork’.

The question then is how the apparently positive effects of introducing teams might be explained. The answer in broad terms seems to be that employees attach value simply to being a member of a team. Change in this direction is not inevitable, and there might even be differences between teams in the same organisational setting (Kuipers & Stoker, 2009). Teamworking proved effective in Procter and Currie’s (2004) case because individuals identified with their team’s work targets, and were willing to increase levels of efforts in order to achieve these. This was confirmed by later work in the same UK

civil service organisation, which showed how this identification continued to be felt (Procter and Radnor, 2014). Demands made on employees had increased, but working as part of a team continued to be an aspect of work that many employees regarded in a positive light. What was important was the interdependence between members of the team and, in particular, the degree of *outcome* interdependence they experienced as a team. Where teams worked well, their work targets could be seen as providing the framework and incentive for a greater collective effort.

### *Team-organisation Nexus*

To gain a full picture of how teams might (or might not) contribute to organisational change, we need also to look at our third nexus, that between the team and the organisation as a whole. In other words, if team-level autonomy does not necessarily translate into individual-level discretion, its importance might instead lie at the level of the organisation. At this level the team-philosophy is decided upon, with its effects on the organisation design, supporting functions and leadership. Here we can distinguish between two different approaches to achieve organisational flexibility; by optimising the hierarchical structure of the organisation and thereby creating smoother production flows, or by downplaying hierarchy and creating adaptive work structures on operational level (Glassop, 2002; Adler 1999). Within the first philosophy, based on lean production and total quality management, teams of line operators work on particular process improvements, whereas in the second philosophy, based on socio-technical systems, (semi) autonomous teams organise their full range of work activities dealing with all issues they come across (Glassop, 2002). We may compare the focus of change of the two with contributing to first order change (lean teams) versus contributing to second order change (autonomous teams) (e.g. Burnes, 2004; Kuipers et al, 2014).

The theoretical underpinning for autonomy in teams is provided by sociotechnical systems (STS) theory. As Manz (1992: 1121) argues, the 'joint optimization' of the social and technical aspects of the organisation of work usually involves a 'shift in focus from individual to group methods'. From an STS perspective, teams are the basic units (if not the main building blocks) of organisations (Trist, 1981; Mohrman, Tenkasi, & Mohrman 2000) and exist in all kinds of forms and shapes, permanent and temporary, such as management teams, projects teams and operational teams (e.g. Cohen & Bailey, 1997).

As such teams serve different roles, functions and responsibilities. A team can be defined as 'a collection of individuals who are interdependent in their tasks, who share responsibility for outcomes, who see themselves and who are seen by others as an intact social entity embedded in one or more larger social systems [for example, business unit or the corporation], and who manage their relationships across organizational boundaries' (Cohen & Bailey, 1997: 241).

Their importance is based on 'the view that a group can more effectively apply its resources to address work condition variances within the group than can individual employees working separately' (Manz, 1992: 1121). Thus for Stewart (2006: 34), autonomy is one of the key elements of task design, since it 'allows teams to improve performance through localized adaptation to variations in work environments and demands'. Within this view on teams, the concept of autonomy is an important feature, providing organisations with a greater level of flexibility to respond to exogenous forces.

#### TEAMS AND CHANGE: CURRENT TRENDS AND FUTURE PROSPECTS

Currently, we observe renewed attention for teams and teamwork in organisations, to utilise the advantages of autonomy and (certain levels of) self-organisation. After earlier periods of popularity in the 1960s (especially self-managing teams and the rise of the organisational development movement) (Van Eijnatten, 1993), and the 1980s until beginning of 2000s (by the upswing of the socio-technical approach and lean production, particularly in industrial settings) (Berggren, 1993; Adler & Cole, 1993), the concepts of teams as more or less self-organising entities in organisations revived a couple of years ago. Not only under the heading of agile and scrum in the context of IT (Hossain, Babar & Paik, 2009), ecosystems as organic networking between organisations (Adner & Kapoor, 2016), but throughout the setting of private and public service delivery. For instance, in the health care sector in The Netherlands, a major shift of responsibilities has been made towards healthcare professionals in teams on operational level as a result of government reform (e.g. Van der Voet, Steijn & Kuipers, 2017). This can be seen as part of a trend where organisations are self-organising built on self-organising or self-managing teams, to which Laloux (2014) refers as the 'Teal paradigm'.

All of the developments sketched above have in common, that they do not entail relatively simple structural changes, but require careful implementation of new ways of working on all levels of the organisation. A major criticism echoing throughout the organisational change literature, presented by Pettigrew and colleagues (Pettigrew, 1985, 1990; Pettigrew et al., 2001), is about the dominant focus on content issues including strategies and structures versus the relatively small attention for the role of the change process to implement and shape these structures and strategies (Armenakis and Bedeian, 1999; Kuipers et al, 2014). A similar critique can be found in the team literature, as the structural and design issues of teamwork usually receive much more attention than the issues regarding implementing and developing teamwork (Kuipers, De Witte & Van der Zwaan, 2004). As such, both fields share a similar pitfall, but can also delve on each others strengths to combine knowledge on work teams and change approaches.

Inherently, two of the dominant approaches to organise work teams relate to the two dominant change approaches; the lean production model of teamwork and the top-down planned approach to change, versus the socio-technical systems approach to teamwork and the bottom-up, emergent approach of change. In Table 1 below we highlight some of the key-characteristics of each of them (based on Kuipers, 2005; Beer & Nohria (2000).

Table 1: A comparison between the key-characteristics of the dominant approaches to teamwork and organisational change (based on Kuipers, 2005, and Beer & Nohria, 2000)

<b>Team approach</b>	<b>Change approach</b>
<p><b>Lean Production (LP)</b></p> <p><i>Task design:</i> Focus on job enlargement (but with standardized operating procedures)</p> <p><i>Organisation principle:</i> Simple jobs in a complex organisation</p> <p><i>Organisation structure:</i> Hierarchy-based work organisation</p> <p><i>Leadership:</i> Fixed foreman, vertical</p>	<p><b>Planned, 'Theory E'</b></p> <p><i>Focus:</i> Emphasising structures and systems</p> <p><i>Goals:</i> Maximizing shareholder value</p> <p><i>Process:</i> Planning and establishing programmes</p> <p><i>Leadership:</i> Managing change top down</p> <p><i>Rewarding:</i> Motivating by financial incentives</p>

<p>accountability</p> <p><i>Improvement focus:</i></p> <p>Continuous improvement of production/service performance</p> <p><i>Improvement philosophy:</i></p> <p>Reductionist view with incremental changes: focus on single aspects such as delivery times, product quality, and costs.</p>	
<p><b>Sociotechnical Systems (STS)</b></p> <p><i>Task design:</i> Team autonomy</p> <p><i>Organisation principle:</i> Simple organisation with complex jobs</p> <p><i>Organisation structure:</i></p> <p>Team-based work organisation</p> <p><i>Leadership:</i> Rotating team coordinator, horizontal accountability</p> <p><i>Improvement focus:</i></p> <p>Quality of Working Life</p> <p><i>Improvement philosophy:</i></p> <p>Holistic view, 'complete' tasks and 'complete' products, fundamental redesign</p>	<p><b>Emergent, 'Theory O'</b></p> <p><i>Focus:</i> Build up a corporate culture by employees' attitudes and behaviour</p> <p><i>Goals:</i> Development of organisational capabilities</p> <p><i>Process:</i> Experimenting and evolving</p> <p><i>Leadership:</i> To encourage bottom-up participation</p> <p><i>Rewarding:</i> Motivation by commitment</p>

The comparison of approaches in Table 1 sets out some important similarities between the dominant approaches to teamwork and to organisational change. The lean production approach to teams and the more planned approach of Theory E have in common that the focus is on hierarchy, process improvements and extrinsic motivation of various stakeholders. The role of individual and team autonomy is limited to contribute to more first order change. The STS approach to teamwork and the emergent approach of Theory O, share a more bottom-up philosophy with decentralised control aimed to increase intrinsic motivation to learn and experiment to enable more second order change. In other words, there are contingencies between the type and role of teamwork and the change approaches, and the combination of each pair serves different purposes. By making use of these, more effective implementation processes can be applied to introduce and develop the different types of teamwork, but more importantly;

the meaning of the team level and the nature of autonomy in change processes becomes more apparent.

In the literature on organisational change, there is a large focus on the level of participation, and the role of autonomy or empowerment of all employees in the change process to increase awareness, commitment, support, as well as outcomes to change (e.g. Armenakis & Harris, 2009; Van der Voet et al., 2014; Van der Voet et al., 2016; Fuchs & Prouska, 2014; Lines, 2004; Joffe & Glynn, 2010). The team literature, as introduced above, provides us with a conceptual framework to consider autonomy in a more concise way, and to deliberately take the team level into account.

This knowledge about the team level fits with broader moves in change management to giving especially middle managers a greater degree of agency (By & MacLeod, 2009). Middle managers act not just as implementers but as translators of change (Rouleau, 2005; Ogbonna & Wilkinson, 2003; Balogun, 2003), by their leadership of teams. All in all, we wish to stress that in the process of change, teams should not be looked at as merely a cipher. Rather, teams appear to be important objects of change, are more directly involved by managers when implementing change, are meaningful units to contribute to various types of change, and subsequently need to be studied as a separate level between the organisation and the individual to understand change.

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