# LEADERSHIP AND TEAM EFFECTIVENESS

# LECTURE - 36

## Group Dynamics

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# Group Dynamics

- Group dynamics refers to the attitudinal and behavioral characteristics of a group.
- Group dynamics concern how groups are formed, what is their structure and which processes are followed in their functioning.
- Thus, it is concerned with the interactions and forces operating between groups.
- Group dynamics is relevant to groups of all kinds – both formal and informal.

https://businessjargons.com/wp-content/uploads/2020/03/group-dynamics-features.jpg
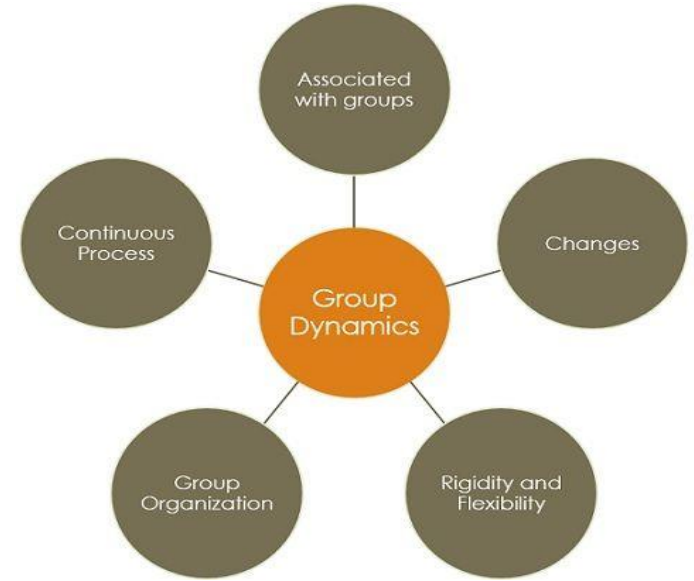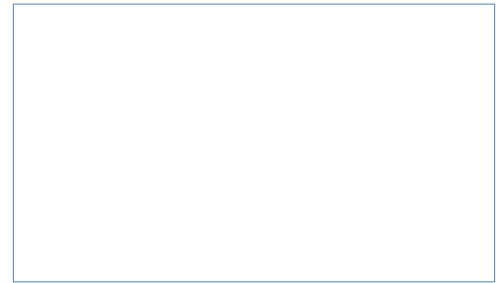
# Group Dynamics – 8 Main Principles

- In order to achieve the best use of Group Dynamics the following principles of group dynamics have been discussed by **Dorwin Carl Wright** and they are as follows:

(1) "If the group is to be used effectively as a medium of change, those people who are to be changed and those who are to exert influence of change must have a strong sense of belongingness to the same group".

(2) The more attractive the group is to its members the greater is the influence that the group can exert on its members.

(3) In an attempt to change attitudes, values or behavior, the more relevant they are to the basis of attraction on the groups, the greater will be the influence that the group can exert upon the members.

# Group Dynamics – 8 Main Principles

(4) The greater the prestige of a group member in the eyes of the other members, the greater the influence he can exert.

(5) Efforts to change individuals or sub-parts of a group, which, if successful, would have the effect of making them deviate from the norms of the group, will encounter strong resistance.

(6) Information relating to the need for change, plans for change and consequences of change must be shared by all relevant people in the group.

(7) Strong pressure for change in the group can be established by creating a shared perception by the members of the need for change, thus making the source of pressure for change lie within the group.

(8) Change in one part of a group produce strain in other related parts which can be reduced only by eliminating the change or by bringing about re-adjustment in related parts."

https://www.economicsdiscussion.net/organizations/group-dynamics/32339

# Stages of Groups Development

There is a process of five stages through which groups pass through.

**1. Forming-**The first stage is characterized by a great deal of uncertainty about the group's purpose, structure, and leadership. Members "test the waters" to determine what types of behaviors are acceptable. This stage is complete when members have begun to think of themselves as part of a group.
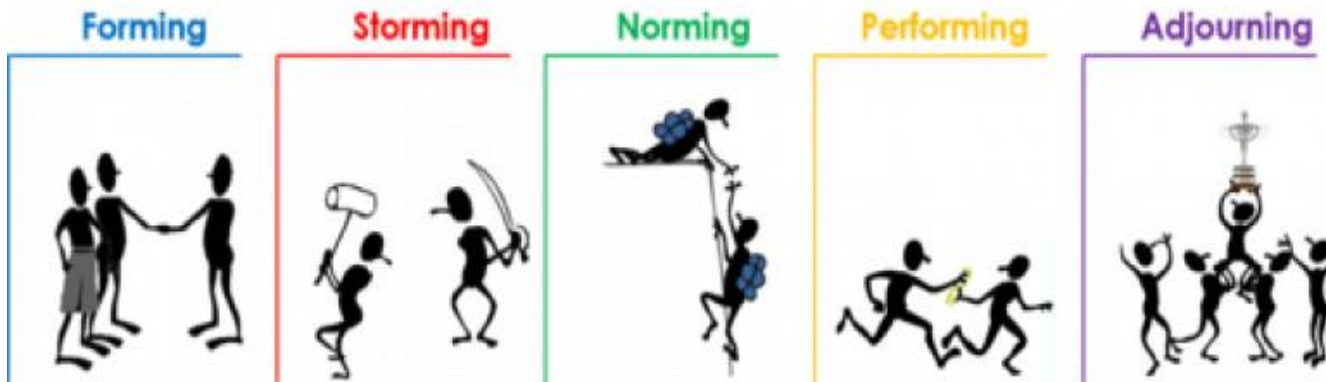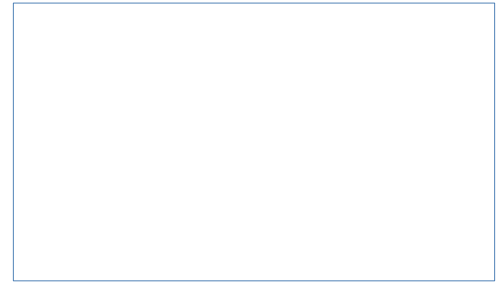


Image source: https://www.workstyle.io/storage/261/conversions/500px-5_stages-medium.jpg

# Stages of Groups Development(Cont.)

**2. Storming -**The stage is one of intragroup conflict. Members accept the existence of the group but resist the constraints it imposes on individuality. There is conflict over who will control the group. When this stage is complete, there will be a relatively clear hierarchy of leadership within the group.

**3. Norming-** In the third stage, close relationships develop and the group demonstrates cohesiveness. There is now a strong sense of group identity and camaraderie.
This norming stage is complete when the group structure solidifies and the group has assimilated a common set of expectations of what defines correct member behavior.

# Stages of Groups Development(Cont.)

**4. Performing-** it is the fourth stage of group development . The structure at this point is fully functional and accepted. Group energy has moved from getting to know and understand each other to performing the task at hand.

**5. Adjourning**- The final stage in group development for temporary groups, characterized by concern with wrapping up activities rather than task performance. Some group members are upbeat, basking in the group's accomplishments. Others may be depressed over the loss of camaraderie and friendships gained during the work group's life.
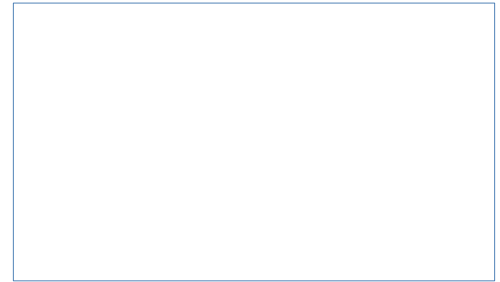
# Why Do People Form Groups?

- Perspective that considers when and why individuals consider themselves members of groups.

- **Social identity theory** proposes that people have emotional reactions to the failure or success of their group because their self-esteem gets tied into the group's performance.

- *Several characteristics make a social identity important to a person*:

- **Similarity-** Demographic similarity can also lead to stronger identification for new hires, while those who are demographically different may have a hard time identifying with the group as a whole.
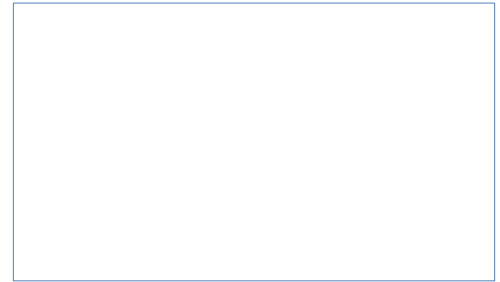
# Why Do People Form Groups?(Cont.)

- **Distinctiveness-** People are more likely to notice identities that show how they are different from other groups.

- **Status-**Because people use identities to define themselves and increase self-esteem, it makes sense that they are most interested in linking themselves to high-status groups.

- **Uncertainty reduction-** Membership in a group also helps some people understand who they are and how they fit into the world.
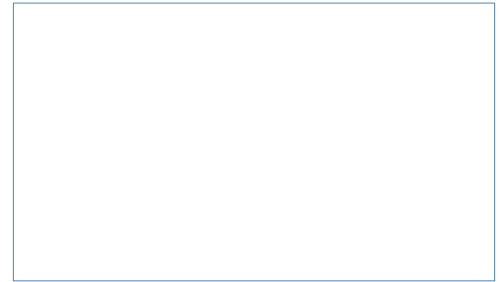
# Group Dynamics Theories

**1. Propinquity Theory:**

- The most basic theory explaining affiliation is propinquity. Individuals affiliate with one another because of spatial or geographical proximity. In an organization employees who work in the same area of the plant or office or managers with offices close to one another would more probably form into groups than would those who are not physically located together.

**2. Exchange Theory:**

- This theory is based on reward-cost outcomes of interactions. To be attracted towards a group, a person thinks in terms of what he will get in exchange of interaction with group members. A minimum positive level (rewards greater than costs) of an outcome must exist in order for attraction or affiliation to take place.

# Group Dynamics Theories(Cont.)

## 3. Balance Theory

- This theory as proposed by **Theodore Newcomb** states that "Persons are attracted to one another on the basis of similar attitudes towards commonly relevant objects and goals. Once a relationship is formed, it strives to maintain a symmetrical balance between the attraction and the common attitudes. If an imbalance occurs, attempts are made to restore the balance. If the balance cannot be restored, the relationship dissolves."
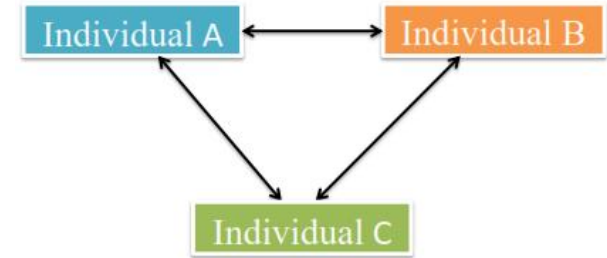


Similar attitudes (towards authority, work, life styles, politics, religions etc.

Image source: http://www.simplinotes.com/wp-content/uploads/2018/04/Balance-Theory_001.png
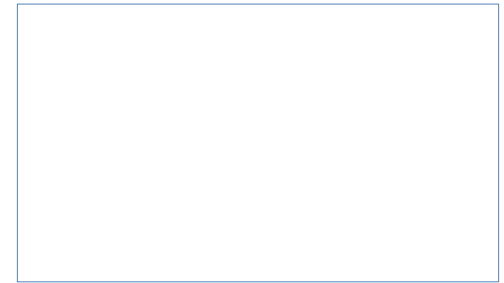
## 4. Homan's Theory:

- According to George C. Homans, "The more activities persons share, the more numerous will be there interactions and the stronger will be their shared activities and sentiments, and the more sentiments people have for one another, the more will be their shared activities and interactions."



**(The Inter-Dependence of Activities, Interaction and Sentiments)**
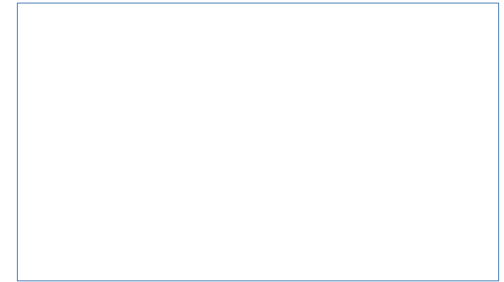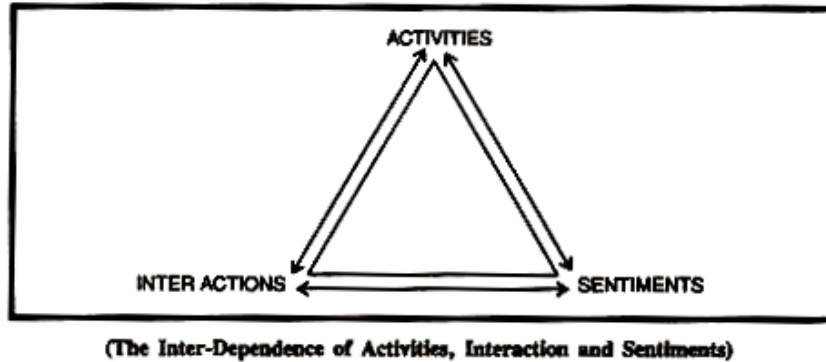
# Group Property

**Group Property 1: Roles**

- A set of expected behavior patterns attributed to someone occupying a given position in a social unit.  It comprises of the following:

- **Role perception** An individual's view of how he or she is supposed to act in a given situation.

- **Role expectations** How others believe a person should act in a given situation.

- **Role conflict** A situation in which an individual is confronted by divergent role expectations.
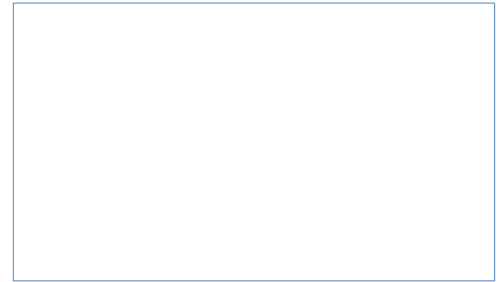
# Group Property 2: Norms

- Norms are acceptable standards of behavior within a group that are shared by the group's members.
- Given below is the different classes of group norms set in an organization:

- **Performance norms:** the group will determine what is an acceptable level of effort, product and outcome should exist in the workplace.
- **Appearance norms:** the group will determine how members should dress, when they should be busily working and when they can take a break, and what kind of loyalty is shown to the leader and company.

- **Social arrangement norms:** the group regulates interaction between its members.

# Group Property 2: Norms

- **Allocation of resources norms:** the group or the organization originates the standards by which pay, new equipment, and even difficult tasks are assigned.
- ❑ **Conformity** is the adjustment of one's behavior to align with the norms of the group.

- ❑ **Deviant Workplace Behaviour** is a Voluntary behaviour that violates significant organizational norms and, in so doing, threatens the well-being of the organization or its members. Also called antisocial behavior or workplace incivility.

# Group Property 3: Status

- Status is a socially defined position or rank given to groups or group members by others. It position or reputation of a group within the organization.
- **Status characteristics theory** states that differences in status characteristics create status hierarchies within groups.

- # Group Property 4: Size
- The size of the group is an essential component while understanding group dynamics. Individuals perform better in smaller groups.
- **Social loafing** is tendency of individuals to expend less effort when working collectively than when working individually.
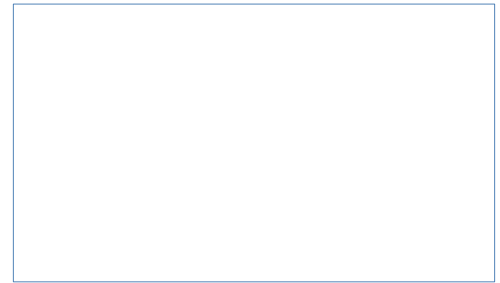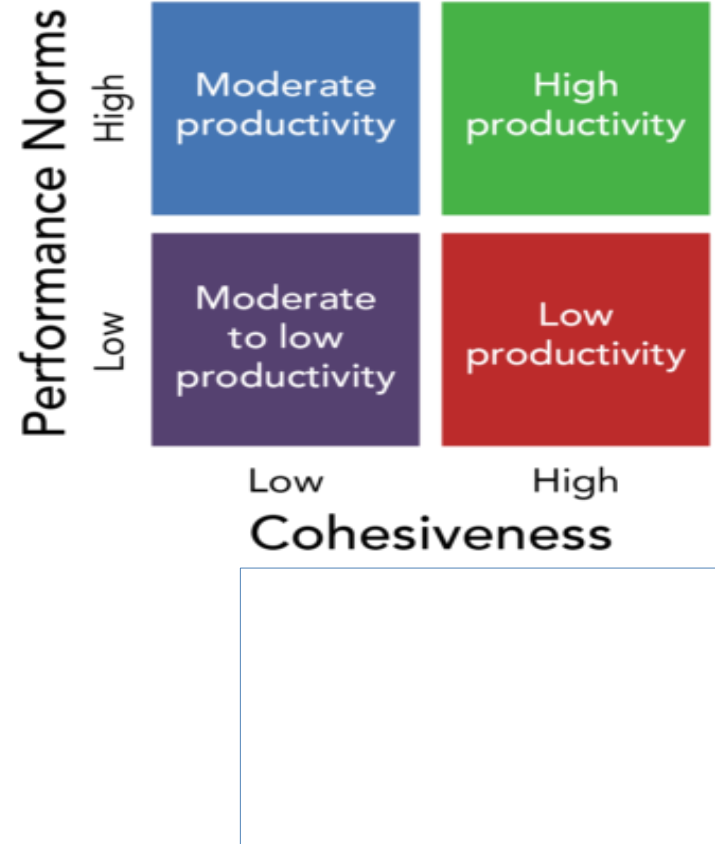
# Group Property 5: Cohesiveness

The cohesion or intactness of the group members shows the level of bonding they share. Here is some of the elements of group cohesiveness:

•**Task relations** refer to the interaction of individuals in a group for the accomplishment of the assigned work;

•**Social relations**, i.e., the interaction of the group members on a personal level;

•**Emotions** can be seen as the feelings shared by the group members.

https://courses.lumenlearning.com/wm-organizationalbehavior/chapter/group-structure/

**Performance Norms**

High — Moderate productivity | High productivity

Low — Moderate to low productivity | Low productivity

Low | High

**Cohesiveness**

# 7 Strategies for Better Group Decision-Making

- Because of an over-reliance on hierarchy, an instinct to prevent dissent, and a desire to preserve harmony, many groups fall into Groupthink and Group shift.

- **Groupthink** is a phenomenon in which the norm for consensus overrides the realistic appraisal of alternativecourses of action.

- **Group-shift** is a change between a group's decision and an individual decision that a member within the group would make; the shift can be toward either conservatism or greater risk but it generally is toward a more extreme version of the group's original position.
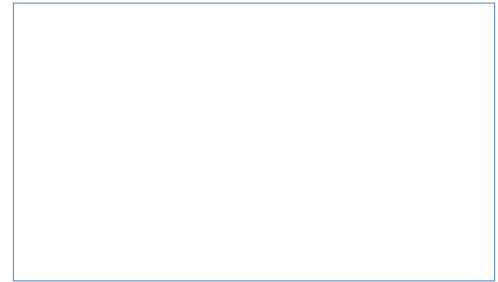
# 7 Strategies for Better Group Decision-Making

Here is seven simple strategies for more effective group decision making:

1. Keep the group small when you need to make an important decision.
2. Choose a heterogenous group over a homogenous one (most of the time)
3. Appoint a strategic dissenter (or even two).
4. Collect opinions independently.
5. Provide a safe space to speak up.
6. Don't over-rely on experts.
7. Share collective responsibility.

https://hbr.org/2020/09/7-strategies-for-better-group-decision-making
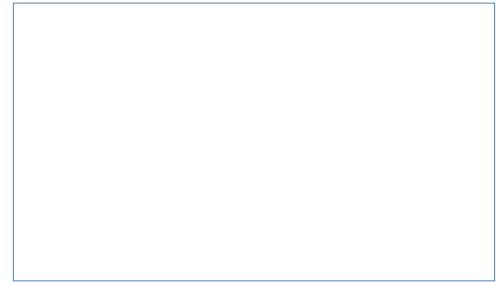
# Case Study: Herd Behavior and the Housing Bubble (and Collapse)

It is sometimes easy to forget that humans are not unlike other animals. Economist John Maynard Keynes recognized this when he commented, "Most, probably, of our decisions to do something positive, the full consequences of which will be drawn out over many days to come, can only be taken as the result of animal spirits—a spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities."

Such "animal spirits" are particularly dangerous at the collective level. One animal's decision to charge over a cliff is a tragedy for the animal, but it may also lead the entire herd over the cliff.

You may be wondering how this is applicable to organizational behavior. Consider the recent housing bubble and its subsequent and enduring collapse, or the dot-com implosion of the turn of the century.
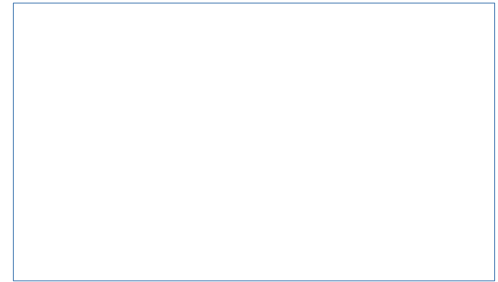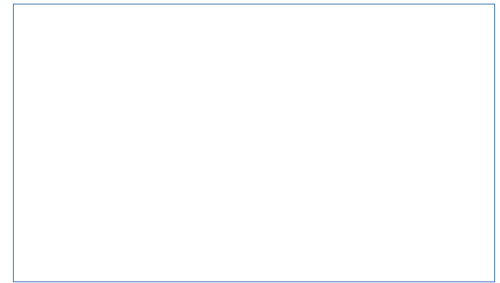
# Case Study: Herd Behavior and the Housing Bubble (and Collapse)

As housing prices rose ever higher, people discounted risk. Homeowners and investors rushed to buy properties because everyone  else was doing it. Banks rushed to provide loans with little due diligence because, well, everyone else was doing it. "Banks didn't want to get left behind. Everybody lowered their underwriting standards, no matter who they are," said Regions Bank executive Michael Menk.

"As bankers that's who we are; we follow the herd." Similar problems led to a run up in prices for internet-based companies during the early twenty-first century, and some wonder whether the current valuations of social networking sites are following a similar trend of overpricing.

Yale Economist Robert Shiller called this "herd behavior" and cited research showing people often rely heavily on the behavior of groups in formulating decisions about what they should do.
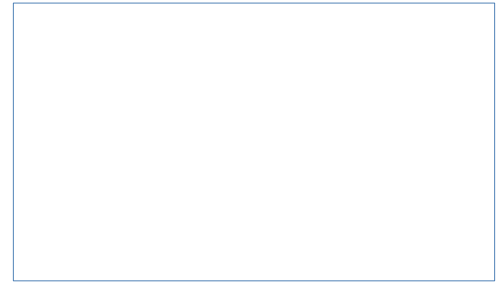
# Case Study: Herd Behavior and the Housing Bubble (and Collapse)

A recent study in behavioral finance confirmed herd behavior in investment decisions and showed that analysts were especially likely to follow other analysts' behavior when they had private information that was less accurate or reliable.

**Questions**
1. Some research suggests herd behavior increases as the size of the group increases. Why do you think this might be the case?
2. How might organizations combat the problems resulting from herd behavior?
3. Shiller argues that herd behavior can go both ways: It explains the housing bubble, but it also explains the bust. As he notes, "Rational individuals become excessively pessimistic as they see others bidding down home prices to abnormally low levels." Do you agree with Shiller?

# Research Paper

## Empowering leadership, work group cohesiveness, individual learning orientation and individual innovative behaviour in the public sector: empirical evidence from Norway

Barbara Rebecca Mutonyi, Terje Slåtten and Gudbrand Lien
*Inland School of Business and Social Sciences,*
*Inland Norway University of Applied Sciences–Lillehammer Campus,*
*Lillehammer, Norway*

## Purpose

This study clarifies the factors that foster individual innovative behavior in the public sector by examining the effects and roles of empowering leadership, work group cohesiveness and individual learning orientation. This study also explores the direct effect of empowering leadership on work group cohesiveness and individual learning orientation, the influence of work group cohesiveness on individual learning orientation and the mediating roles of work group cohesiveness and individual learning orientation.
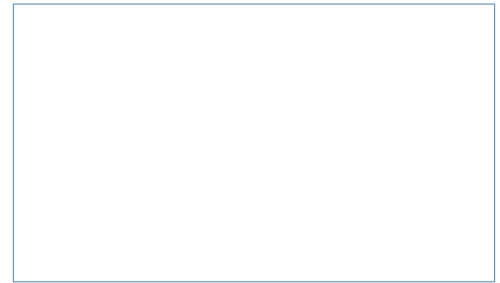
**Research Paper**

**Design/methodology/approach**

Data were collected from an online survey of respondents working in a public sector organization. Partial least squares structural equation modelling and mediation analysis by the bootstrap method were used for the data analysis.

**Findings**

Empowering leadership and individual learning orientation had significant direct effects on individual innovative behavior. Both empowering leadership and work group cohesiveness have significant direct effects on individual learning orientation. Empowering leadership was positively related to work group cohesiveness. The mediation analysis revealed that individual learning orientation mediates the relationships between empowering leadership and individual innovative behavior and between work group cohesiveness and individual innovative behavior.

# Research Paper

**Research limitations/implications**

The study focuses on three factors that foster individual innovative behavior in a public sector organization.

**Originality/value**

This study offers new insights into the factors that foster individual innovative behavior in the public sector. The findings reveal the importance of using a balanced leadership style and encourage learning in the workplace for individual innovativeness by public leaders
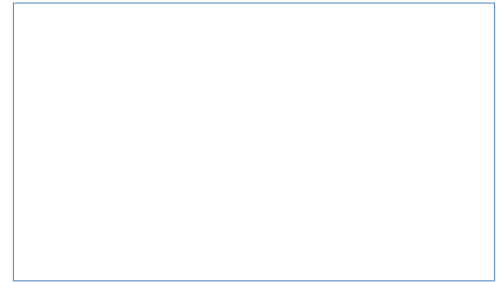
# BOOK RECOMMENDATION
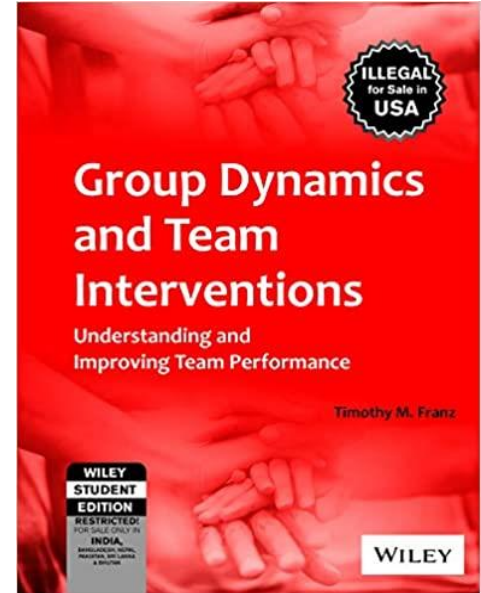
## Group Dynamics and Team Interventions

**Authors**:        Timothy M. Franz
**Publisher**:      Wiley
                   (1 January 2018)

**Language**:       English
**Paperback**:      376 Pages
**ISBN-13**  :      978-8126576494
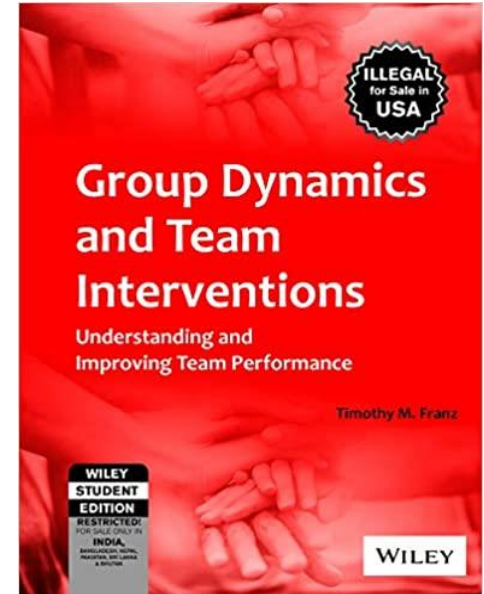
# BOOK RECOMMENDATION

Organizations thrive or struggle as a result of interactions among team members. To optimize the performance of teams, Group Dynamics and Team Interventions bridges the gap between the most up-to-date academic research findings on group behavior and real-life practice. Chapters reveal the theories behind group and team behavior while offering proven application and intervention techniques that can be utilized in workplace settings. Topics addressed include team formation and development; understanding culture and team diversity; Improving team cohesion, decision making and problem solving; managing and reducing team conflict; team leadership, power and influence and others.

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- https://hbr.org/2020/09/7-strategies-for-better-group-decision-making

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# Thank You