

LECTURE 11.4

TEAM PERFORMANCE

EVALUATION

EVALUATING TEAM PERFORMANCE

Evaluating team performance is challenging. How do you separately identify the performance of an individual member of the team?

Consider if Conrad and Dina are part of a team

Individually:

$$Q_i = 5e_i + \mu, \quad i = c, d$$

For the team:

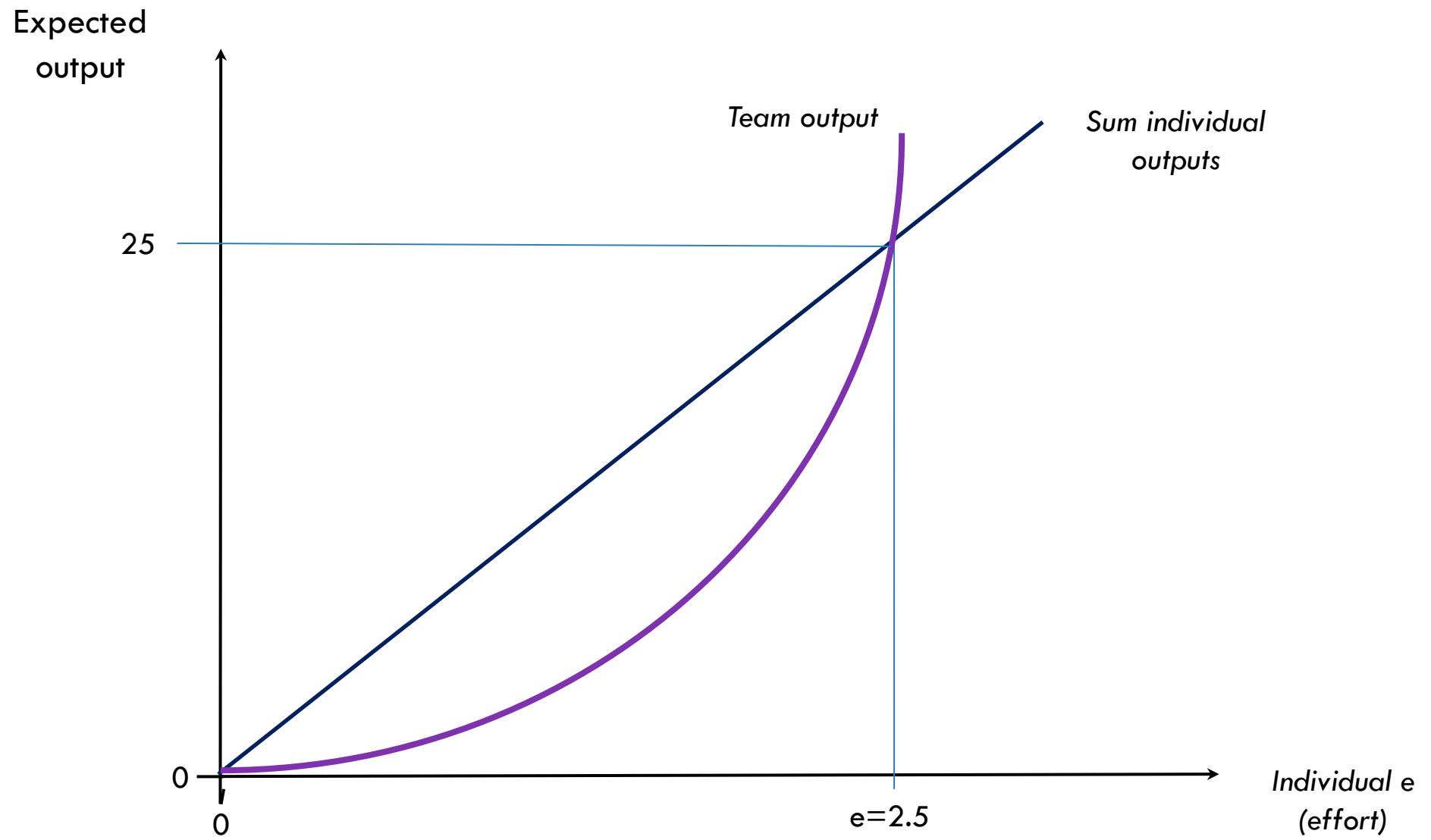
$$Q_t = 4e^2 + \mu$$

$$\text{where } e = e_c = e_d$$

So:

$$Q_t > Q_c + Q_d \text{ if } e > 2.5$$

That is, the total output from Conrad and Dina working as a team will be higher as long as they each exert a common effort level of 2.5 units.



EVALUATING TEAM PERFORMANCE

The challenge for performance evaluation in teams:

- team output but not individual output is observed
- rewards based on team output encourage free-riding

Other subjective factors could be used

- the number of hours worked
- supervisor evaluations of effort
- peer evaluations

Team design can play an important role

- who has decision rights?
- how does the team evaluate member efforts?
- can the team sanction non-performers?