Impact of Team Characteristics on Team Performance in Banking Sector of Pakistan

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Abstract

The aim of this paper is to explore the impact of team characteristics on team performance in banking sector of Pakistan. Previous Literature has been critically examined for this purpose and data was gathered through self-administered questionnaire from the banking sector of Pakistan. Non probability convenience sampling technique was used and 125 questionnaires were received out of 150 questionnaires for the response rate of 83%. SPSS 16.0 were used to analyze the impact of team characteristics on team performance. The findings suggest that the teams working in the large organizations are more cohesive, goal motivated and they show more effective behavior. The findings also show that there is a strong link between cohesion, role clarity, goal motivation, openness to change and team performance. This study will be helpful in decision making process for any department in the banks to draft different policies for better team management and to enhance team performance. The limitations of this paper have also been discussed.

Key words: Cohesion, Role Clarity, Goal Motivation, Openness, Team, Performance

Introduction

Team characteristics diversification is very wide and it entails the different important areas. Different empirical researches were conducted in the past to

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understand the relationship of team characteristics with team, which is defined as the members which work together faithfully to achieve the common objectives (Mathieu et al., 2000). Team members spend time with other members in order to share their views and formed compact strategies in order to accomplish their desired goals and they respond according to their assigned task (Zalesny et al., 1995) and it can be easily assessed by the individualistic behavior of the team members.

Kurt Lewin (1944) studied the team performance and factors which make the effective team work. (Mcgregor, 1960) further enlists the important elements of the effective team which are followed as comfortable working environment, Innovative ideas, self exploration, and leadership capabilities of the members. (Likert Rensis, 1961) explore the new dimensions of management and give 24 characteristics of the effective teams. Team can achieve any objectives in which the members and supervisors goals are synchronized with the goals of team. Leaders play an important role in accomplishing any goals they need to implemented or introduces the different tools and techniques to ignite the motivation and inspiration level of the employees which ultimately depend upon the formation of team and (Bennis and Shepard, 2008) suggest different team development theories in which team can be formed on the basis of their behavioral characteristics.

Taylor and Greve, (2006) confirmed with their studies that the four distinctive areas of team effectiveness are goals, roles, processes and associations and Gladstein (1984) presented the model of group effectiveness which describe that group effectiveness is very necessary for the overall performances of the organizations because if they work as cooperative team their efficiency of completing their tasks increases. Team leader is very important for the team because he is the driving force of the team which led the team effectively towards their common goal. All the team members performance depend upon the team leader strategies that how he optimally utilizes the capabilities of his team members in order to accomplished their desired objectives (Osborne & Gaebler, 1993).

Team is as a small number of members working in the group, are faithful to team aims and equally liable to each other. The team members meet each other to realize team goals, share, and take turns to be the leader, attend meetings and share team tasks. Dominick (1997) defined that team members behavior depend on team task. The behavior is determined by the individual characteristics. In the team the behaviors of the team members facilitate team performance. The varying level of performance is due to difference in individual characteristics (Fisher, 1998). Team is
organized to complete specific project (Guzzo & Dickson, 1996) and realize team objectives.

Hardy & Crace (1997) classify teams into two categories first is individualized and second is systemized teams. The systemized teams are those which have need of communication, stimulation and parameter but in individualized teams the individuals have their own view points and there is no common format for such teams. Well-developed teams are those which share leadership roles. Team leaders can enhance team performance (Knight et al, 2001). The critical factors of the organizational effectiveness are the teams. The unpredictable changes increased the importance of teams. Deregulation, denationalization and adverse deviations in the environment have forced to change conventional strategies and to become more modern (Osborne & Gaebler, 1993). Galbraith and Lawler (1993) defined that due to increases in environmental turbulence managers have to change habitual ways to run a business. Haspeslagh & Jemison (1991) described that due to mergers and acquisitions organizations routines are changing rapidly. Now organizations have no boundaries and act as network organizations (Snow et al., 1993)

According to prior researchers behaviors characteristics are critical in teams (Mohr et al., 1994). Previous researchers anticipated that well recognized teams have efficient team behavioral features. In western study high level of team features are related with developed teams. The most strong behavior cohesiveness links with team performance (Kidwell et al., 1997). Team binds together with this feature. Cohesiveness is the degree to which group member stay in the group positively (Hackman and Morris, 1976). (Evans & Dion, 1991) said that the more cohesive groups were more creative. Previous studies were incapable to discover association within cohesion and performance. There is a minute positive link between cohesion and performance. Researchers have anticipated substitute definitions and theoretical models of group cohesion. Cohesiveness is the force that causes to attach members to stay in the team (Festinger & Schachter, 1950). Group cohesion and group performance can also be investigated by the level of group job and societal cohesion.

Personality personas were internally driven and constant over time. These traits have impact on behavioral patterns in different ways and become part of role Writers such as (Deihl & Stroebe, 1987) was alarmed due to teams showing high performing and the intentional extent about the efficiency in the work. Senior (1997) predicts that roles are positively related with performance. Roles are unstable from team to team. Role depends on the ability of the person. There are may be functional roles which relates to persons job and these are more appropriate to the task. The
performances of teams depend upon the clarity of roles. When the roles are clear to team members, they perform in better way.

Goal motivated team’s leads to higher performance (Locke & Latham, 2002). Different researcher’s work on level of aspiration and goal setting theories. Goal setting theory is the most utilized motivational theory in managerial psychology fields (Leavitt et al., 1989). Kurt Lewin was an early researcher who worked on ambition level. In 1960’s Edwin Locke (1920) began work on ambition formulation, he explored relationship between goal setting and production performance. Goals are to be set to attain desired performance. If members in the team are not working well, administration adopt strategy to motivate these members and helpful for them to attain the goal. When the goal settled, it gives the idea to sort out the work in right direction. In this way performance of the team enhances. The direct linear relationship will stay positive, as long as the person is committed to the goal, has the requisite ability to attain it and doesn’t have conflicting goals.

Motivation is an internal vitality that forces a person to accomplish his goal. Leader knows better about the development and growth of employees and he force employee to move toward this goals. So that leader has to understand what motivates the team in better way. When leader become to know how to motivate employees the team involved in task and shows positive performance.

Openness to change is another factor which effect on team performance. (Datta et al., 203) found that when individual member are motivated to change their behavior pattern they accept the change. It enhances the performance of the team. Team members who are open to change tend to interact more openly with each other. When there is trust in the team, members cooperate with each other. Innovation makes the team to face the problems and solve them in better way. It is like to enjoy experimenting with new ideas.

**Literature Review**

In an organization people having different personality characteristics are working together at one place. Kline and O’Grady, (2009) define that trust within the team members affect overall performance of the team as well as organization also. Due to difference in personality traits each individual has its own thinking and way of doing work. If each member participates actively in the given task it enhances the efficiency of whole team and task would complete before the given time.
Organizations have to select right person for right job because some persons have dominant behavior which sway the acuity and performance of overall team. Composition of the team is very difficult task for an organization because it is difficult to identify that the team is competent enough to face critical situations. When teams are composed initially, their characteristics merged with the passage of time and collective effort of team members increases team performance. Most agreeable and emotional stable team members are satisfied and show superior performance. Team performance depends on many factors such as team design, culture; diversity etc. Teamwork behavior can also identify by previous research behavioral observations and some team features are also used to measure team performance (Ancona & Caldwell, 1992).

**Cohesion**

Cohesion is an unseen force that binds the team together (Ingham et al., 1974). Gross and Martin, (1952) defined that cohesion act like resistance to dispute in the team. (Westre & Weiss, 1991) stated that cohesion united the members so that they can achieve goals and objectives. According to the (Harrison et al., 1998) cohesion means the extent of desirability which insists the person to remain in the group. (Eagly & Johnson, 1990) reported that individual predilection, shared esteem, personal similarities, getting of the group goals, leadership styles, atmosphere of the organization and assessment process are some components of group cohesion.

Previous studies were incapable to forecast orderly link between cohesion and performance. Evans & Dion, (1991) find a little although affirmative link between cohesion and group performance through Meta analysis technique. Carron and Brawley (2000) paid attention on self-motivated nature of the groups and observed the change occur within the persons of the group with the time to examine the chronological progress. Cohesion may be in shape of task or social. Both increase the performance with the passage of time.

Sroufe, (1979) stated that effectiveness depends on individuals ability that how they act coherently so team should understand organizational structure of cohesion and effectiveness. Job associated values affect on the link between team effectiveness as well as cohesion. If the job related cohesion is strong among the group than there exist positive relationship between team cohesion and performance. Seashore (1954) predicts that association between cohesiveness and effectiveness is not consistence. It depends on the high and low performance of the team members. Stog-dill suggested that more cohesion leads to less production. Later on (Mudrack, 1989) criticize Stog-dill opinion about cohesion and performance. Evon and
Dion, (1991) reported positive and stable relationship. Mullen and Cooper, (1994) stated that cohesion is not a moderator. Festinger et al. (1952) stated that task norms and cohesion link to team productivity. Cohesive groups have more ability to make members be conventional to group norms (Feldman, 1984; Locke, Latham, and Erez, 1988).

Hack man (1987) argued that teams have high spirits are more hard work and leads to better performance. Galstedt (2003) suggested that motivation and coordination exists when there is cohesion among team members and it leads to higher performance. when there is cohesion in team members are motivated and use team resources in efficient way and complete task in better way. Carless and Depaola (2000 argued that cohesion is the most essential team characteristics that influence team performance. It is a strong forecaster of team behavior related to team performance. Team can solve their problems in better way if there is communication among team members and team member talk about their goals.

**Role Clarity**

The attitude, behavior and role of the team members are crucial to the performance. There are two types of roles the member perform in the team. These are the functional role and other is task role. The functional roles are related to the job and function in the organization. Most of the organization chose persons on the basis of functional role which is related to the task which the team has perform. It is not necessary that a person which has experience and expertise in his hand will help during the process of making and implementing decision. A person performing functional role may not able to deal the team, in the way the team members interact with each other and it is difficult for him to solve problems in better way.

Role clarity considered as an important component and studied broadly in organizations and team literature. According to (Fried et al., 1998) role clarity is opposite to role ambiguity in which the level of role clarity is very low. Kahn (1964) defined role clarity as the necessary information about the farm duties and aims of job and has the knowledge of attitude to reach the goals of the job. House et al., 1972 studied the effect of role clarity on team effectiveness. Team functioning is nothing without role clarity because if individual is not clear about his role in the team it may leads to increase the organizational politics which causes the detrimental effects on the performance of firms (Danish et al., 2014). Sometimes team members are not satisfied with their roles and this brings apprehension among team members and leads to perform inefficiently (Rizzo et al, 1970). Jackson and Schuler (1985) stated that the importance of role clarity in team performance can define when more theories of role
clarity will support these consequences and identify the impact of role clarity on team performance. When there is role clarity, an individual has lack of job and physical strain and he does not want to abscond the organization so it has positive impact in the team performance.

Role clarity enhances the person commitment, responsibility and performance (Gregersen, 1992). When there is lack of role clarity, teams may face lack of communication and insufficient information require for job as well as poor dexterity and it has negative impact on team performance (Deeter and Schmelz, 1997). Miller and Jablin, (1991) defined that unsatisfied workers have unclear roles and it makes difficult for team to put forth effort on the goal in particular direction so confusing environment create among team members. Role clarity has a positive link with job satisfaction and performance.

Openness to Change

Johnson and Scholes (2008) argued that change occur due to forces drivers that effect the organization. These drivers should carefully examine and identify because they impact on decision to change. Chawla & Kelloway (2004) stated that “interaction of several divergent forces attention toward a state of stability, or balanced stability. For change to take place, it is essential to tip the balance of forces so that the system … can move towards a new point of balance.”

When individuals are motivated to adopt the change, the change occur (Argyris, 1993). There is open communication among the team members who suppose to accept the change (Zhuge, 2003) because they are more likely to reliance and cooperate to team (Wheelan et al., 2003) hence they do more valuable work. Different new strategies and ideas come up to team to solve different problems when team members are openly communicating. Organizational life always affected by individual, team and organizational changes (Weick and Quinn, 1999). Kurt Lewin, (1951) suggested that a system can understandable when change occur with the time. But some researchers argued that change is not beneficial because whole internal and external process disturb by it. Barnet (1995) suggested that change may act as powerful or distraction force. Change occurs habitually in team members.

Goal Motivation

When task assign to the team it develops motivation and responsibility in team members to complete the task and team achieve its performance (Weingart and Weldom, 1993). According to the (Emmons, 1999) the task should be goal oriented
and the goal oriented teams has higher performance level. Weingart and Weldom (1991) suggested that rewards should be given to the team members on better performance it will encourage the team for future projects. Goal motivated teams tend to accomplish the task and achieve higher performance.

Goal motivation and team performance is positively linked with each other (Kristof & Stevens, 2001). When the work itself is motivating employee satisfaction increases and exponential level of performance can take place (Weiss, 2002). Motivation initiates skills and knowledge that require achieving the goal. The most successful teams in the world have high level of “motivation” (Clark & Estes, 2002).

Research Model:

![Diagram]

**Research Methodology**

Data is collected through self-administered questionnaires in order to conduct the research and it is distributed in different banks of Lahore, Pakistan. The questionnaires are filled by managerial and non-managerial staff of the Habib Bank (HBL), Alfalah Bank, JS Bank, Bank of Punjab (BOP), Muslim commercial Bank (MCB) and Faysal bank. The questionnaire is split into two sections demographic and subjective. Demographic section comprises of Bank, gender, qualification and age. Subjective section comprises of Cohesion, Role clarity, Openness to change, Goal motivation and Team performance.

Non-Probability random sampling technique was used for the selection of sample and 125 questionnaires were received from 150 questionnaires at the response
rate of 83%. The unit of analysis of our study was the employees of the banks. The close end questionnaire was developed for this purpose of data collection.

Hypotheses:

From the above discussed literature following hypotheses can be generated

H_{1}: There is a relationship exist between cohesion and team performance.

H_{2}: There is a relationship between role clarity and team performance.

H_{3}: There is a relationship between openness to change and team performance.

H_{4}: There is a relationship between goal motivation and team performance.

Results and Analysis:

<table>
<thead>
<tr>
<th>Category</th>
<th>Classification</th>
<th>Frequency</th>
<th>Percentage%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>21–30</td>
<td>37</td>
<td>29.6</td>
</tr>
<tr>
<td></td>
<td>31-40</td>
<td>65</td>
<td>52.0</td>
</tr>
<tr>
<td></td>
<td>41-50</td>
<td>16</td>
<td>12.8</td>
</tr>
<tr>
<td></td>
<td>51-above</td>
<td>7</td>
<td>5.6</td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>104</td>
<td>83.2</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>21</td>
<td>16.8</td>
</tr>
<tr>
<td>Bank</td>
<td>Habib</td>
<td>36</td>
<td>28.8</td>
</tr>
<tr>
<td></td>
<td>Alfalah</td>
<td>18</td>
<td>14.4</td>
</tr>
<tr>
<td></td>
<td>JS</td>
<td>8</td>
<td>6.4</td>
</tr>
<tr>
<td></td>
<td>MCB</td>
<td>32</td>
<td>25.6</td>
</tr>
<tr>
<td></td>
<td>BOP</td>
<td>21</td>
<td>16.8</td>
</tr>
<tr>
<td></td>
<td>Faysal</td>
<td>10</td>
<td>8.0</td>
</tr>
<tr>
<td>Qualification</td>
<td>Intermediate</td>
<td>7</td>
<td>5.6</td>
</tr>
<tr>
<td></td>
<td>Graduate</td>
<td>43</td>
<td>34.4</td>
</tr>
<tr>
<td></td>
<td>Masters</td>
<td>64</td>
<td>51.2</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>11</td>
<td>8.8</td>
</tr>
</tbody>
</table>

Table 1 show that data is collected through questionnaire from the banking sector of Pakistan in which majority of the respondents are male (83.2%) and female represents only (16.8%) of the population. In the respondents most of data is collected under the age of 31-40 (52%) with the qualification of masters (51.2%). Descriptive
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analysis also shows that most of the questionnaire was received from Habib Bank (28.8%) and the least respondents are from JS Bank (6.4%).

Table 2: Correlations

<table>
<thead>
<tr>
<th></th>
<th>Cohesion</th>
<th>Role Clarity</th>
<th>Goal Motivation</th>
<th>Openness to Change</th>
<th>Team Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cohesion</strong></td>
<td>1</td>
<td>297**</td>
<td>577**</td>
<td>456**</td>
<td>.44</td>
</tr>
<tr>
<td><strong>Role Clarity</strong></td>
<td></td>
<td>1</td>
<td>451**</td>
<td>470**</td>
<td>.92**</td>
</tr>
<tr>
<td><strong>Goal Motivation</strong></td>
<td>577**</td>
<td>451**</td>
<td>1</td>
<td>584**</td>
<td>.63**</td>
</tr>
<tr>
<td><strong>Openness to Change</strong></td>
<td></td>
<td></td>
<td>456**</td>
<td>584**</td>
<td>.80**</td>
</tr>
<tr>
<td><strong>Team Performance</strong></td>
<td>144</td>
<td>392**</td>
<td>363**</td>
<td>280**</td>
<td>1</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed).**

Table 2 shows that team performance is positively and weakly correlated with the team performance (.144) and there is highly significant relationship exist between team performance and role clarity with the moderately correlated (.392**) with each other. It also shows that team performance is moderately positive correlated with goal motivation (.363**) and there is highly significant relationship exist between them. It also shows that there is highly significant relationship exist between the team performance and openness to change with the weakly positive relationship(.280**) between them.

Table 3: Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.454*</td>
<td>.207</td>
<td>.180</td>
<td>.85692</td>
</tr>
</tbody>
</table>

*a. Predictors: (Constant), OPN, CLT, RCL, GM*

Table 3 shows the model summary defines the value of multiple coefficients correlation R which is .454 and the value of adjusted R square is .207. It means that 20.7 % combination of cohesion, openness to change defines the dependent variable team performance. Further this table shows the dependence of dependent variable team performance on the independent variables cohesion and openness to change; the value of R .454 shows the goodness of the model.
Table 4: ANOVA*

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>22.940</td>
<td>4</td>
<td>5.735</td>
<td>7.810</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>88.118</td>
<td>120</td>
<td>.734</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>111.058</td>
<td>124</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: TP  
b. Predictors: (Constant), OPN, CLT, RCL, GM

Table 4 shows the value of F which is 7.810 that is statistically significant. It means predictors openness to change and cohesion combine together to predict the dependent variable team performance. The model is fit because significant value is .000 which means the relationship between independent variables cohesion and openness to change and dependent variable team performance is highly significant. The model is good fit.

Table 5: Coefficientsa

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.073</td>
<td>.729</td>
<td>1.471</td>
<td>.144</td>
</tr>
<tr>
<td>Cohesion</td>
<td>-.251</td>
<td>.212</td>
<td>-.120</td>
<td>-.183</td>
</tr>
<tr>
<td>Role Clarity</td>
<td>.476</td>
<td>.160</td>
<td>.282</td>
<td>2.966</td>
</tr>
<tr>
<td>Goal Motivation</td>
<td>.483</td>
<td>.194</td>
<td>.284</td>
<td>2.493</td>
</tr>
<tr>
<td>Openness to change</td>
<td>.064</td>
<td>.184</td>
<td>.037</td>
<td>.348</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Team Performance

**Team Performance = 1.073 + .251 (Cohesion)**

This equation shows that 1% change in the Cohesion will create a variation of 25.1% and the value (1.073) is the Team performance level in which Cohesion level is zero.

**Team Performance = 1.073 + .476 (Role Clarity)**

This equation shows that 1% change in the Role clarity will create a variation of 47.6% and the value (1.073) is the Team performance level in which Role clarity level is zero.

**Team Performance = 1.073 + .486 (Goal Motivation)**

This equation shows that 1% change in the Goal motivation will create a variation of 48.6% and the value (1.073) is the Team performance in which goal motivation level is zero.

**Team Performance = 1.073 + .064 (Openness to Change)**
This equation shows that 1% change in the Goal motivation will create a variation of 6.4% and the value (1.073) is the Team performance in which openness to change is zero.

**Conclusion**

This research finds out the impact of team characteristics cohesion, role clarity, openness to change and goal motivation on the team performance in banking sector in Pakistan. Due to qualitative research it was difficult to transform the variables like cohesion, openness to change, role clarity, goal motivation and team performance. With the help of questionnaire it becomes easy to get the required information and results with the help of different statistical techniques. The results show that variables like cohesion, goal motivation, role clarity and openness to change are strongly linked with team performance. Cohesion is the integrated element of team characteristics because it binds the team members together in the team. Hence the results spread-out new veracity before the researchers. Devine et al (1999); Gordon (1992) defined that teams working in the larger organizations have more cohesion, role clarity and goal motivation because of availability of larger resources. Due to large resources the team members are more cohesive and better to know about their roles and they are motivated to complete their task (Beat et al, 2003).

**Managerial implications:**

The reason of this study is to promote the performance of the team in the banking sector in Pakistan. The research indicated that if the team is more cohesive, members know their roles; they can accept the change and bring innovations it can increase the team performance.

In Pakistan the composition of teams in banking sector is an important issue. If team works in better way they can get maximum share from the market. Teams are better than individual one individual cannot handle all the issues alone. So teams can enhance the outcomes as well as help to compete with its competitors. The banking sector should focus on more innovative teams that discuss their problems openly and give suggestions without any hesitation. It will increase the outcomes of the banks.

**Limitations and future implications:**

The components of team characteristics (cohesion, role clarity, goal motivation and openness to change) used in this research are limited. For further research other characteristics like leadership behavior, goal contribution, team type,
and team size, openness to differences, intra team conflicts and role satisfaction can be used for further research. The data gathered for this research used for banking sector. It may also be used for manufacturing sector, textile and telecommunication sector in which employees are working as a team.

The data collected through participants from different banks in Lahore. For further research data can also be collected from other cities in Pakistan. The statistical technique used was limited to correlation, one sample t test and multiple regressions. In future different techniques can be developed to find the consequences of different team characteristics. The data was collected through questionnaire. For future study different methods like interview, open ended questions, panel interviews can also be used. This study is based on commercial and microfinance banks. Further a comparison of teams working in Islamic banking with a team’s working in commercial banking can also be made.

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