

## **Evaluating the Effectiveness of Firm-Centric Teams as a Structural Mechanism to Introduce Organizational Agility**

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### **ABSTRACT**

Agility provides a potential solution for accounting firms seeking transformation, yet agility does not occur simply through a change in mindset or attitude. Organizations need to develop structural mechanisms and integrate formal processes that introduce agility to all members throughout the organization. Although agility theory has been well documented, there continues to be limited studies exploring innovative techniques used by organizations to introduce agility. This study examines the design and implementation of a set of firm-centric teams that were developed by executives of a certified public accounting firm to introduce agility to the firm's employees. Utilizing a combination of empirical evidence and scholarly literature, we develop a theoretical model to be applied by firm executives. Specifically, we recommend that after getting the teams established, firm executives begin transitioning from a centralized leadership approach to a supportive and functional coaching role and that formalized team goal setting procedures should be utilized by the team members. The proposed solutions are expected to improve team member empowerment, and in turn, increase the shared leadership behaviors and overall effectiveness of the firm-centric teams. The research provides insights to researchers and practitioners looking to identify and evaluate innovative structural mechanisms to introduce agility to members of their organization.

**Keywords:** agility; firm-centric teams; supportive and functional coaching; goal setting; team member empowerment; shared leadership

### **INTRODUCTION**

The landscape in public accounting is rapidly changing and going forward successful certified public accounting firms must be able to effectively adapt. Significant technological changes are disrupting many of the audit related processes and the regulatory standards are rapidly evolving. Many organizations view a transformation to an agile culture as a potential solution for dealing with a quickly changing business environment. Agile organizations have strong cultures of proactive collaboration, continuous improvement, and innovation that allow them to respond to environmental forces quickly and effectively. Transformation to an agile culture requires a shift in mindset, skills, behaviors, and structure (Newmark, Dickey, & Wilcox, 2018). These elements are all interconnected and require the organization and its members to embrace change rather than resist it. However, the organizational transformation to an

agile culture provides challenges for firms who have employees with pre-established attitudes and patterns of behavior.

The implementation of structural changes and their underlying processes that facilitate agility represent a critical aspect of an organization's transformation. The establishment of structure and processes foster the discipline necessary to transform the shift in mindset, skills, and behaviors. Further, the structural and procedural changes must provide opportunities for bottom-up decision-making that can cultivate the employee-vested and collaborative environment that is imperative for an organizational transformation to succeed (Gibbons, 2015). Strong elements of bottom-up participation in decision-making are integral because a truly agile organization is one that relies on leadership rather than management. Many organizations struggle to transition to agile culture; firms need to better understand the effectiveness of the structural and procedural changes being made to aid in the transformation process.

This study examines a professional services firm undergoing an organizational transformation, utilizing six firm-centric teams as a mechanism to introduce and improve agility within the organization. Specifically, the six firm-centric teams serve as the structural change designed by firm executives to give the firm's employees a direct stake in accomplishing the company's mission. Will (2015) notes that developing "desirable teams" that create mutual benefit for employees is an effective mechanism for organizational change. The firm-centric teams introduce agility by transforming the team members' mindsets, behaviors, and skills towards one of shared leadership, thus setting an important foundation for the organization to successfully transition to a more agile culture. This research examines the effectiveness of these structural changes by evaluating the performance of the six firm-centric teams, using a nine-item teamwork effectiveness survey.

The results of this study found that the *trust* and *interpersonal communication* categories received the highest scores from the teams, indicating that the design and use of the firm-centric teams were successful in these areas. However, the teams were still not making adequate progress in becoming effective teams, suggesting that those two factors alone are not sufficient for a successful transformation. Further analysis indicates that two other changes are needed to help this firm successfully transition to a more agile culture: (1) firm executives need to begin transitioning from a centralized leadership approach to a supportive and functional coaching role and (2) more formalized procedures for goal setting by the teams are needed to help members better identify tasks and responsibilities. These procedural changes should aid the teams in developing their shared leadership capabilities, allowing the organization to become more agile.

This research provides two primary contributions to the existing literature. First, we examine evidence of the effectiveness of a novel and innovative structural mechanism designed to introduce agility. Although there is an abundance of theory about what organizational agility is, how it functions, and the positive outcomes associated with it, there is still limited evidence as to how organizations can develop specific structures to

introduce agility. Examining specific structures designed to introduce agility is an important research component that adds context and nuance to the theory (Stormi, Laine, & Korhonen, 2018). Second, we leverage and synthesize the existing literature on shared leadership, empowerment, coaching, and goal setting, to develop a set of proposed solutions that can be used to guide the firm in accomplishing its objectives for the firm-centric teams. These proposed solutions are presented in a theoretical model that can be applied and evaluated by practitioners and scholars. Therefore, this research has both practical and theoretical considerations for practitioners and scholars looking to implement and assess the use of firm-centric teams as a potential mechanism for improved organizational agility. Academic research has been criticized for its lack of relevancy and impact in addressing problems of business and society (Glick *et al.*, 2018). The collaborative nature of this project helped to mitigate the problems associated with irrelevant academic research (Shapiro and Kirkman, 2018); it also provides a framework that other firms could use when attempting to utilize a team-centered approach in transforming their business activities to become more agile.

The manuscript is structured as follows: First, we provide a background on the firm and the design and functionality of the firm-centric teams. Next, based on conversations with the firm's leaders, we evaluate the relevant literature to develop a theoretical model for shared leadership and teamwork effectiveness. Third, we assess the effectiveness of the firm-centric teams and use the theoretical model to identify two proposed near-term solutions to improve the effectiveness of the teams. Finally, we provide a conclusion with a summary of findings.

## **BACKGROUND**

### **Firm Overview**

The firm participating in this study is a professional services firm located in the United States that provides a broad array of services, including internal accounting, external audit and assurance, information technology, tax, and business consulting. The firm has a pyramid-type organizational hierarchy, and the experience of the firm's employees varies, from some employees that have more than 30 years of business-related experience to recent college graduates. The highest-ranking members of the firm are executive directors and below them are executive officers, principals, managers, supervisors, seniors, and staff. The executive directors set the strategic direction for the firm while the executives handle the internal operations. The remaining employees are primarily responsible for client service. The executive directors also have a strong business development focus and leverage the talent of their principals and managers for growth-related opportunities. In addition, the firm has a small operations team that is responsible for oversight and management of the day-day operations.

### **Firm-Centric Teams**

Agile organizations define leadership as an "organizational capacity that is shared throughout the entire organization" (Worley, Williams, & Lawler III, 2014). The executive directors and executives at the firm created a group of six firm-centric teams (or "teams") as a structural mechanism to introduce agility by developing the shared leadership capabilities of the firm's employees. These teams provide an opportunity for

the firm's employees to exhibit shared leadership behaviors as they carry out activities to meet the firm's mission. The six teams are based on the firm's five core foundational tenets of clients, culture, growth, brand, and people. There are two teams for people: one for identifying talent and one for developing leaders. The firm's executive directors do not participate on the teams as the teams are designed to be a bottom-up mechanism that facilitates and cultivates the type of collaboration necessary to achieve organizational transformation.

The teams are organized based on the interest of the employees so that the teams could have employees who are passionate about the tenets. The teams consist of four to seven employees and each employee is on one team only. The teams include all levels of employees except first year staff, who the firm believes needs more time to integrate into the firm culture before becoming a member of a team. The oversight responsibility for the teams is with one of the executive officers, who also played a critical role in the idea generation and formation of the teams. With significant guidance being provided by the executive officer, the teams developed an overall goal and several objectives to highlight what they aspire to accomplish. Although the team members were a part of the goal and objective development process, the first phase of team formation has necessitated that the executive officer exercise a primarily centralized leadership approach to provide a strong sense of direction and ensure that the teams' goals and objectives align with the firm's strategic directives.

The executive officer has been responsible for virtually all team functions during the formation phase of the team development process, including setting meeting dates and agendas, meeting operationalization, and directing processes and creating accountability for accomplishing objectives. The teams were designed to be driven by the firm's non-executive employees; therefore, the executive officer is attempting to transition these responsibilities to the team members. Organizations that routinely allow employee input into policy decisions are more likely to have team members who understand both the meaning and rationale of firm policies (Tata & Prasad, 2004).

The teams have developed overall goals and objectives in a participative idea generation process. The overall goals and objectives developed by the teams in Table 1 are intended to provide outcome-based evidence of team performance. Effective teams will exhibit both shared leadership behaviors and success in accomplishing the team's goals and objectives. The firm's executives would like to gain a better understanding of the team-related dynamics of the teams because of the importance they hold in developing shared leadership behaviors. The executives' impressions of the formation phase are that the implementation of the teams has resulted in an improvement in firm-wide trust and greater levels of communication. However, based upon the feedback of the firm's executives, the teams need to make continued progress by improving their performance over the next twelve months. The executives believe this progress is necessary for the firm to continue in its transformation to an agile culture.

## LITERATURE REVIEW

The purpose of the teams leads this study to focus on four distinct areas of research related to teams and their member activities: shared leadership, team member empowerment, coaching behaviors, and team goal setting.

### Shared Leadership

Wang, Waldman, and Zhang (2014) find that shared leadership results are more salient in “new-genre” environments encompassing transformation and empowerment as opposed to “traditional” environments with more directive and transactional leadership behaviors. Shared leadership is based on the idea that individuals on a team are better equipped to share leadership responsibility than relying solely on one individual (Locke, 2003). Researchers have identified shared leadership as an important distinguishing factor in high performing teams (Katzenbach & Smith, 1993). This occurs because as team members offer more leadership, they also bring more resources, information, and commitment to their team. When a team is practicing shared leadership, individuals are sometimes in leadership positions and sometimes in follower positions. Empirical studies support a strong relationship between shared leadership and team performance (Barnett & Weidenfeller, 2016; Chiu, Owens, & Tesluk, 2016).

The structural formation of a team exercising shared leadership has roles and policies that can foster stability but can also evolve over time to a more dynamic model as team members develop more shared models of various situations (Drescher, Korsgaard, Welpé, Picot, & Wigand, 2014). Teams foster and cultivate shared leadership when they share a sense of purpose and responsibility with leadership of the overall company rather than a just a delegation of responsibilities (Fitzsimmons, 2016). Shared leadership results when the members of the group accept leadership over each other. Shared leadership is defined as “an interactive and dynamic influence process among individuals in groups for which the objective is to lead one another to the achievement of group or organizational goals or both” (Pearce & Conger, 2003, p. 1). Pearce and Conger (2003) refer to shared leadership as a dynamic and emergent process that evolves over time.

Agile cultures rely on shared leadership capabilities throughout the organization and the firm-centric teams were designed to introduce agility by developing the shared leadership capabilities of the team members. Therefore, we propose the following:

**Proposition 1:** The shared leadership behaviors of the firm-centric teams will be positively associated with teamwork effectiveness.

### Team Member Empowerment

Because of the dynamic and emergent nature of shared leadership, identifying the factors that positively influence shared leadership can be complex. Pearce, Wassenaar, and Manz (2014) discovered that empowerment was positively associated with shared leadership. Empowerment is defined as “employees (team members) being proactive and self-sufficient in assisting an organization (team) to achieve its goals” (Herrenkohl, Judson, & Heffner, 1999, p. 373). Wood (2005) noted that team members who feel

empowered are more likely to contribute to a shared leadership environment. Similarly, Daspit, Tillman, Boyd, and Mckee (2013) found the internal team environment has a significant influence on shared leadership. They postulate that managers of cross-functional teams should focus on creating a clear sense of direction and purpose and foster an environment where members are comfortable making contributions to cultivate shared leadership.

Shared leadership emerges when employees feel empowered in their team-oriented roles. Therefore, we propose the following:

**Proposition 2:** Team member empowerment will be positively related to the shared leadership behaviors of the firm-centric teams.

**Proposition 3:** The shared leadership behaviors of the firm-centric teams mediate the relationship between team member empowerment and team effectiveness.

### **Coaching Behaviors**

Barnett and Weidenfeller (2016) ascertain that shared leadership can be developed with the assistance of senior leaders. The importance of coaching in agile cultures has been stressed by researchers and coaching also influences shared leadership (Chen, Ravichandar, & Proctor, 2016; Carson, Tesluk, & Marrone, 2007). Coaching can help increase team awareness as to the benefits of shared leadership and assist in identifying the factors that are inhibiting shared leadership. The coaching can be done by a vertical leader as Hooker and Csikszentmihalyi (2003) found certain vertical leader behaviors support the development of a shared leadership environment such as providing clear goals, giving timely feedback, and matching challenges and skills.

Carson et al. (2007) note that coaching of shared leadership consists of two primary types: supportive and functional. The functional coach is responsible for intervening when necessary to help the team complete activities by removing impediments to completion of tasks and shared responsibilities. They are more necessary in the early phases of team formation when shared leadership is not yet developed. The supportive coach is responsible for actively coaching the team members to engage in leadership behaviors. A key role of the supportive coach is to develop self-confidence within the individual team members, which can lead to a more confident team overall. These behaviors can be used in combination are considered a supportive and functional (SFC) coach.

Given the relationship between team member empowerment, shared leadership, and teamwork effectiveness, the focus on the vertical leader should be on fostering greater team member empowerment. This can be accomplished by having the team's vertical leader transition to an external advisor that adopts a supportive and functional coaching role. The supportive and functional coaching behaviors provide autonomy to accomplish specific tasks and responsibilities. This support also fosters and cultivates the confidence necessary for the team to begin making collective decisions representative of the shared leadership culture the firm is attempting to transition to.

As a result, we present the following propositions:

**Proposition 4:** The supportive and functional coaching (SFC) behaviors of the firm-centric teams' advisor will be positively related team member empowerment.

**Proposition 5:** Team member empowerment will mediate the relationship between the SFC behaviors of the firm-centric teams' advisor and shared leadership.

### **Team Goal Setting**

The complexity and nature of tasks and goals can affect group performance as well. When goals and tasks are complex, more team planning is required for performance than when tasks are simple (Kleingeld, van Mierlo, & Arends, 2011). Therefore, the team must understand the relative difficulty of the tasks. Teamwork is a necessary part of the goal setting process as it defines how to accomplish tasks and goals in a team context (Salas, Shuffler, Thayer, Bedwell, & Lazzara, 2015). The goal setting process should also ensure that team members have a shared understanding of the goals and tasks the team is to perform, as empirical evidence supports that shared understanding of performance requirements improves team performance (Guchait, Lei, & Tews, 2016; Magnuson et al., 2016). In addition, shared goals can create situations where team members "reciprocally adapt their movements" to accomplish their shared goal, which allows for patterns of behaviors to be more predictable (Sacheli, Aglioti, & Candidi, 2015). These predictable patterns of behavior empower the individual members of the team, which in turn creates an environment with a clear sense of direction and purpose, allowing the development of shared leadership as highlighted by Daspit et al. (2013).

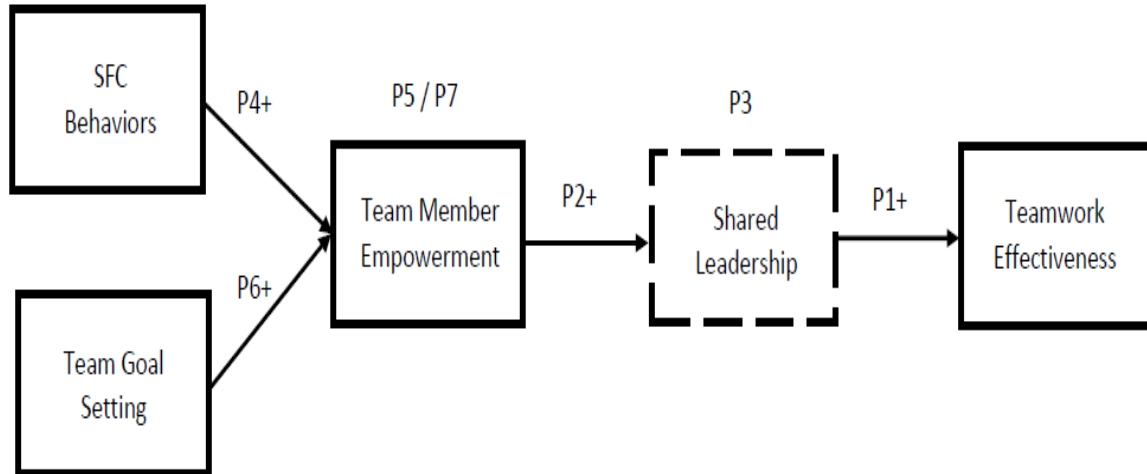
Research has demonstrated that a participative goal setting process increases an employee's (team member's) intrinsic motivation and sense of self-control with opportunities to satisfy their higher psychological needs for autonomy (Kim and Beehr, 2018). By providing a formalized structure to complement the SFC behaviors of the team advisor/coach, the SMART goal setting process will improve the empowerment of the teams' members. This team member empowerment is a necessary component to a shared leadership environment and improved teamwork effectiveness. As a result, we present the following propositions:

**Proposition 6:** The effectiveness of the teams' goal setting process will be positively related to team member empowerment.

**Proposition 7:** Team member empowerment will mediate the relationship between the effectiveness of the team goal setting process and the shared leadership behaviors of the firm-centric teams.

The combined proposed model can be found in Figure 1.

Figure 1: A Proposed Path to Shared Leadership and Teamwork Effectiveness for Firm-Centric Teams<sup>a</sup>



<sup>a</sup>Note that dashed lines represent the dynamic interactions of team members that is reflected in shared leadership.

## METHOD

### Evaluation Model

The nine-item teamwork effectiveness survey (TES) was used to measure the perceived teamwork effectiveness of each team. The teamwork effectiveness model consists of five components that were used to evaluate the teams: goals, roles and responsibilities, procedures, positive relationships, and strong leadership. The TES survey items consolidate into the five components of the teamwork effectiveness model. A copy of the TES can be found in appendix A. A comments section was also included for the participants to provide contextual feedback to their scale rankings and provide clarity into their answers. Because of the sensitive nature of the surveys, they were anonymous, and answers were kept confidential. We evaluated the results of the surveys at both an overall and team level and compared the statistical means of answers in and between groups to identify the potential outliers.

### Survey Instrument

To collect the data and develop a proposed solution(s), the nine-item teamwork effectiveness survey (TES) used to measure the perceived teamwork effectiveness of each team. The nine items are as follows: goals and objectives, utilization of resources, trust and conflict, leadership, control and procedures, interpersonal communications, problem solving/decision making, experimentation/creativity, and evaluation.



Table I: Sample of Firm-Centric Team Goals and Objectives

<u>Team</u>	<u>Overall Goal</u>	<u>Objective</u>
Leaders	Develop leaders	Be intentional about creating and developing leaders
Talent	Find the best talent	Find the best talent and hire them
Culture	Build a culture of excellence	Be the best place to work
Clients	Provide exceptional client service	Define and build out training for all team members
Growth	Grow the business	Prioritize the best opportunities for growth
Brand	Build and grow the brand	Improve the visibility of the brand

The TES uses a 7-point Likert scale that provides a range of answers related to each item. As an example, under goals and objectives the team members were asked to rank whether “there is a lack of commonly understood goals and objectives” (1) to whether team members “understand and agree on goals and objectives” (7). The TES is a simple survey that was easy for the team members to complete and gave us an opportunity to evaluate the level of team effectiveness.

Although the survey is brief, we added a comments section for the participants to provide contextual feedback to their scale rankings. The TES also includes a comments section and participants were encouraged to use this section to provide clarity into their answers. Because of the sensitive nature of the surveys, they were anonymous, and answers were confidential. To ensure confidentiality, the participants put their survey into a sealed envelope that was held by the firm’s administrator, who is independent of executive management. To minimize any potential bias, the survey does not imply that teams are performing either well or poorly. The participants were responsible for evaluating the overall performance of their team based upon their own perceptions.

We evaluated the results of the surveys at both an overall and team level and compared the statistical means of answers in and between groups to identify the potential outliers. The surveys are social reports that had employees rate the team rather than their individual effectiveness. Further, we reviewed the content in the comments section to provide context to the ratings that could help form a basis for any proposed solutions.

### **Participants**

An email was sent by the executive officer to all team members on Monday, October 2 and we collected the results on Monday, October 9. Participants completed the survey manually and anonymously submitted the survey to the organization’s executive assistant. Certain team members were unable to complete the survey due to vacation and time constraints. 31 total surveys were sent, and 20 surveys were received (65%). No team had less than two responses.

## **RESULTS**

### **Data Distribution Tests**

A Kruskal-Wallis test was conducted to determine if the data did not occur randomly; the test was significant ( $p=0.006$ ). A one-way ANOVA analysis was performed to determine whether the categorical results were significantly different using teams as the factor. The results in Table 2 demonstrate that both the trust ( $p = 0.332$ ) and interpersonal communications ( $p = 0.282$ ) categories did not have significantly different results between the teams while all other categories did have significant differences ( $p < 0.10$ ). The ANOVA results provide an indication that these are not issues affecting team performance.

**Table II: One-Way ANOVA Results**

		Sum of Squares	df	Mean Square	F	Sig.
Goals	Between Groups	37.63	5	7.53	9.08	0.001
	Within Groups	11.60	14	0.83		
	Total	49.24	19			
Resources	Between Groups	57.63	5	11.53	13.32	0.000
	Within Groups	12.12	14	0.87		
	Total	69.75	19			
Trust	Between Groups	7.78	5	1.56	1.27	0.332
	Within Groups	17.22	14	1.23		
	Total	25.00	19			
Leadership	Between Groups	30.45	5	6.09	4.86	0.009
	Within Groups	17.55	14	1.25		
	Total	48.00	19			
Procedures	Between Groups	17.48	5	3.50	2.80	0.060
	Within Groups	17.47	14	1.25		
	Total	34.95	19			
Communication	Between Groups	12.33	5	2.47	1.40	0.282
	Within Groups	24.62	14	1.76		
	Total	36.95	19			
Problem Solving	Between Groups	21.98	5	4.40	3.25	0.037
	Within Groups	18.97	14	1.36		
	Total	40.95	19			
Creativity	Between Groups	25.93	5	5.19	3.18	0.040
	Within Groups	22.87	14	1.63		
	Total	48.80	19			
Evaluation	Between Groups	47.58	5	9.52	6.46	0.003
	Within Groups	20.62	14	1.47		
	Total	68.20	19			
Average	Between Groups	20.74	5	4.15	8.06	0.001
	Within Groups	7.20	14	0.51		
	Total	27.94	19	0.88		

## Initial Insights

The two primary themes that emerged from the survey results were focused on team leadership and developing processes and metrics to measure progress towards specific tangible and identifiable near-term goals. A preliminary review of the results showed only two of the six teams had a score above the overall average score of 4.41 (Growth and Talent). Prior to the survey, Growth was specifically mentioned by the executives as a team struggling to accomplish its objectives. This qualitative consideration implies five of the six teams have indicators of lower overall teamwork effectiveness. Therefore, the survey results suggest the next phase in the implementation process should incorporate solutions that can benefit *all* teams. As a result, our focus is on the specific areas that will provide the best opportunity for near-term progression towards the teams' overall goals and objectives. The overall average and the ratings by team for each category can be seen in Table 3:

**Table III: Team Effectiveness Survey Results by Category**

	1	2	3	4	5	6	7	8	9	Overall
	Goals	Resources	Trust	Leader	Proced.	Comm.	Prob. Sol.	Creativity	Evaluation	
Growth	5.33	5.67	5.67	5.00	3.67	5.67	4.33	5.33	5.33	4.44
Talent	6.25	6.75	6.50	5.75	5.00	6.75	5.75	6.50	5.75	6.33
Leader	2.00	2.50	5.00	5.00	3.50	6.00	3.00	3.50	1.50	2.67
Culture	4.00	3.00	6.00	3.00	4.50	4.00	4.00	3.50	4.50	4.44
Client	4.00	2.40	5.20	2.80	2.80	5.40	2.80	3.60	2.60	3.89
Brand	2.88	4.50	4.75	3.00	2.50	5.00	3.75	4.50	2.50	4.28
All Teams	4.08	4.14	5.52	4.09	3.66	5.47	3.94	4.49	3.70	4.34

## Analysis of Teamwork Effectiveness

In our analysis of the survey results, we searched for categories that were abnormally low or high and assigned a risk rating of lower, moderate, or significant. In addition, the comments were examined to provide context to the ratings. Because the overall average of the seven teams surveyed was 4.41, we considered any score greater than 5.0 to be an area of lower risk. Categories that scored less than 5.0 but greater than 4.0 are areas of moderate risk and scores of less than 4.0 are significant risks. If the comments provided qualitative considerations that warranted an adjustment to the ratings, we did so accordingly. The two areas with an average score greater than 5.0 were trust and interpersonal communications. All teams had an average trust and communication score of 5.0 or greater except the Brand team, which was close at 4.88.

The higher scores in these areas align with the executives' impressions prior to sending out the survey. The comments suggested the team members are supportive of the firm's initiatives and see value in the formation of the teams. The team members trust each other and see themselves as being able to effectively communicate with each other.

The areas considered significant risks are related to goals, procedures, problem solving, and evaluation. This aligns with several comments made by many of the team members such as "I don't believe we have a great list of procedures and goals", "We come up with a lot of 'ideas' but have no procedures and goals to track progress", "Goals are understood at a high level, however a plan to reach the goals is lacking", and "The overall objectives are known, but no goals on how to accomplish the objectives have been set yet." The results of the survey and related comments suggest that although the team members understand their overall goal and objectives, they need structured processes in place to help facilitate *how* to accomplish these overall goals and objectives. Further, it does not appear that the teams have formalized metrics to evaluate progress, thus certain problems in performance are due to a lack of specific performance-related metrics.

The areas of moderate risk were resource utilization as well as leadership. The comments suggest the teams are struggling with how to take ownership of the leadership responsibilities from the executive officer. Some examples include, "I think we should figure out how to handle more of the responsibilities that the executive officer currently handles", "the leadership of the teams is dominated by [the executive officer]" and "we need more leadership from all of the team members." This aligns with our conversation with the executives prior to administering the survey who noted the teams have struggled to share the team leadership responsibilities. Based on the nature of the comments and overall objectives of shared leadership, we consider leadership to be a significant risk that must be effectively addressed in the next implementation phase. The suggestions made for leadership are intended to resolve potential issues with resource utilization as well.

## **Proposed Solutions**

### ***Leadership***

The results of the data examined suggest that the team members have not yet acquired the shared leadership mindsets, skills, and behaviors necessary for an agile organization. Based on our literature review, the dynamic nature of shared leadership means the shared leadership objective of the firm leaders and team members is a longer-term process as team members must first become empowered in the performance of their tasks and responsibilities. This team member empowerment will begin to improve near-term teamwork effectiveness and will also lead to the emergence of more shared leadership behaviors. As the shared leadership behaviors increase, the longer-term teamwork effectiveness of the teams will continue to increase as well.

Given the relationship between team member empowerment, shared leadership, and teamwork effectiveness, the focus on the vertical leader should be on fostering greater

team member empowerment. This can be accomplished by having the team's vertical leader transitioning to a supportive and functional coaching (SFC) role. The SFC behaviors provide autonomy to accomplish specific tasks and responsibilities. The SFC role can also assist team members in identifying and removing impediments to successful completion of tasks and responsibilities. In addition, this role also fosters the confidence necessary for the team and its members to begin making collective decisions representative of the shared leadership culture the firm is attempting to transition to. The impact that a SFC role has on team member empowerment, shared leadership, and teamwork effectiveness can be found in Figure 1.

### **Goal Setting**

Many of the objectives for the teams are clear, but the goals and tasks that are necessary to accomplish the objectives are not. In addition, all teams would benefit from specific goals that can be measured and evaluated, including the highest scoring team (Talent), where a participant noted that they could still use better processes. The goal setting and evaluation processes are an important part of team performance. High performing teams must acknowledge the common purpose and evaluate their progress towards accomplishing that purpose. The way a team accomplishes this evaluation is to develop SMART (specific, measurable, achievable, relevant, and timely) goals. The best teams translate their common purpose into specific performance goals such as "reducing the reject rate from suppliers by 50%" (Katzenbach & Smith, 1993, p. 165). In addition, the teams should regularly spend time together to ensure that everyone stays appropriately focused on the specific performance goals.

The goals and objectives developed by the teams are not yet specific and measurable, therefore the teams do not have a solid understanding of how to accomplish them. Currently they are more akin to a team vision and mission, which is an important first step in the development of the teams. For example, the Leaders team has an overall goal of "developing leaders" and one of their objectives is to "be intentional about creating and developing leaders." These are not specific and measurable, and they are not achievable without further direction. To become SMART, the Leader team might first identify a leadership development area that is pervasive throughout the firm (e.g., failure to adequately delegate work which reduces the time available to innovate or grow the business) and then determine a plan to improve the development area (e.g., identify a training opportunity). The first goal could be for each team member to identify two leadership development areas (specific, measurable, achievable, and relevant) in one week (timely). The second goal could be to select (collectively) one of the proposed development areas. The third goal could be for each team member to come up with one proposed solution (specific, measurable, achievable, and relevant) in one week (timely). The fourth goal could be to select (collectively) one of the proposed solutions. The final goal could be to implement the proposed solution within three months (timely).

The involvement of the team advisor in a SFC role should focus on ensuring that team members are empowered to take on greater roles and responsibilities. Again, it is important to note that the role of a SFC is not to direct the team's goal setting process. Rather, the SFC should help remove any impediments to the goal setting process and

work with the team to understand its sense of shared purpose. Once the team has developed a shared understanding of the SMART team performance goals, it should work to develop feedback mechanisms to monitor performance. The measurability of the goals allows for an evaluation criterion and team meetings should use this criterion as a main performance monitor. This measurement will assist in providing the accountability necessary for high performance teams (Katzenbach & Smith, 1993).

Table 4 provides an example of a format that can be used to facilitate the SMART goal setting process. The table tracks the identification of specific goals for the team (specific and relevant), the key person responsible for the goal (empowerment), the resources needed to accomplish the goal (achievability), the people who can help with any resource needs (achievability), the indicators of success (measurable), and timeframe in which the target goal should be completed (timely). By designing SMART team performance goals, the teams will be able to identify specific and relevant near-term goals, determine the resource needs to make the goals achievable, develop metrics to measure tangible and quantifiable performance, and provide a reasonable timeframe in which the goals can be accomplished. Development of these goals will also provide a clearer sense of the specific tasks and responsibilities that can be effectively performed by each team member.

**Table IV: SMART Goal Setting Chart**

Goal Statements	Key person	Resources needed	People who can help	Indicators of Success	Timeline
Goal One:					
Goal Two:					
Goal Three					
Etc.					

Research has demonstrated that a participative goal setting process increases an employee’s (team member’s) intrinsic motivation and sense of self-control with opportunities to satisfy their higher psychological needs for autonomy (Kim & Beehr, 2018). By providing a formalized structure to complement the SFC behaviors of the team advisor/coach, the SMART goal setting process will improve the empowerment of the teams’ members. This team member empowerment is a necessary component to a shared leadership environment and improved teamwork effectiveness. The impact that formalized SMART goal setting has on team member empowerment, shared leadership, and teamwork effectiveness can be found in Figure 1.

## **CONCLUSION**

Transforming to an agile culture that can thrive in a dynamic business environment is not a simple process. The transition to an agile culture requires organizations to alter their structures and processes to facilitate the necessary changes in their employee's mindsets, skills, and behaviors. This study evaluates the effectiveness of a set of innovative firm-centric teams created by firm executives as a structural mechanism to introduce agility to the organization's employees by giving them a direct stake in executing the firm's mission. The teams are designed to cultivate agility by transforming the team members' mindsets, skills, and behaviors to a shared leadership environment that is a significant element of agile cultures.

The research found that the formation of the teams has been effective in increasing trust and communication, however the teams are still failing to share in the leadership responsibilities due to a lack of formalized processes and procedures that clearly delineate roles. Firm executives with team oversight responsibility need to begin transitioning from a centralized leadership approach to a supportive and functional coaching role that focuses on identifying and assisting with the removal of the impediments that are preventing the team members from taking on greater responsibility. The teams also need to develop specific, measurable, achievable, relevant, and timely goals that allow them to identify specific tasks and responsibilities. The combination of supportive and functional coaching and goal setting is expected to improve team member empowerment which in turn should increase the shared leadership behaviors of the team members and ultimately the effectiveness of the firm-centric teams.

Organizations looking to utilize firm-centric teams as a structural mechanism to introduce organizational agility should understand that the effectiveness of these teams is likely a multi-phase process that begins with a "hands-on" centralized leadership approach by firm executives prior to transitioning to an advisory role. If executed properly, the early phases should result in improved trust and communication, however, developing the shared leadership capabilities of firm employees requires going beyond idea generation and improved awareness of an agility perspective. Agility requires disciplined processes that develop both specific performance-related metrics and identify roles and responsibilities where team members can effectively hold each other accountable. The institutional learning that needs to take place can be facilitated by structural mechanisms such as firm-centric teams. These structures, coupled with the procedural changes discussed in this paper, provide opportunities to develop the mindsets, skills, and behaviors that can eventually be executed in all aspects of an organization's operations.



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**APPENDIX A**  
**Teamwork Effectiveness Survey**

All survey questions are measured using a 7-point Likert-type scale.

**Goals and Objectives (Rated 1-7)**

1 = There is a lack of commonly understood goals and objectives.

7 = Team members understand and agree on goals and objectives.

**Utilization of Resources (Rated 1-7)**

1 = All member resources are not fully utilized.

7 = Member resources are recognized and utilized.

**Trust & Conflict (Rated 1-7)**

1 = There is little trust and conflict is evident.

7 = There is a high degree of trust among members, and conflict amongst members is dealt with openly and worked through.

**Leadership (Rated 1-7)**

1 = One person dominates and leadership roles are not carried out or shared.

7 = There is full participation in leadership; leadership is shared by all team members.

**Control & Procedures (Rated 1-7)**

1 = There is little control and there is a lack of procedures to guide team functioning.

7 = There are effective procedures to guide team functioning and team members support these procedures and regulate themselves.

**Interpersonal Communications (Rated 1-7)**

1 = Communication between members is closed and guarded.

7 = Communication between members is open and participative.

**Problem Solving & Decision Making (Rated 1-7)**

1 = The team has no agreed upon approaches to problem solving.

7 = The team has well established and agreed upon approaches to problem solving and decision making.

**Experimentation & Creativity (Rated 1-7)**

1 = The team is rigid and does not experiment with things are done.

7 = The team experiments with different ways of doing things and is creative in its approach. **Evaluation (Rated 1-7)**

1 = The team never evaluates its functioning process.

7 = The team often evaluates its functioning process.