Group Cohesion and Performance: A Bank Analysis

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Abstract: This paper aims to make a contribution to understanding the role of group cohesion and group performance in financial organizations in Romania. The analysis is based on a sociological research conducted in an economic and financial organization from Bucharest. The results are rather illustrative, but they can easily find the correspondent in other Romanian financial organizations. Based on quantitative data obtained from organizational survey, the general goal of the research is to contribute to a better understanding, exploration and explanation of the existence of group cohesion and its importance on the organizational performance. In this regard, the study is answering to the following questions: "How important it is to have high group cohesion for as the performance of an organization to grow?" and "How well does the group carring out its tasks and under what circumstances can we optimize its performance?" The findings of the study could be utilized for: 1.Identifying the organizational performance trends in the studied companies; 2. Identifying of levers as to help managers to direct staff's potential towards certain objectives established according to the organization's strategies and policies; 3. Prevent the obstacles and the difficulties in obtaining group performance at individual and group level.

Keywords: group cohesion; group performance; organization

JEL Classification: C01

1. Introduction

Over the years, the group cohesion-group performance relationship has been studied extensively by many researchers. Many sociologists have attempted to explain this relationship and some researchers have been unable to find a systematic relationship between performance and group cohesion (Stogdill, 1972; Steiner, 1972; Mitchell, 1982). There are studies which sustain that a positive relationship between group cohesion and group performance exists (Evans & Dion, 1991; Mullen & Copper, 1994). Our conducted research is aiming to analyze the level of cohesion and performance within a financial organization. The article begins by introducing the conceptual elements of the theoretical pattern developed

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by Carron et al., (1985) on group cohesion. The article continues by presenting the concept of organizational performance and its measurement methods by Hackman, by presenting the hypotheses and the methodology used to validate/ invalidate these hypotheses. After that, attention is focused on the presentation of the findings. The article ends with conclusions.

2. Literature Review

Cohesion is an essential property of social groups that expresses itself through solidarity among group members, through cooperation to achieve compliance group activities by reducing interindividual differences, reaching up to the adoption of highly standardized behaviors. The group cohesion is stronger as there are ways of communication between members, a consensus over group's interests and opinions and the group's success in its field of action (Bonciu, 2000). A high level of social cohesion within a group generates a high level of satisfaction, comfort and a sense of security. If the informal rules of the group support the organization's objectives, the cohesion is an important positive factor of the organizational performance. If the group is indifferent to these objectives, the cohesion is an important negative factor of the organizational performance. A cohesive group is characterized by a high degree of consensus, by adherence to common objectives and cooperative relations (Carron, 1980). Cohesion is manifested through a high-level integration of individuals within the group. A group with a high cohesion exercises strong pressure to eliminate conflicts and tensions. The more cohesive the group appears to its members, the stronger will be the pressure to eliminate deviant behavior. Cohesion produces a high degree of conformity, and the group members will begin to adjust their opinions and behaviors according to group's norms.

Carron (Carron et al., 1985) consider that the various definitions of cohesion can be categorized into two major groups: (a) group integration ("a member's perceptions of the group as a whole"); and (b) individual attraction to group ("a member's personal attraction to the group") (Carron et al., 1985, p. 248). Furthermore, Carron et al. (1985) asserted that both group integration and individual attraction to group could be focused on either the task or the social aspect of the group. Thus, cohesion was conceptualized as consisting of four unique constructs: (a) group integration task, (b) group social integration, (c) individual attraction to a group-task and (d) individual attraction to a social group (Carron et al., 1985). Group integration task is defined as the perception of the team to perform the tasks. The individual attraction to a group-task describes feelings of personal involvement in group tasks, while the individual attraction to a social group reflects the personal feelings about social interaction inside the group.

Like cohesion, group performance is also a multidimensional concept (Gist, Locke, & Taylor, 1987; Hackman 1990). Hackman's (1990) three dimensional model of a

group performance considers a group's contribution to its embedded organization, to itself, and to its composite members. The author defines a group's performance starting from these three corresponding levels: (a) "the degree to which the group output meets the standards of quantity, quality, and timeliness" of the organization (productivity); (b) "the degree to which the process of carrying out the work enhances the capability of members to work together interdependently in the future" (system viability) and (c) "the degree to which the group experience contributes to the growth and personal well-being of team members" (professional growth) (Hackman, 1990, p. 6-7). From an organization's perspective, an effective work group should not only enhance the overall effectiveness of the organization but also be able to sustain its own existence (system viability) and assist the professional growth of its members. Because the group performance has a pragmatic valence (it can be optimized by monetary gains), analyzing and preparing reports at the organization level in order to specify the performance deficiencies and their remediation proposals, is not a common activity in organizations. This thing is also due to the increased level of difficulty and inability to estimate accuracy.

3. Methodology

This research aims mainly to study the cohesion within a financial organization and to observe if the group cohesion is a stronger positive predictor of organizational performance. Thus, we wanted to study the impact of the labor productivity, organizational stability and professional development in a financial organization on the individual attraction to group-task and group integration task.

The sociological survey was conducted during January-March 2012, on a sample of 250 participants. Participants were informed that an independent researcher was interested in collecting research data and an informed consent was obtained from the employees who participated in the study. The investigative technique used in this research was the questionnaire, defined as a technique and, also, an investigative tool consisting of a set of written questions, logically and psychologically ordered. The questionnaire used had multiple answer questions with a 5-point scale for a better integration in SPSS (so that it can be calculated correlation coefficients). To exclude the operator's interference in choosing the answers, the questionnaire was auto-administrated. Also, for the research accuracy, the participants completed questionnaires during the program, around 11 am. The study was conducted in one organization that is activating in the economic area and it is providing financial services. The organization is divided into five departments as follows: Documentation; Accounting; Public relations; Sales; Human Resources and IT and it have 325 employees. The number of the respondents is 250.

3.1. Hypotheses

The specific hypotheses tested in this study are as follows:

Hypothesis 1: Task cohesion strongly influences the organizational performance.

Hypothesis 2: The stability of the organization is a stronger positive predictor of the group cohesion.

Hypothesis 3: Task cohesion is a stronger positive predictor of the group productivity.

Hypothesis 4: Group cohesion strongly influences the organizational performance.

3.2. The Research Limitations

This research does not claim to be exhaustive and does not have the ambition to be an absolute accurate one, although this issue was among the principles of developing methodologies and analyzing results. The limits of this research required objective main factors such as a. employees offered a sincere response. Although the results of this questionnaire had no direct impact on employees, it is possible that they did not answer these questions honestly. b. group management. A powerful influence on a company's performance is the type of management adopted in managing a company. A disinterested manager, who doesn't appreciate properly its employees and their needs, has a negative impact on the company's productivity and performance. c differences in employees training and education. These elements can affect the group performance because they provide information about the "quality" of the employees.

4. Data Analysis

In order to place the hypothesis in a specific context, we need a description of the group who focused on measuring cohesion and group performance, formulated after data collection and observation of the group statistics descriptors.

Table 1. Group statistics descriptors

	N	Minimum	Maximum	Mean	Std. Deviation
Performance	250	28.50	36.00	32.0455	2.2196
Cohesion	250	27.00	33.00	29.3182	1.6729
Valid N (listwise)	250				

As it is shown in the table, the median performance is 32.0455 with a standard deviation of 2.2196, suggesting a high degree of group performance. Also, the

median cohesion is 29.3182 with a standard deviation of 1.6729, so assigning a very high degree of group cohesion.

As a first conclusion, the studied group is very cohesive and at the same time, a very productive one. Our approach will focus on the extent to which a relationship exists between these two characteristics of the group.

Hypothesis 1 (Task cohesion strongly influences the organizational performance.) was validated. The correlation coefficient between labor productivity and task cohesion at the group level has a value of 0.373, positive value, above a threshold of representativeness, in this case 0.05. Moreover, in addition to relatively strong correlation between these two variables, independent variable (task cohesion) and dependent variable (productivity) was calculated the simple linear regression coefficient β. It has the value 0323, which implies that the task cohesion of the group is a strong predictor for the group productivity. By proving this hypothesis we can eliminate two of the four categories that can be placed in our group. Thus, we can place the group in one of the following: cohesive-productive, unproductive incohesive. Another conclusion that emerges from the confirmation of the hypothesis is that the overall performance of the studied group is largely determined by the cohesion of its members in the situations where they all need to perform the same task.

Table 2. Relationship between task cohesion and productivity

		PRD	COEZSR	
PRD	Pearson Correlation	1.000	.373[1]	
	Sig. (1-tailed)	.	.043	
	N	22	22	
COEZSR	Pearson Correlation	.373	1.000	
	Sig. (1-tailed)	.043	.	
	N	250	250	

Hypothesis 2 (The system viability is a stronger positive predictor of the group cohesion.) was partially proved. The correlation between system viability and group cohesion is positive but very weak, with a value of 0.064, with a representativeness threshold of 0.05.

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[1] Correlation is significant at the 0.05 level.

Simple linear regression coefficient β, calculated for the system viability as dependent variable and group cohesion as independent variable has the value 0.062, which suggests weak influence of the system viability by the social cohesion. Thus, the system viability of the studied group is determined by other variables and not by group cohesion. One of these variables may be the management, financial incentives etc.

Table 3. Relationship between system viability and group cohesion

		COEZS	VS
COEZS	Pearson Correlation	1.000	.064
	Sig. (2-tailed)	.	.778
	N	250	250
VS	Pearson Correlation	.064	1.000
	Sig. (2-tailed)	.778	.
	N	250	250

Hypothesis 3 (cohesion is a stronger positive predictor of the group productivity.) has been validated. Thus, the correlation between the level of task cohesion and participants' opinion regarding the group productivity has the value 0.373. This value can be interpreted as a good knowledge of the subjects concerning the performance of the group where they belong to. Moreover, we can conclude that there is a strong link between group cohesion when the group members have to accomplish a task and their own perception of the performance level achieved by the company. For the task cohesion as a dependent variable and the participants' opinion regarding the group productivity as an independent variable on group productivity, simple linear regression coefficient β value was 0.352. In other words, task cohesion level of individuals is strongly influenced by the opinion of individuals regarding the group productivity, which leads to the strengthening of the cohesion level inside the group by its perception as a stronger predictor of group performance. It can be, thereby, created a halo effect (extrapolation of positive characteristic/perception across the whole group) with positive effects for the organization.

Table 4. Relationship between cohesion and productivity

		COEZSR	PRD
COEZSR	Pearson Correlation	1.000	.373
	Sig. (1-tailed)	.	.043
	N	250	250
PRD	Pearson Correlation	.373	1.000
	Sig. (1-tailed)	.043	.
	N	250	250

Hypothesis 4: (The group performance is a stronger positive predictor of the group cohesion) has had the most problems of measurement and selection of appropriate and representative coefficients for interpretation. In the first stage there has been established a strong correlation between these two variables, cohesion and performance, the correlation coefficient being 0.259. This shows there is a strong link between cohesion and performance inside our studied group. In order to identify the influence between these two variables, we considered each variable a dependent variable and also an independent variable for calculating the coefficient B. The coefficient B, which is different from the coefficient β, has the role to measure, when the group cohesion is a dependent variable and the performance is an independent variable, the cohesion expected per subject for each unit (in the generic sense) in addition of the performance level per subject. In this case, when the group cohesion is a dependent variable and the performance is an independent variable, the coefficient B is set to 0.195, which means that there is a low impact of the group performance on group cohesion. In the present instance, the perceived group performance gives to the group members an identity and increases the subject's desire to be a member of this group and to remain one. However, the level at which this happens is not large, as it is reflected by the coefficient B.

Table 5. Relationship between group cohesion and group performance. Group cohesion -dependent variable

		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	21.978	8.414		2.612	.017
	COEZIUN	.343	.287	.259	1.198	.245

The calculation of the linear regression coefficient B for the group cohesion as an independent variable and the group performance as a dependent variable and its comparison with the coefficient B has led to definite proof of the Hypothesis 4.

Table 6. Relationship between group cohesion and group performance. Group performance -dependent variable

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	23.067	5.229		4.412	.000
	PERFORM	.195	.163	.259	1.198	.245

Thus, the calculation of the linear regression coefficient B of 0.343 shows that the group performance is influenced by the group cohesion. In other words, performance is strongly influenced by group cohesion and teamwork and the existence of an "extra social value" of the work performed by members of the group has a strong impact on overall group performance and productivity.

5. Conclusions

The studied group is very cohesive and in the same time very productive. As shown in the analytical approach, the group cohesion is a stronger positive predictor of the group performance. Also, the group cohesion when the group's members have to face a task is strongly influenced by the group members' positive opinion regarding the group productivity is creating the premises for strengthening the feeling of being proud to belong to the group.

In addition, (as shown in the validation of hypothesis 4) a group performance is not a stronger positive predictor of group cohesive, while a cohesive group is a stronger positive predictor of group performance. Thus, we identified a strong link between the level of cohesion and group performance, thing that allowed us to place it in the cohesive-performance category. The group cohesion strongly influences performance but not necessarily in the right direction.

6. Acknowledgments

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