

**'Natural Law' column number ten, by Michael Price (uncorrected proof)**

**For *Global Custodian* Winter 2011 issue**

### **Building a better work team: An evolutionary key**

Over the past few decades, managers have become increasingly dependent on employees cooperating in teams in order to get work done. It's not surprising, therefore, that a huge number of articles and books have appeared over this time that have attempted to identify the characteristics of effective work teams. What is surprising, however, is that virtually all of these works have failed to identify an important aspect of creating such a team: allowing teams to "self-organize", that is, *allowing employees to select their own teammates*.

Why has the importance of self-organization gone unrecognized? For one thing, it may seem a little too unconventional: to suggest that managers should allow team members to choose each other is to question the way in which team composition is usually determined, that is, by managers dictating which employees go on which team. For another thing, the theory that most directly predicts that self-organized teams will be more productive is an evolutionary biological one, and most commentators on work team effectiveness aren't very aware of evolutionary theory.

Standard evolutionary theory predicts greater productivity in self-organized teams because it assumes that behavior is governed by *individual-level* psychological adaptations. That is, it assumes that behavior evolved primarily to promote the survival and reproduction of the individual in ancestral environments, rather than the interests of the individual's group(s), which in this case would be the team and the larger organization. (Academic debate persists about the evolutionary importance of "group selection", but the evidence suggests that individual selection is relatively much more important when it comes to predicting how group members actually behave). That does not mean, of course, that the individual's interests won't often overlap greatly with those of the team or organization, or that evolution has rendered individuals incapable of contributing to group efforts. It simply means that when people do cooperate in groups, they strive to do so in individually-adaptive ways.

So what does choosing your own teammates have to do with individually-adaptive cooperation? Most importantly, teammate choice offers an efficient solution to the dreaded free rider problem. This problem arises because to the extent that all team members receive an equal share of team-generated resources, the highest net benefits will be reaped by the lowest-contributing members. Low-contributing free riders, because of their relatively high benefit-to-cost ratios, acquire an evolutionary advantage over the high-contributing cooperators they exploit. As a result, people have evolved behavioral mechanisms that allow them to avoid cooperating when they are under the threat of exploitation by free riders. A common avoidance mechanism is simply to cease cooperation when they perceive that their teammates are free riding. A standard experimental economics finding—

generated most famously by Ernst Fehr and Simon Gaechter, but replicated by many others—is that when normally cooperative individuals find themselves on teams with free riders, they react by refusing to cooperate further. The result is a total collapse of team productivity—not the kind of outcome most managers are aiming for.

A simple and efficient way to help avoid such collapses is to allow employees to mutually select their own team members. Experimental work from the labs of researchers like Louis Putterman and Pat Barclay suggests that when people are allowed this kind of partner choice, those who have earned a reputation for cooperation will choose each other, while free riders get left out in the cold. This research also suggests that these self-organized groups, composed of cooperators who have been permitted to ostracize free riders, are much more productive than groups that get stuck with free riders. Permitting partner choice could allow managers not only to build more effective teams, but also to identify unmotivated, persistently ostracized employees whose inclusion on teams could lead to the kinds of productivity collapses described above. Employees often know more about other employees' work habits than their managers do, and by allowing high-contributing employees to work together and to call out the free riders, managers could put employees' knowledge to good use.

There is more to effective cooperation than just avoiding free riders, and in addition to solving the free rider problem, there are also other reasons why increased partner choice would lead to better teams. Research (e.g. by Pamela Hinds and colleagues) suggests that people base teammate choice on factors like whether they have worked with someone successfully in the past, and whether someone has skills that complement their own. These are key dimensions of teammate compatibility, and again, employees will often have better information about such criteria than their managers will. Beyond the free rider issue, then, compatibility considerations provide additional reasons for why managers and organizations could benefit by taking a bottom-up, as opposed to top-down, approach to team formation.