

Key Performance Indicators Influence to Team Building

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Abstract

Active implementation by Russian companies of management systems based on key performance indicators (KPI) aimed at achieving the strategic goals of an organization, is impossible without the activation of team methods of work. The purpose of this paper is to justify the influence of key performance indicators on the process of forming teams. In the modern hypercompetitive and unstable environment, the issues of creating and managing teams that are able to react quickly to changes are highly relevant. The objective of the paper is to reveal the importance of the influence of key performance indicators on teamwork, the proper setting of them, contributing to the creation and maintenance of teamwork, the creative approach to the development of key performance indicators, not based on the analysis of the past, and analyzing the probable future. The paper discusses the basic principles of teamwork; methods of forming teams using key performance indicators, such as parametric, sociometric, and experimental. The advantages and disadvantages of these methods are revealed. There is an analogy with the team sports: baseball, American football, basketball. An example of the development of team key performance indicators is given. Questions of the conditions of successful team work and how key performance indicators can influence the success of the team are raised.

Keywords: Team; team building; Key performance indicators; Parametric method; Sociometric method; Experimental method; Team of stars; success; Team key performance indicators.



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1. Introduction

Most of the leaders are trying to create a close-knit team of like-minded people able to implement a project of any complexity, to act as one in today's rapidly changing world. A team is a good way to do something not being alone, because the physical and psychological powers of a person are limited. This is perhaps the only way to withstand competition in a globalized world where a team work is valued higher than an individual work. A team is the union of two or more people interacting, interconnected, mutually responsible, trusting each other, having common values, goals and approaches to achieve these goals. As a rule, a team is created for a specific task; a staff is shaped up on a professional basis, being able to work effectively on the fulfillment of this particular task. Having reached the goal, the team disbanded, and then a new team is created for the new goals. So, the the formation of teams in an organization is a continuous process. Managers constantly face the need to create effective teams, and because of this, they are in search of the best tools for creating teams. Introduction of the organization management system based on key performance indicators makes it possible to select and deliver to the employees the team key performance indicators which contribute to the clear achievement of strategic goals in the process of performing team tasks.

Key performance indicators are a set of interrelated indicators used by modern companies to effectively manage and implement strategic and tactical goals of an organization. The implementation of key performance indicators is essential for the implementation of the strategy. As lately as F.W. Taylor noted that "we cannot control what we cannot measure," managers somehow need specific indicators that they use in the management process. The set of these indicators is always individual, their number and content are unique for each organization. The strategy remains a hypothesis without specific indicators for its implementation. The essence of implementing the strategy is to bring it to every performer responsible for a particular task. The key performance indicators system act as a tool for implementing a strategy, as it translates the strategy into concrete and measurable actions, thus bringing the strategy to every employee of the organization. Key performance indicators are directly related to the tactical and strategic objectives of the organization and to the objectives of the specific functional department of the company where the team of employees works. The goal of the team key performance indicators is to increase the effectiveness of the organization as a whole creating high-performance teams from ordinary employees.

2. Methods

The main methods of scientific cognition such as analysis, synthesis, classification, generalization, statistical methods, questioning and survey, selective observation, a systematic approach to studying the external and internal environment of an organization were used in the work. That made it possible to identify the relationship between setting key performance indicators and the tasks of creating an effective team, as well as maintaining a successful interaction in it.

3. Results and Discussions

Interaction in the team creates a synergetic effect, which arises from the complementary qualities of its members and manifests itself in the fact that the effort of a team far exceeds the sum of the efforts of its individual members. It is on the basis of mutual complementation or complementarity of properties and qualities that the team members are most often recruited, when pragmatism, focusing on results, organization and ability to work according to a clear plan are complemented by some employees with creativity, flight of thoughts, fantasy and optimism of others (Safina, 2011).

The basic principles of teamwork are: all team members know and accept the goals and tasks of their team; the team allows each of its members to fully discover their potential; full awareness of each team member; the functions and abilities of each member of the team are known to everyone; relations are built on the realization of mutual dependence and mutual responsibility; the leader is a catalyst for group interaction and cooperation; the evaluation of the results of work is performed upon achievement of team key performance indicators; discussion of problems and development of a group solution; self-discipline and self-control; innovation and initiative; honesty and trust; continuing education and raising the level of competence; flexibility and conformity of the organizational structure of the team to its objectives; the ability of the team to redistribute roles if necessary (Ivashchuk *et al.*, 2015; Khasheva *et al.*, 2017).

Thus, the team working principles like no other are aimed at achieving strategic goals, when each division of the company and a member of the team determines its own goals that bring the company closer to achieving its mission. To do this, they can implement a quality management system with key performance indicators, because using the principle of goal cascading allows clear decomposition of the strategic goals to the current team goals and individual goals of each employee. To illustrate how the principle of cascading works, let's assume that one of the company's overall strategic goals is to increase profits by 4% per year for three years, therefore, it is necessary to increase sales revenue by 1% in the current quarter. Then key performance indicators for the team of marketers will be: to increase the recognition index by 3%, increase the number of new customers by 5%. From there, the key performance indicators of a particular employee of the marketing department will be, for example, the number of users whom he/she was able to attract to the site; the number of positive reviews that appeared after the purchase of goods on the site or in social networks.

The effectiveness of the team key performance indicators is confirmed by studies conducted by CoSchedule, in which 1,600 marketers from 83 countries took part. As it turned out, the most important among the external and internal factors affecting the effectiveness of marketing are the team key performance indicators. Their influence is 84%, then the regular publication of the content is 74% and the marketing goals understandable for the employees are 70%.

Many employees by their nature tend to work in a team, because it is a natural desire of a person to satisfy his basic need for security, working in an atmosphere of trust, without the fear that a colleague will let you down. However, as our interviews with trainees at the Program for the Retraining of Management Personnel showed that among 73% of middle and top managers took part in the survey, only 20% worked (or work) in a really close-knit team. With this, many of the respondents indicated a feeling of great satisfaction that they get from working together as a team.

We can approach the issue of creating a team in different ways. A manager can use the following methods for forming teams. The parametric method is that, first of all, candidates are selected according to a number of parameters, which a team member must comply with, and then they are questioned and interviewed. The parameters can be key performance indicators achieved in the past. The disadvantage of the parametric method is that the team head runs the risk of recruiting highly efficient individualists who are not able to work in a team.

The next method is sociometric which is based on the identification of the compatibility of members of specific groups. Employees carry out a survey. Respondents indicate who they would prefer to work with. Those who gain the majority vote become a member of the team. However, recruiting employees on the basis of sympathy-antipathy, trust-distrust does not guarantee that a highly effective team will be formed.

Another method is experimental. The leader gives the task to a group of people, during which solving they mobilize and become a team, distribute roles themselves and achieve the set goal. Someone does not stand up to group pressure, does not cope with his/her role and leaves. Those who stayed rally and become a team. A kind of modification of this method is various training for team building, for example, the famous rope training. As surveyed by the students of the Retraining Program, 15% of them attended one or the other training in team building, to the question "What effect did these trainings give for real work?" The majority of participants responded that "no". In the course of training itself it was fun, interesting, they could even learn a lot about colleagues, but they had little influence on real work. The experimental method of creating teams will give the best result if you use advanced team key performance indicators. Based on the strategy and vision of the future, and not from the present situation, team key performance indicators are put. For example, a company plans to launch a new product and for this purpose

creates several teams that will work on this project. Since the product is new, such key performance indicators can be delivered to the team of marketers as the degree of trust in the new product and the number of positive responses in social networks.

Each method of creating teams has its advantages and disadvantages, so it is better to use a complex approach, combining the elements of each of the methods considered. At the same time, the mandatory condition for success is the development of team key performance indicators.

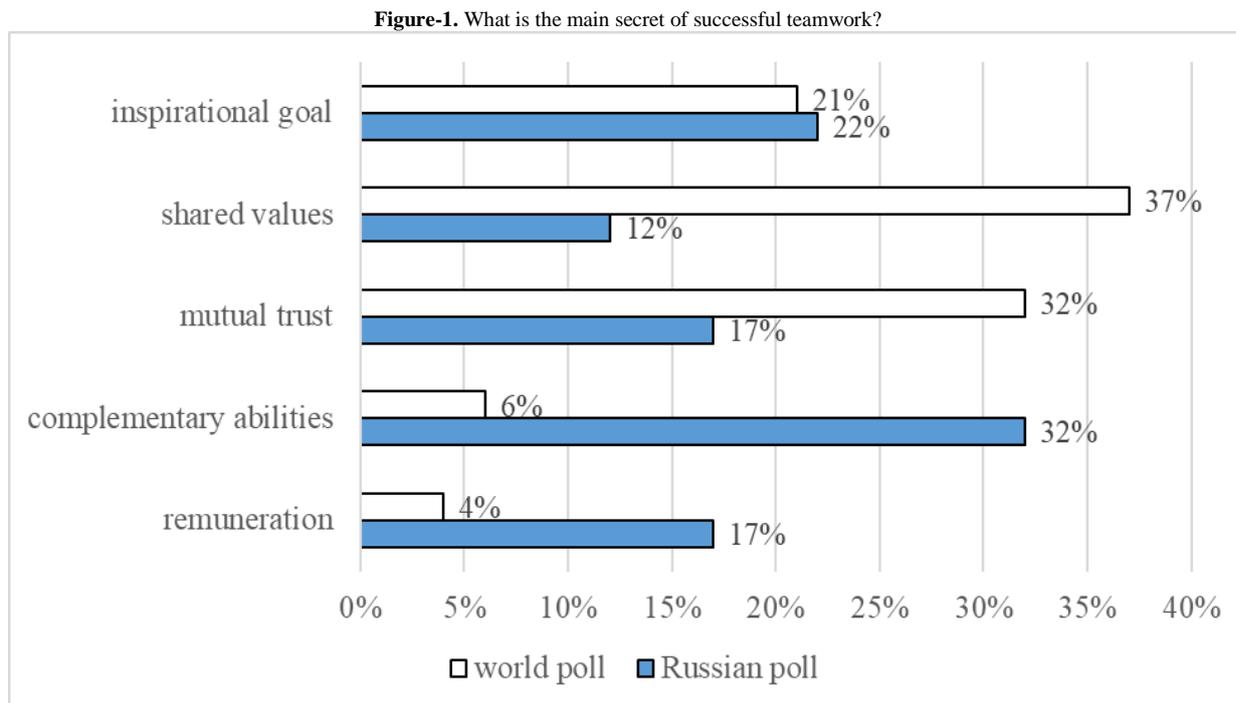
The task of a leader from the formal group is to create a team. "Each leader has to perform two tasks: to achieve the set goals and lead the team," - Jack Welch said. The figure of the leader becomes a key value in the creation of the team. Applying the analogy to the famous sports, the leader can create a team by a type: baseball, American football or basketball (Bolman and Deal, 2005). Baseball is a team game, but the players are separated from each other by a considerable distance, which is why there is practically no coordination of their actions. In baseball, it is possible to create a team of stars that reach their individual key performance indicators. Forming a team like a baseball team, the leader can score the best of the best - the stars, using the parametric method of creating teams and putting the necessary key performance indicators before them. The vitality and success of such a team will depend on what kind of people these stars will be: open and communicative, able to share their knowledge or proud and arrogant individualists, not team players.

American football is also a team game in which, unlike in baseball, players act in close proximity to one another, their efforts are closely coordinated. If one player is not doing its job, the whole team fails. The football team should become a single whole; the exchange of players is difficult. It requires a reasonable strategy and a well-coordinated execution of team key performance indicators.

And finally, another team game is basketball. The game is fast, spontaneous, unpredictable. Basketball players play in close proximity to each other, which requires a high level of mutual adjustment. They must be able to foresee the actions of their colleagues, so beginners often experience difficulties in a new team.

Transfer of players is difficult, and change of the team composition leads to a significant deterioration in the results. A team in business is able to work like a basketball, i.e. as a single whole, if it has successfully reached the key performance indicators set before it. Such a team leader can delegate control over key performance indicators execution in real time. Creating a team like a baseball game takes time, trial and errors. Most likely, for the first time a leader will not be able to create such a team (Ecirli et al., 2014).

The most important factor uniting people in a team is the achievement of joint successes, which strengthen the people's faith in the team. What is the secret of successful teamwork? (see fig.1)



The results of the worldwide Internet poll show that the main key to the successful work of a team in the world are common values and mutual trust, and in Russia they are complementary skills that inspire the goal and reward. Trust is the basis of organizational success and a necessary condition for the functioning of the team. In Russia, unfortunately, trust and common values have not yet acquired the importance that they have in the rest of the world. Since in Russia complementary skills, inspirational goal and reward remain priority factors for the team's success, the leader must consciously approach here to the formation of goals and specific key performance indicators, and to link the reward system with the achievement of key performance indicators.

With every team goal, there come many different ways to achieve it. A team develops a list of ways to achieve each of these goals. Ways to achieve key performance indicators, as well as the key performance indicators itself must be easily understood, accepted and voluntarily shared by all team members. Only under such conditions it is

possible to achieve real involvement, cohesion, coherence, mutual trust, open and effective communications, enthusiasm and energy from employees

Let's imagine the development of team key performance indicators. For example, if the company's goal is financial stability and revenue growth, and key performance indicators for CEO is the company's profit, then the team and individual key performance indicators within the sub-goals can be:

Table-1. Team and individual key performance indicators within the framework of sub goals.

Sub-goals	Responsible person	Individual key performance indicators	Weight	Team key performance indicators	Weight
Gross revenue growth	Commercial Director	Volume of sales	0.8	Profit	0.45
Increased customer satisfaction	Marketing director	CSI - Customer Satisfaction Index	0.6	Profit	0.3
Reducing costs	Production Director	Percentage of reduced costs (%)	0.7	Percentage savings	0.3
Reduction in staff turnover	HR Director	Staff turnover	0.5	Percentage reduction in hiring and training costs	0.25

It should be noted that constant pressure to achieve targeted key performance indicators, for example, achieving higher sales and productivity, often leads to conflicts and increased organizational stress.

Inconsistency in the work of a team is one of the topical problems of modern organizations. In a recent study conducted by MindManager, 77 percent of respondents reported that companies do not give enough time to discuss risks and prospects. More than half of survey participants link problems in communication with employees conflicts, lack of trust, inefficient use of human resources. Key performance indicators should be aimed at solving the problem of disunity in a team, rather than generating them. It is important not only what the team achieves, but also how it does this and at what costs. Key performance indicators can and should be periodically reviewed. Unattainable key performance indicators lead to demotivation of personnel and the gradual destruction of the team (Reed and Bodzin, 2016).

If key performance indicators are inappropriate or not thought out, the behavior of the team can become counterproductive. For example, let's consider the goal on improving the quality of customer service. Some companies use such key performance indicators as the number of complaints received by clients to achieve this goal. It is understood that the fewer complaints, the higher the level of customer service. However, this is not always the case, you can get fewer complaints because the company has fewer customers, or because customers cannot access support services (Parmenter, 2015).

The effectiveness of the teams depends heavily on the remuneration system adopted in the organization. The remuneration system, connected with the strategic and tactical goals of the organization through key performance indicators, can become an engine in enhancing organizational effectiveness and organizational development. The best result is demonstrated by a system where a variable part is added to a stable salary and compensation depending on the achievement of both team and individual key performance indicators (Abel *et al.*, 2013; Kostenkova *et al.*, 2016).

4. Summary

Management methods using key performance indicators have been used for many years and are positively proven in practice; they demonstrate different facets of their influence on interrelated management processes, including the process of team building. This influence can help a leader how to create a team using key performance indicators in combination of such methods of team formation as parametric, sociometric and experimental methods, and effectively manage it by setting team key performance indicators resulting from the strategic goals of the company. A useful analogy to helping a leader choose the type of team can be a comparison with team sports such as baseball, American football, and basketball. When choosing the type of a team, the leader should put the appropriate key performance indicators, realizing that key performance indicators effective for one type of team may not work in other cases.

At the same time, one must take into account the fact that in Russia the main guarantee of the team success is considered to be complementary skills, inspiring goal and reward, rather than common values and mutual trust.

Teams should not only accept and share the team key performance indicators facing them, but also agree on the methods to achieve their goals. Key performance indicators must be achievable, thought out and relevant. The reward system consisting of constant and variable parts, where the variable part depends on the achievement of both team and individual key performance indicators, is able to motivate employees to successful teamwork, what is very important for Russian conditions.

5. Conclusion

Based on the above, it can be concluded that key performance indicators has a direct impact on the formation of teams and on the management of the process on effective interaction between team members. The management of a

company based on key performance indicators allows unproductive time and effort losses to reduce at the stage of team creation, to unite and rally employees using team key performance indicators, to motivate the team, putting the reward in dependence on the percentage of achieving the key performance indicators.

Thus, key performance indicators has a strong impact on formation of teams and the dynamics of the development of team interaction, and hence the effective development of the company, increasing its competitiveness and achieving strategic goals.

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