

INSTRUMENTS FOR ANALYSIS OF THE EXTERNAL ENVIRONMENT THROUGH THE PRISM OF SELF-MANAGED WORK TEAMS

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Abstract: *The article studies the specific characteristics of the external environment because they create actual possibilities for the introduction of self-management in the functioning of work teams in the Bulgarian organizational practice. An emphasis is put on the organizational context within which self-managed work teams (SMWT) function. The study also identifies the key instruments integrated in the model of analyzing the external environment in the process of transforming traditional work structures into self-managed ones. The article outlines the effects of the direct and indirect environment factors on the various dimensions of SMWT, namely structural characteristics, work and interpersonal processes, etc. The author supports the idea that the sustainable development of the SMWT-concept and the creation of added value for organizations require adequate monitoring of the competitive environment factors (specific micro-environment) and the common environment. This is one of the paradigms of modern management. Changes in the external environment affect the internal integration of the system and vice versa – the damaged internal processes limit the organization's potential for adapting to the environment.*

Keywords: *self-managed work teams, team based structures, organizational functioning, elements of organizational design, competitive environment factors.*

JEL: D03, D74, C81.

Self-managed work teams (SMWT) are an inseparable part of modern management and the main building block of the organization of the future. For a rather long period in the development of management, the focus has been on establishing sustainable environment, hierarchy, traditional roles and routine operations. The intensive penetration of the free market concept in all sectors of the economy, globalization and the development of communication means and information make organizations face the challenge to change related to increased customer requirements, shorter life cycle of products, technological novelties, and economic instability. The driving force of these

transformational changes is communication and information technologies. The new possibilities for generating and presenting information are changing our lifestyles, way of thinking and working. The requirements at every level – from the individual, through the team to the global one – are increasing. The unprecedented number of corporate bankruptcies and mergers over the last few years has been indicative of one negative trend of modern business. This trend is characterized by the inability of numerous organizations from different economic sectors to adapt to **the dynamic changes of the external environment**. This makes it necessary to reconsider many management systems that have not been challenged up to now as well as come up with new starting points and organizational solutions.

Undoubtedly, modern global and national economies are dominated by risk and uncertainties. At the level of specific scientific research, certain concepts undergo processes of evolution, attitudes and commonly accepted truths are changing, thus resulting in qualitative development of accumulated knowledge.

In the world of business, an increasing attention is paid to the necessity of working in teams based on providing consultative contributions. This is considered a basic factor for achieving a competitive advantage in a highly ambiguous environment. The SMWT-concept is a natural addition to individual initiative and realization because it implies greater commitment to the team's achievements.

The philosophy, culture and mission of each organization genetically determine the designing team structures as a systematic and purposeful process. Despite the fact that the need for teams in Bulgarian organizations is widely recognized, this phenomenon is subconsciously rather underestimated by managers. This is considered an insurmountable barrier for realizing the potential of SMWT.

I. Specific characteristics of the SMWT-environment

Team work is in the foundation of big world achievements. There is hardly a significant event in the history of mankind which is the result of a single person's efforts. The power and synergic effects in a SMWT-environment are a direct result from these unique characteristics:

- SMWTs include individuals with additional skills (technical, functional, interpersonal, cognitive and social) and develop unique cultural attitudes and commitment to specific shared goals, approaches, and methods. They generate higher levels of competence and creativity;
- SMWTs maximize the potential and minimize the weaknesses of individuals. Leadership balances working and interpersonal processes by securing a focus on immediate results;
- SMWTs generate alternative solutions by offering wider perspectives for the realization of set goals;
- SMWTs share the triumph of successes as well as hard work. The jointly shared responsibility promotes sincere empathy and strengthens the feeling of togetherness;
- The members of SMWTs are individually and jointly responsible for any immediate results;

- SMWTs do real work and are a means for the realization of companies' strategic goals.

The introduction of team management in organizations requires a number of characteristics. First, it is **competence**, i.e. the members of SMWTs must possess abilities, knowledge and skills, delegated authority, experience and technical 'know-how' to do their job. The effective team consists of individuals who adequately apply all key competences in their effort to achieve specific common goals. When team members lack these qualities or they are not enough developed, there are risk and disappointments.

Second, **clear common goals and criteria for assessing results**. Highly effective SMWTs set specific, detailed goals and develop commitment to immediate results. In general, the management identifies the main objectives, but in team-based organizations SMWT members are responsible for choosing the particular instruments and resources for achieving them.

Third, the degree of **commitment with team goals** motivates truly effective teams to make extra efforts¹. Commitment is a function of persuasive goals. This is the basis on which team members develop unique attitudes towards immediate goals and benefit from the emotional (psychological) satisfaction, obtained work experience and financial incentives.

A very important prerequisite for the effective functioning of SMWTs is the **supporting environment**. Teams are viewed as small organizations based in functional units or departments. Their performance (results) is closely dependent on resources, information and logistic support made available to them. When SMWTs are designed and formed, the following environment factors should be analyzed:

- *Leadership support* – it guarantees resources and development of personal qualities, skills and competence of team members;
- *Non-hierarchical structure* – it creates prerequisites for the introduction of team approach in management (readiness to share information, cooperation outside the organizational boundaries, empowerment of employees);
- *Adequate systems for motivation* – it is necessary to reach a balance in the encouragement of the individual and team-based results;
- *Ongoing training of team members* to help individuals acquire additional skills such as effective interaction and communication, cooperation on every level of the organizational structure, ability to focus on current, priority tasks.

Finally, effective teamwork requires **combining** interests and goals. This refers to the coordination of plans, efforts and payments with the strategic goals of the organization. The specific objectives of SMWT should be compliant with the organizational objectives while the individual objectives should be in line with the team ones.

In SMWT, which are oriented towards high results, individuals:

- Reach mutual agreement with reference to goals, methods and resources necessary for the realization of agreed final outcomes;
- Place the team objectives above their individual goals;
- Are aware of their roles and share their responsibilities;

¹ See further **Hadzhiev**, V. (2014). Organizatsionna ekologiya. S., "Impera dizain" I, p. 102.

- Develop additional skills (including cognitive and social ones);
- Tolerate the mistakes of others;
- Are open to new ideas, different perspectives and risk projects;
- Make decisions that are based on realistic assessment of proposals, regardless of the status of the particular person.

Although there are not guaranteed algorithms for designing effective team structures, the article outlines the following guiding principles:

- Formulation of valuable and challenging SMART objectives (they must be specific but within the context of the strategic priorities of the organization), which are immediately oriented towards the realization of high results and performance standards;
- The selection of team members must be based on the candidates' competences and the ability to acquire new skills and knowledge, not on personal preferences. No work team can succeed if its members do not possess the appropriate qualities needed for the realization of the set long-term goals and the current work tasks;
- Setting rules and norms of behaviour (ethical and moral codes), which are directly related to the discussions, confidentiality, analytical approach and orientation towards final outcomes and not to perfection of performed activities, constructive conflict or common contribution;
- Securing adequate information to team members because information is the main resource for SMWTs. It allows team members to react to changes in the external environment by redefining the common goals or by improving their overall approach;
- Improvised informal interactions, which create conditions so that team members can realize their potential to the maximum by demonstrating their creativity and generating unconventional solutions. In this way team members learn to use conflicts creatively and freely share their abilities and information with other SMWT participants;
- Using the strengths of feedback (both positive and negative), acknowledgement of accomplishments and motivation. The regular analyses of the SMWT performance are of key importance for the development of competences and skills of its members.

The ability of SMWTs to adapt to new work methods in conditions of high degrees of uncertainty is one of the key determinants of effective teamwork. With reference to this, the role of senior managers is fundamental because they have to come up with the elements of the organizational design (systems, structure, processes, etc.), which have to comply with the unique characteristics of SMWTs. Leadership guarantees the balance and focus on the immediate results from this process by creating an environment for the development of the human capital, its psychological security and motivation for acquiring new skills and knowledge.

II. Dynamics of the interaction between the external environment and the different dimensions of SMWT

Based on a careful assessment of the environment factors and their internal potential, SMWTs are in the unique position to obtain strategic dividends from the particular business situation through carrying out improvised activities aimed at the realiza-

tion of the organizational goals². Improvisation as a type of change, imposed by certain circumstances, does not imply chaotic activities (caused by the current situation) in an unlimited environment. On the contrary, these are free activities performed in line with the corporate strategy³. Doing fundamental methodological research, which will measure quantitatively the effects of the important external environment factors on the organization, is very difficult and implies the use of appropriate instruments.

The main aim of the analysis (scanning) of the state of the external environment is to identify the profile of the key external groups and the macro-environment in which the organization functions. This analysis will be used to define the main business goals of the organization (see Figure 1).

In general, the external organizational environment includes two main layers:

- **Immediate environment (microenvironment)** – these are factors which affect directly the realization of the strategic organizational goals. They involve suppliers, consumers, competitors, contracting parties and partners, owners, and Governmental regulators, which have specific importance to the accomplishment of the SMWT mission.
- **Overall environment** – it encompasses the social institutions and factors which affect indirectly the performance of organizations. These are related to the economic, technological, demographic, educational and cultural dimensions of the environment.

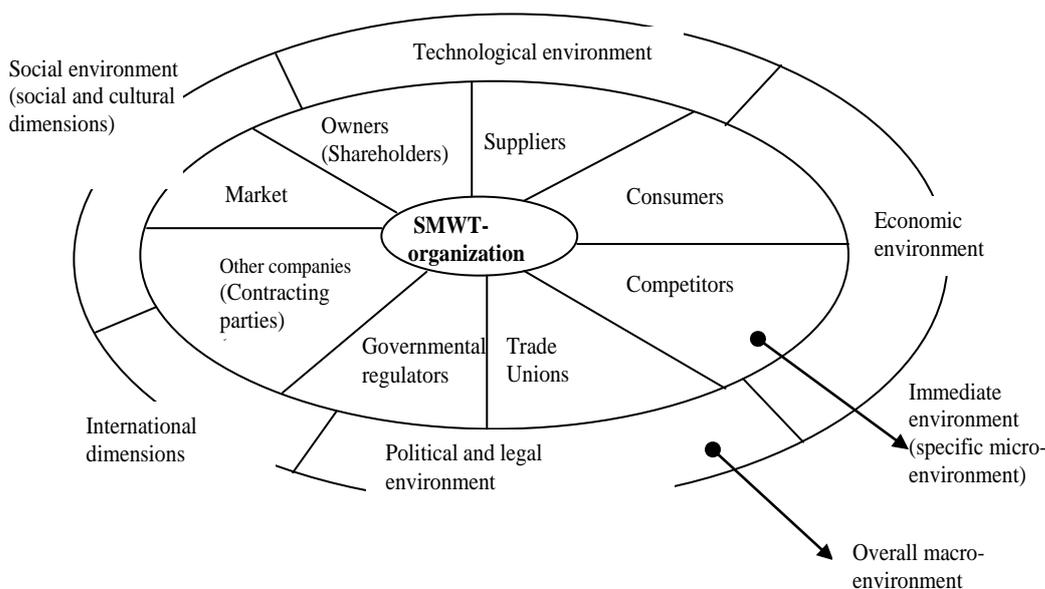


Figure 1. Integrated model for analyzing the external organizational environment

² See **Kamenov**, K., Hadzhiev K., Asenov, A. (2000). Chovek, ekipi, lideri. S., IK Lyuren, p. 72.

³ *Ibid.* p.72.

1. Specific microenvironment – direct factors of the competitive environment (CE – factors)

The analysis of the specific microenvironment is a process of systematic monitoring of the impact and the ways in which SMWTs interact with the factors of the competitive environment. This includes the market where the organizations, which deliver resources (human resources, financial and information resources), together with the consumers of produced goods and services are implicitly represented. The other main CE factor is competitiveness. Its influence is closely related to the various types of competitive market structures, which can be distinguished from one another based on certain indicators. These indicators include product characteristics (uniqueness, price, quality, service, etc.); technologies and human capital within the boundaries of the respective market structure; place and role of price and respectively non-price competition; number of market players and others. The use of these parameters allows us to outline four main types of competitive market structures:

- ✓ Perfect competition, also called ideal competition. Stock market trade is a classic example of this type of competition;
- ✓ Monopolistic competition. It is characterized by a vast number of market participants; high level of product diversification and priority of price competition;
- ✓ Oligopolistic competition, which is characterized with a limited number of market players, production of homogeneous and differentiated products and priority of non-price competition;
- ✓ Monopolistic market structure where the control of prices and market is exerted by one producer and this is most often associated with the uniqueness of the product. In this case, there is practically no free movement of capitals and technologies within the framework of the industry.

Competitive factors also affect organizations through changes in the intensity of competition. Practically, it is measured based on a complex assessment of the system's ability to optimize the conditions on the entrance (securing necessary resources) and exit – with reference to the ways and forms of realization of the produced goods and services.

The interesting thing here is that when the immediate environment is analyzed, SMWTs should focus their efforts on the market, consumers, suppliers and competitors, who have an immediate effect on the functioning of the goal-adapting organizations.

The interaction with the specific environment has different effects on the work processes in SMWTs. The communication with consumers and effective feedback affect positively the motivation of team members. Theory and social practice have undoubtedly proved that individuals put more efforts when they are informed about the benefits and immediate results of performed activities.

On the other hand, the direct contact with consumers also has a positive effect on the applied procedures in the work process. Using system information, SMWTs have the unique possibility to react adequately and flexibly to changes in the environment in order to meet the preferences of customers.

With reference to the interactions with their suppliers, SMWTs apply different strategies:

✓ **Strategy of one supplier** – SMWTs (organizations respectively) are highly dependent on the supplier and take a risk, which, however, can lead to worsening of results when the economic conditions are unfavorable. The advantage for the SMWTs is that they can realize higher quality and lower prices of resources;

✓ **Strategy of diversification of suppliers** – SMWTs decrease their dependence by relying on several suppliers and dividing deliveries among them;

✓ **Strategy of vertical integration** – the main objective is to optimize existing market possibilities and to increase effectiveness by expanding operations by the organization itself. With reference to this, we can distinguish **progressive and regressive integration**. When the organization integrates active channels for realization (when there is a movement forwards), it is progressive. In the cases, when the integration is in the opposite direction (when there is a movement backwards on the chain of reproduction process), it is regressive. The organization transforms itself in its own supplier. This strategy requires considerable costs and is characterized by high risk because the organization invests in activities that are not typical for it. However, this type of integration has certain main advantages, which are related to delivery deadlines, lower resource costs and guaranteeing an appropriate quality of supplies.

Certain authors also discuss another type of integration, i.e. **horizontal integration**⁴. It implies limiting or eliminating competition by overtaking rival business, including their liquidation by forcing them into bankruptcy. Direct communication with suppliers affects positively the work processes happening in SMWTs. Based on feedback, teams can plan and optimize their work activities schedules. The immediate results are associated with effective coordination of resources, costs and time necessary for the completion of specific tasks as well as the actual availability of needed resources during particular periods. To conclude, the adequate interaction between SMWTs and suppliers minimizes the time for completion of activities through reduction of costs for using different types of resources.

Within the context of SMWTs, some other effects of the specific environment could be identified, such as:

✓ Influence on the structural characteristics of SMWTs – the formulation of specific production and quality goals is based on the needs and preferences of consumers as well as on the possibilities (limitations) of suppliers;

✓ Influence on the team size, which is a function of the scope, i.e. number and types, of performed activities;

✓ Influence on the process of making decisions – the communication with consumers and suppliers practically determines the information needed to secure the performance of this process.

2. Overall macro-environment

The theory and social practice pays little attention to the effects of the overall environment on the performance of SMWTs. Therefore, we should not forget that macro factors, viewed in a broader social context, affect considerably the microenvironment.

⁴ See **Karakasheva, L., Boeva, B. (1998). Osnovi na marketinga. S., 115.**

Figure 2 shows the structure and interaction of the factors of the external environment. The article studies the economic, technological, demographic, political and legal conditions as well as the education and culture of the society.

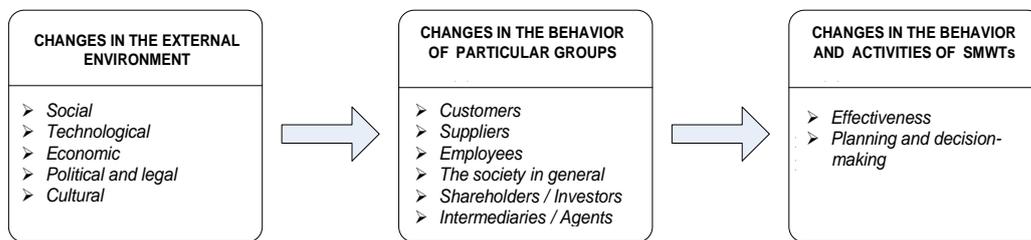


Figure 2. Influence of the external environment

2.1. Economic conditions

The economic conditions have various important effects on SMWTs. We can state with certainty that the concept of SMWTs is largely a result of the international economic conditions, which force organizations to look for ways to increase their competitiveness. Teams in the management practice are a result of the economic pressure that corporations experience to find effective methods for producing high-quality products and services with smaller production costs.

The macroeconomic environment determines the corporations' abilities to develop and improve SMWTs. During periods of recessions or economic crisis, the lack of free financial resources leads to cutting money spent on training team members, improving interpersonal relations; acquiring decision-making skills; adopting new roles and managing conflict situations.

On the other hand, economic growth affects positively the organization's capability to invest in changing its main systems. This implies an overall assessment of the performance and the successful functioning of the compensational and information systems, which are related to high spending of time and human resources.

The macro environment affects the structural characteristics of SMWTs, too. When the economic conditions change, the number of team members can be increased or decreased and the mission and goals redefined to reflect the new requirements of the consumers. During periods of economic crises, the lack of support from the organizational systems, i.e. education, information exchange, etc., in some cases can lead back to traditional work forms. As a result, SMWTs can lose some of their managerial responsibilities.

Under conditions of economic limitations, it is of key importance for corporate managers to delegate additional functions and responsibilities to SMWTs in order to minimize costs by redesigning the management hierarchy. These changes require improvement of such internal structures as assessment of performance, provision of needed information, training and development of the employees' potential. If these requirements are not met, the expectations of the top management for achieving high results will not be fulfilled.

This is one of the paradigms of modern management. The changes in the exter-

nal environment influence the internal integration of the system and the other way round – the damaged internal processes limit the organization's potential to adapt to the environment.

2.2. Technological conditions

The technological conditions influence SMWTs indirectly in a number of ways. Studying the influence of this factor aims at revealing the level of technological development within the boundaries of a particular market. The results from this analysis can impose the need for changes in the external organizational environment and in particular in the information and compensation system, performance assessment and training. For example, the development of communications and WEB-based technologies create possibilities, which allow SMWTs to obtain and offer information faster and more easily to all interested parties (consumers, suppliers, managers, etc.). This, however, requires the development of training programmes where team members can acquire new knowledge and skills to use and work with these technologies.

The work processes in SMWTs together with the procedures for performing operations are changing because of the introduction of new technologies. Routine and repetitive activities are automated and SMWT members face new challenges and develop new types of interests. This directly affects the team members' inner motivation.

New technologies lead to structural changes in SMWTs. For example, the number of team members can be increased or decreased. These changes can also result in setting new tasks to team members or in some cases to drastic amendments in the SMWTs goals, particularly when they create prerequisites for starting new production.

2.3. Demographic conditions

The demographic conditions affect the characteristics of team members and thus the other dimensions of SMWTs, including their results. At the beginning of the 21st century, the demographic situation in Bulgaria is rather unfavourable. In 2013, the birth rate in the country was one of the lowest in Europe (9.2%) while the death rate was one of the highest (14.4%). Although the retirement age is increasing, the active population in 2013 fell from 61.8% to 61.7% or by 0.1% compared to 2012. The migration balance and natural population growth are also negative: -5.6‰ and -5.2‰. Many regions are depopulated, which prevents them from taking an active part in the economy of the country. In Western Europe, one of every five people paying social contributions is over 65 years old. According to a forecast for 2050, the ratio of 2:1 is considered critical. For Bulgaria this projection is 2.9:1 while 19.6% of the population is over 65 years⁵.

During this period of a demographic crisis and negative growth of the population, in Bulgaria there is a double model of reproduction. On one hand, for the majority of the population the birth rate is low. On the other hand, the people who are socially isolated and marginalized amount to approximately 25% of the population and contribute to

⁵ See the Statistical Reference Book (2014): 20, 21, 22, 24, 31 and 37 (Some of the calculations are done by the author).

over 75% of its overall population growth. This leads to an increase in the number of the minority groups who are economically active but have a low degree of education and literacy and are, therefore, employed mainly in auxiliary production activities.

The unfavourable reproduction conditions affect negatively the potential available to organizations and the structural characteristics of SMWTs. This demographic profile turns the labour force into a phenomenon with unique values, interests, needs and prejudices. For example, women tend to value the flexible work hours, which also allows them to do their housework and take care of their families.

In turn, team members to a certain extent determine the interpersonal processes in SMWTs. Some researchers of the effects of heterogeneous groups⁶ state that when team members vary with reference to sex, race and age we could expect a certain decrease in trust and communicativeness, which affects negatively the interpersonal processes. On the other hand, however, the analysis of heterogeneous teams definitely identifies other main problems related to weak interpersonal processes. These problems include, for example, differentiated payments (considerable differences among the SMWT members) and work experience.

2.4. Educational conditions

The quality of education in Bulgaria has received mixed reviews. The prevailing opinion is that it is mediocre and the proof for this is the initiation of numerous programmes for basic skills by the business organizations. The population's education plays a key role for the effectiveness of SMWTs and affects indirectly the characteristics of their members. It determines the basic level of knowledge of individuals. With respect to this, education has an impact on the internal organizational environment and in particular on the educational and staff development systems as well as on the contents and characteristics of developed programs. The basic steps usually involve determining the need for specific knowledge and skills, defining the degree of education/qualification of team members, and identifying the zones of discrepancy. These findings must be the foundation for developing the contents of the courses offered. With respect to this, universities have an important role in the process of developing sustainable competences in individuals. To a certain extent, universities also affect the abilities and attitudes of top managers to trust the initiatives of SMWT members. This is completely reasonable since the lack of adequate training and the underestimation of the development of additional multifunctional skills block the process of transforming the traditional management paradigm.

Another aspect of SMWTs, which is influenced by the degree of education of the society as a whole, is the structural characteristics of the team. The higher the level of education affects positively the SMWT ability to use the best work procedures and apply effective methods of making managerial decisions.

⁶ See **Tannen**, D. (1990). *You just don't understand: Women and men in conversation*. New York: William Morrow; Seward, R. R., Yeatts, D. E., Seward, J. A., and Stanby-Stevens, L. (1993). Fathers' time spent with their children: A Longitudinal assessment. *Family Perspective*, 27(3): 275-283.

2.5. Political and legal conditions

Developed market economy offers regulated business and 'game rules' established by practical experience. This is achieved by legal regulations and forces organizations to follow closely the impact of the legal factor. The biggest difficulty in the analysis and evaluation of this factor is that it is extremely dynamic. Bulgarian reality is a proof of this statement – the frequent changes in the functioning legal regulations are one of the risks of business management in the country. It is not surprising that the effects of legal factors are closely related to the political factors. The system of government regulation of the economy is a derivative function of the strategy and tactics of the political leadership.

The political and legal conditions under which the society functions have a major impact on the process of creating SMWTs and the ways they interact with suppliers and customers. For example, during the 1960s, the legal and political framework in Sweden and Japan promoted the development of programmes for encouraging employee participation. On the other hand, the USA have traditionally encouraged the policy of trade unions, which contradicts the SMWT philosophy because the unions require from corporations to limit the number of various tasks that have to be completed by a single employee. This is a natural barrier to the introduction and functioning of SMWTs because some of their advantages stem from the additional responsibilities of team members and their rotation when performing activities.

When the US Congress established the Malcolm Baldrige National Quality Award, the political and legal conditions in the country changed because it introduced an indicator, which encouraged the use of 'self-managed' work teams.

The conclusion, which can be made, is that the specific laws and regulations created by state authorities indirectly influence the different dimensions of SMWTs. This requires that managers of business organizations monitor, analyze and assess the impact of these factors systematically.

2.6. Cultural conditions

Culture is defined as a set of "values, beliefs, behaviour and material objects which determine people's way of life". Geert Hofstede introduced the 'software of the mind' and 'mental programming' concepts to describe the essential characteristics of culture. According to him, culture reveals itself through symbols, heroes, rituals, and values, which encompass the entire concept. Symbols are the most superficial while beliefs are the most complex. Heroes and rituals have a medium degree of complexity. Symbols, heroes and rituals are visible and Hofstede speaks of them as 'practices', while values are invisible⁷. With reference to this, culture is "the collective programming of the mind distinguishing the members of one group or category of people from others"⁸. The conclusion is that culture is a process of creating models of values, ideas

⁷ See **Hofstede**, G. (2001). *Kulturi i organizatsii*. (Bulgarian translation of *Cultures and Organizations*). Izdatelstvo „Klasika i stil". S., p. 389.

⁸ *Ibid.*, p. 368.

and other symbolically important systems that define human behaviour and the immediate results from it.

Hofstede identifies four dimensions of culture, which affect organizational outcomes. With respect to this, the culture of the society affects the formation of SMWTs. The first dimension is *power distance* or “the extent to which the members of a society accept and expect that power is distributed unequally”. There is evidence to allow us to expect that a culture will have more clearly defined attitudes towards SMWTs if it prefers even distribution of power. On the other hand, if the culture accepts inequality in power, the probability to apply the traditional hierarchical organizational model is very high. Swedish culture is a typical example of the former, while the American culture is representative of the latter. Sweden is among the first countries, which have applied the SMWT-concept, while the organizations in the USA adopted this model much later, only after the economic conditions imposed the need of new management models to gain competitive advantage.

The second dimension is *uncertainty avoidance* or “the extent to which the members of a culture feel threatened by unknown situations”. This dimension reveals the need of structures, social universality and absolute truths. People in societies which try hard to avoid uncertainty are ‘programmed’ to feel that everything different is dangerous. On the contrary, in societies, which tolerate uncertainty everything different is interesting. With respect to this, if the culture of the society does not associate uncertainty with discomfort, it is logical to expect that employees will adopt easier their new responsibilities in the SMWTs.

In Bulgaria, unlike in the Nordic cultures, every deviation from generally accepted rules is subdued by stressing. People look for accurate facts and undeniable truths. Differences in knowledge are not encouraged. Employees do not tend to work in teams, initiative is low and attitudes towards change are negative.

The third dimension is **individualism versus collectivism**. *Individualism* is “the preference to a less tight social framework in a society, which expects individuals to take care only of themselves and their families”. *Collectivism* is “the preference of individuals to integrated and homogeneous internal groups, which protect them during their entire lives in exchange of unconditional loyalty”⁹. We have reasons to expect that employees, who live in an individualistic society, will find it rather difficult to accept SMWTs. This is because this concept requires from team members to work closely and to support each other to accomplish the common goals and achieve results.

The fourth dimension of culture is closely related to the third one and refers to the **orientation towards the self**, or, ‘**masculinity**’ according to Hofstede, versus **responsibility for others**, or ‘**femininity**’ according to Hofstede¹⁰. In societies with ‘inside’ oriented culture individuals prefer material success, self-assertion, achievements and heroism, while in societies with ‘outside’ oriented culture individuals prefer being

⁹ Ibid., p. 366.

¹⁰ The term used by Hofstede for this cultural dimension is ‘masculinity versus femininity’. It is also criticized and is not accepted by many specialists in Business Administration because they prefer Evan’s concept of ‘self versus other orientation’.

moderate, caring for the weak, relationships with others and quality of life¹¹. Competition between employees is more acceptable and expected in the former, while cooperation is preferred in the latter. SMWTs require a high degree of cooperation between team members. Functional conflict not competition is the foundation of development. Therefore, we can expect that the employees in an 'outside' oriented culture can more easily adapt to and perform their roles in the team environment.

There are relatively few studies of the relationship between the culture of the society, the potential and development perspectives of SMWTs. Despite this, the understanding is that this relationship affects immediate results. If the society's culture is individualistic, oriented towards itself and tolerates competition, the probability of teamwork based on consultancy services is very small. In addition to this, employees will not possess the necessary skills to manage the interpersonal processes needed for highly efficient SMWTs.

Several fundamental studies analyze **intercultural differences**. One of the most representative is the research conducted by Geert Hofstede. He studied the national value systems by comparing the IBM employees in different countries throughout the world (more than 40). Based on empirical data, he identified four dimensions, which are also confirmed by other authors. When Hofstede studied the attitude towards cooperation, he found out that there are considerable differences between the different cultures. For example, in 1974 six Americans from the Automotive industry rejected the new system of group automobile assembling introduced by Saab-Scania (Sweden). This is partly explained by the fact that American employees prefer to work alone while Swedish ones prefer to cooperate with other coworkers (Evans, 1993).

Pizam and Reichel studied the differences between Israeli manager of eastern and western origin¹². The identified cultural differences lie in areas such as respect to formal authority, tendency to long-term employment, patronizing, but tolerant attitude towards employees and interest in teamwork. There are reasons to expect that they influence the managers' ability to encourage and support SMWTs as well as to perform other important roles, which affect immediate results.

Based on the research, we can conclude that the culture of a particular society affects the various aspects of SMWTs. The main factors are related to the environment in which SMWTs function. In particular, they refer to the extent of the managers' support, encouragement and performance of adequate roles. The dependence is such that achieved results are higher where culture has positive attitude towards cooperation and teamwork. The educational and development systems are very specific in the different cultures. Where education and qualifications are highly valued, we can expect that workforce is better educated and will require less training. What is more, the need for educational programmes is directly related to the emphasis which culture places on interpersonal relations. If it does not support strongly cooperation, training programmes have to focus on the interpersonal processes in SMWTs. Another factor of the

¹¹ See **Evans**, M. G. (1993). *Organizational theory research and design*. New York: Macmillan.

¹² See **Pizam**, A. and Reichel, A. (1997). Cultural determinants of managerial behavior. // *Management International Review*, 17: 65-72.

environment are the incentives schemes. To a certain extent, culture determines the types of payments, valued by team members. Therefore, the incentives scheme of the organization should be developed in a way, which offers payments that take into account the broader knowledge of employees, their social values and job satisfaction.

The culture of the society affects the interpersonal process in SMWTs. 'Outside' oriented and collectivist cultures have a positive effect on the level of cooperation, togetherness, communication and trust in SMWTs and in turn on the immediate results of the teams' activities. On the other hand, such cultures can form attitudes toward group thinking in team members because of the insufficient number of different ideas. This affects negatively the performance of SMWTs.

Finally, the culture of the society affects the characteristics of team members. These include the individuals' values, interests, needs and prejudices, which are formed by the broader culture of the society and have various effects on SMWTs.

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When we speak about reforms and development of the business in Bulgaria, we often repeat ourselves by mentioning the same problems, solutions and, ultimately, results. For many different reasons the majority of the business organizations in Bulgaria fall into a state of 'fictitious' existence. Then they have to face the challenges of the everyday Bulgarian economic life, especially in the times of a global economic crisis. Some of these organizations are seriously pressed by the conditions of the market environment and their inability to cope with its challenges. Other businesses continue to function only to cover the 'existence' costs of their owners. Of course, there are other organizations, which succeed and develop sustainably in their field. Nevertheless, the difficulties remain and even big, successful organizations experience them.

SMWT are also a challenge but of a different type. They represent a qualitatively new model of thinking and interaction in Bulgarian organizations. They also create conditions for coping with difficulties and achieving better results. Quality and change – two key words, which can encourage the development of Bulgarian organizations. We must also add persistence, improvement and vision.

The SMWT phenomenon is a new management paradigm but its high effectiveness for the social practice has already been proved. SMWT created prerequisites for achieving a unique balance between the business and the technological and social systems. SMWT members have the power to modify the technical characteristics of their work and their everyday social behaviour, which keeps costs down and increases immediate results.

SMWTs function in a complex work environment. This requires multifunctional skills and knowledge, necessary for the completion of interrelated tasks and delegation of authority for making adequate decisions. These competences are also needed to secure continuous feedback about the immediate results. Information is a vital resource in the process of empowering SMWTs because it creates real prerequisites for self-management. This unique combination of features satisfies the natural need of

individuals for independence, social interaction, responsibility, continuous learning and results.

The philosophy and principles of SMWTs are not universal means, which can transform the business for a day. They are, however, an exceptional factor, an undeniable advantage, which cannot be and must not be ignored by any organization. It is a matter of managerial sagacity to introduce and popularize the SMWT-model in the Bulgarian social practice as well. The perfect (goal-adapting) SMWTs achieve brilliant results with ordinary people, who, however, have strong attitudes and intrinsic motivation to improve the work and interpersonal processes.

This could be difficult but not impossible.

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