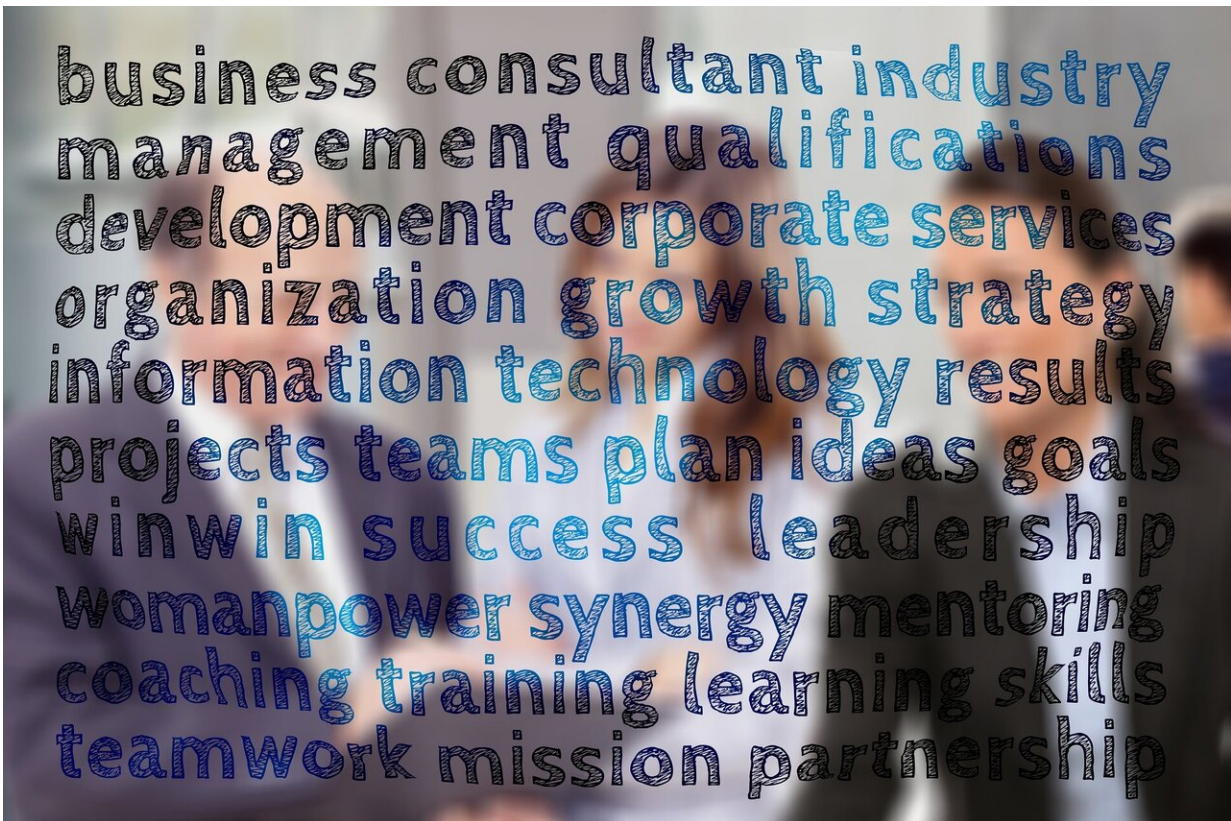


# Groups work better when stakes are gradually increased

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A gradual approach to increasing the stakes of group coordination projects can improve overall team performance, according to a new research paper featuring faculty at Binghamton University, State

University of New York.

"What drives successful group coordination is important because team coordination is ubiquitous in many work settings, such as in medical professions, in law enforcement, or in finance," said Plamen Nikolov, assistant professor of economics at Binghamton University. "Therefore, uncovering the key determinants of successful group coordination is paramount."

At the root of this success are efficient coordination mechanisms. Gradualism, defined as increasing the stakes of a fixed group coordination project step-by-step, is one such mechanism. This technique is frequently used within and between organizations in team building and training efforts, and collaborative endeavors, respectively.

Examples of gradualism at work are abundant in the world of microfinance. "Group lending can result in better loan repayment rates when lenders first approve small loan sizes and then progressively approve a higher loan amount once a group proves to be a reliable borrower with smaller loan amounts," said Nikolov.

To study the effectiveness of gradualism as a group coordination mechanism, Nikolov and his team conducted an experiment in which groups were met with varying levels of stakes for hypothetical projects. One group had a gradual increase in stakes; the second group had consistently high stakes; and a third group had low stakes for the first half of the experiment and high stakes for the second half.

Nikolov and his team found that the gradualism treatment group significantly outperformed the alternative treatment groups. The gradualism group coordinated successfully nearly two-thirds of all sessions. Additionally, the occurrence of successful group coordination in the gradualism treatment was two to four times greater than the

successful coordination seen in the alternative groups.

"Our findings have broad lessons and implications for how managers can structure team practices where the decision regarding the order of tasks a team tackles is a variable that they have control over," said Nikolov. "If successful group coordination is a manager's objective, our central finding points to a stylized feature of how managers can structure group assignments optimally: teams need to start small and then progressively and slowly move to high-[stake](#) tasks."

According to Nikolov, future research will focus specifically on how individual beliefs toward other group members in a team affect gradualism and successful group [coordination](#).

The paper, "One Step at a Time: Does Gradualism Build Coordination?" was published in *Management Science*.

**More information:** Maoliang Ye et al, One Step at a Time: Does Gradualism Build Coordination?, *Management Science* (2019). [DOI: 10.1287/mnsc.2018.3210](#)

Provided by Binghamton University

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