

## **Politics and Collaboration during NPD projects**

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### **Abstract**

Effective cross-functional relationships (CFRs) are a key success factor in developing successful new products for many companies. This paper adds to our existing knowledge on the Marketing/R&D CFR by examining the effects of communication behaviours, micropolitics and interpersonal trust on the dependent variable, interpersonal collaborative behaviour during NPD activities. Interpersonal collaboration is seen as a higher level of working relationship which incorporates a “volitional” and “trusting” aspect to working relationships. Our findings reveal that the perception of the Marketing Manager as a political ally has a positive effects on interpersonal collaborative behaviour. Further, affect-based trust has a strong effect on collaborative behaviours indicating that a benevolence aspect of working relationships is critical for collaborative behaviours to emerge during NPD.

### **Introduction**

It is widely accepted in the new product development (NPD) literature that there is a positive relationship between effective cross-functional integration and successful new product outcomes (Maidique and Zirger, 1985; Rothwell 1972; Ruckert and Walker, 1987; Griffin and Page, 1993; Griffin and Hauser, 1996). However, Kahn (1996), Kahn and Mentzer (1998) voice concerns that previous research has not fully appreciated the complex nature “inter-functional integration.” They argue that the emphasis by top management (Ruckert and Walker, 1987; Griffin and Hauser, 1992) on formalised interaction approaches such as routine meetings, planned teleconferencing, routine conference calls, memoranda, and the flow of standard documentation, has failed to capture the complex nature of working relationships where there can be mutually shared processes, participants sharing a common vision, and importantly the sharing of resources to achieve collective goals. Kahn and Mentzer (1998) found that R&D managers and their marketing counterparts viewed *collaborative* integration approaches which are high in shared process and mutual understanding as having a greater positive effect on NPD than integration approaches based mainly on increased interaction between participants. Further support for a collaboration approach to cross-functional relationships comes from Jassawalla and Shahittal (1998) where they examine the concept of collaboration in the context of hi-tech firms’ NPD activities. Interpersonal collaboration is seen as a “more complex higher intensity cross functional linkage” which managers achieved *after* they have attained high levels of cross-functional integration. Collaboration is characterized as having higher levels of at-stakeness, synergy, and mindfulness among participants resulting in high levels of trust between managers. In particular, they found that managers in such high trust NPD processes “more eager to share information, more likely to admit their confusions and ask for assistance, and more likely to take the risk of voicing new creative ideas (Jassawalla and Shashittal, 1998, p.248). On the evidence provided, we argue here that that not only is interpersonal trust an important variable in the better understanding of effective cross-functional relationships, it is an absolute pre-requisite for the existence of collaborative behaviours between Marketing Managers and R&D managers to occur.

One aspect of collaborative behaviour which has not previously been addressed in the CFR literature is the role that organisational politics play in the NPD process. Studies in organisational behaviour have examined the role of individuals in building and maintaining coalitions where they collaborate to facilitate their goals (Cyert and March, 1963; Thompson, 1967; Pfeffer and Salancik, 1978; Mintzberg, 1983; Stevenson, Pierce and Porter, 1985). However, Jones and Stevens (1999) have noted that discussion of NPD integration has neglected the fact that as central decision makers the R&D Manager and the Marketing Manager are often key political players that have “sectional interests” which become very apparent during the NPD process due to the risk to reputations, and consequently career prospects, that can be enhanced or ruined according to the success or failure of a new product or service. We argue that the study of CFRs should include this political dimension as it is an important aspect of organisational life for managers.

### **Theoretical Foundations**

We draw on two theoretical foundations to develop our model, firstly, Pfeffer’s (1981) coalition theory which focuses on individuals building and mobilizing support among those who have agreed on an a particular outcome. Coalition theory is based on the premise that organisational members will form alliances to pursue scarce resources and thus is grounded in resource dependence theory (Pfeffer and Salancik, 1978). In addition we draw on Blau’s (1964) social exchange theory which suggests that trusting behaviours signal interest in, and commitment to working relationships, which when reciprocated foster beneficial outcomes for relationships such as a positive atmosphere, reducing or removing barriers of risk and allowing relationships to further develop. These theories complement each other as they both affect the key processes in NPD, namely communication between functional specialists (Moenaert et al, 1994). It is effective communication which is seen a hallmark of collaborative relationships between functional managers (Jassawalla and Shashittal, 1998).

### **Conceptual Framework and Hypotheses**

Our hypothesised model includes three groups of variables, (1) dependence based: political and resource, (2) trust based: affect and cognitive based trust, (3) communication based: frequency and quality, plus our outcome variable, interpersonal collaborative behaviour. We argue that Pfeffer’s (1981) coalition dimensions are likely to be important during innovation as NPD requires the selection of a project that (1) could use large amounts of the organizations financial and human resources and (2) be high in risk of failure, for the organisation and the individual. Research has shown that when NPD participants are committed to the project there is a greater likelihood of success. Similarly, communication is known to directly influence the effectiveness of various relationships (e.g., Ruekert and Walker, 1987; Fisher, Maltz and Jaworski, 1997), and we therefore link communication to our dependent variable, interpersonal collaborative behaviour. Also, many studies acknowledge the importance of interpersonal trust in driving effectiveness in peer manager relationships (e.g., McAllister, 1995), hence its inclusion in this study. In the following section we discuss the dependent variable, our explanatory variables, and develop our hypotheses.

#### **Dependent Variable: Interpersonal Collaborative Behaviour:**

Collaborative behaviour is the expression of all the positive aspects of interpersonal working relationships i.e., effective communication, trusting behaviour, volitional co-operation, mutual problem solving, and esprit de corps (Jassawalla and Shashittal, 1998). As such, the concept

of interpersonal collaboration is grounded in social exchange theory (Blau, 1964). Interpersonal collaborative behaviour is distinct from co-operation, where people may co-operate with each other because they feel that they have to i.e., where participants do not want to engage in such behaviours but feel constrained by organisational pressures (e.g., task specification, organizational citizenship). Interpersonal collaboration is a form of “volitional co-operation”, where participants want to co-operate with and freely interact with others. When collaborative behaviour occurs amongst managers, there is a tendency to view the relationship as productive and the other manager in a favourable way (Kahn, 1998; Kahn and Mentzer, 1998; Jassawalla and Shashittal, 1998).

### **Explanatory Variables: Perceptions of the Marketing Manager as a Political Ally**

“Politics” refers to the efforts of organisational members to mobilise support for or against policies, rules, goals, or other decisions in which the outcome will have some effect on them (Robbins, 1987). Politics are an everyday aspect of organisational life, where individuals and subunits, continually engage in politically-oriented behaviour (e.g., bargaining, negotiating). The political behaviour of NPD participants has been implied through the use of concepts such as “turf wars” (Ashforth and Lee, 1990) or “interfunctional” rivalry (Lewicki, Weiss, Lewin, 1992; Maltz and Kohli, 1996; Moenaert et al, 1994; Maltz, Souder and Kumar, 2001) yet has not so far been explicitly measured at an interpersonal level. Examining aspects of coalition theory in the qualitative interviews conducted as preliminary research for this study revealed that organisational politics are an important factor in many firms’ NPD processes, and that knowing your “political friends” and “political enemies” has implications for many NPD decisions such as project selection, resource allocation, interpersonal communication levels and collaborative behaviours. Accordingly it is hypothesised that:

*H1<sub>a</sub>: The greater the perception of the Marketing Manager as a political ally the greater the level of interpersonal collaborative behaviour*

### **Resource Dependence on the Marketing Manager**

Many of the conceptualisations of functional integration between the Marketing and R&D functions have used the “resource dependence” framework (Pfeffer and Salancik, 1978; Thompson, 1967) to explain interactions between functions (Gupta, Raj and Wilemon, 1986; Ruekert and Walker, 1987; Griffin and Hauser, 1996; Fisher, Maltz and Jaworski, 1997). Resource dependence reflects the resource reliance of one functional area on another so as to accomplish their own functional goals and objectives. This perspective was taken by Ruekert and Walker (1987) who argued that for marketing and other personnel to do their jobs, there must be an exchange of key resources such as money, material, information and technical expertise. Results of their study showed that the more members of one department perceived themselves to be dependent on another department, the greater the amount of interaction. On the basis of these findings, it is hypothesised that:

*H2<sub>a</sub>: The greater the perceived dependence of the R&D on the Marketing Manager the greater the level of interpersonal collaborative behaviour*

### **Communication Frequency**

Communication frequency is defined as the intensity of information flow between the Marketing Manager and the R&D Manager via various means, e.g., formal meetings, reports, and telephone conversations (Van de Ven and Ferry, 1980). Frequent communication can promote mutual understanding, more harmonious relationships, and improve joint decision-

making (Ruekert and Walker, 1987; Souder, 1988; Song, Xie, and Dyer, 2000). We therefore hypothesise:

*H3<sub>a</sub>: Greater communication frequency is positively related to interpersonal collaborative behaviour*

### **Quality of Communication**

We define communication quality in terms of how credible, understandable, relevant, and useful information provided by the Marketing Manager was for the R&D Manager's task completion (Moenaert et al, 1992). It is included because a number of studies have found that the quality of communication provided by Marketing to R&D on NPD projects affects the working relationship (e.g., Gupta, Raj & Wilemon, 1986; Gupta & Wilemon, 1988; Jassawalla and Sashittal, 1998). As the R&D manager requires information from the Marketing Manager to achieve their NPD goals, the perceived quality of this information should influence the extent of collaboration in their relationship. We therefore hypothesize that:

*H4<sub>a</sub>: Greater quality of communication is positively related to interpersonal collaborative behaviour*

### **Interpersonal Trust Dimensions**

The marketing channels literature identifies trust as an important contributor to effective buyer-seller relationships (e.g., Anderson and Weitz, 1989). Similarly, in the relationship marketing literature, Morgan and Hunt (1994) identify trust as a key variable in effective relational exchange. Trust is also important in cross-functional relationships because managers are boundary spanners and need to develop horizontal ties within the organization (Gabarro, 1990; McAllister, 1995; Williams, 2001). Interpersonal trust has been conceptualised in various ways, e.g.,— *credibility*, in which the trusted person fulfils oral or written statements or promises (e.g., Moorman, Zaltman, and Deshpandé, 1992). Another perspective is that trust involves *benevolence*—a general concern for other people, and transcends the personal profit motive (e.g., Rempel, Holmes, and Zanna, 1985). The perspective which we adopt in this paper is similar, that trust has two underlying dimensions: cognitive and affective (McAllister, 1995). Cognition-based trust arises from previous occasions in which another person has been competent, reliable, and dependable, and is based on a rational assessment of others' past behaviour. In contrast, affect-based trust is an emotional form of trust, in which one party exhibits genuine care and concern for the welfare of the other person. Peer managers who trust each other are likely to work together in a voluntary manner which is a key aspect of interpersonal collaborative relationships. We therefore hypothesise:

*H5<sub>a</sub>: Greater cognition-based trust is positively related to interpersonal collaborative behaviour*

*H5<sub>b</sub>: Greater affect-based trust is positively related to interpersonal collaborative behaviour*

## **Research Methodology, Sampling and Measures**

### **Sampling Procedure**

Data was collected from R&D Managers in Australian firms, acting as key informants on the relationship with their counterpart Marketing Manager. The survey used a pretested, mailed, self-administered questionnaire. This resulted in a 184 usable responses, a net response rate of

54%. The sample of 184 firms comprised mostly goods producers (96.2%), while the remainder (3.8%) were software producers. Consumer marketers accounted for 47.0%, business-to-business marketers 23.5%, and 29.5% sold into both markets.

## Measurement and Analysis

Our measures included one formative measure: communication frequency, which was assessed using 11 items, and 6 reflective multi-item measures, political ally, quality of communication, cognition-based trust, affect-based trust, and interpersonal collaborative behaviour. Our measures were found to be unidimensional, and discriminant validity was established. Reliability analysis reveals alpha coefficients for our measures of .75 or higher suggesting good internal consistency in our measures. Multiple regression analysis was used to test our model, and no multicollinearity was detected and a large percentage of the variance (66%) in the dependent variable is explained by our independent variables.

**Table 1: Determinants of Interpersonal Collaborative Behaviour**

Construct	Hypoth. Sign	Standardized Coefficients	T-values
Mark Manager as Political Ally	H1 <sub>a</sub> (+)	.238	3.881**
Dependence on the Mark Manager	H2 <sub>a</sub> (+)	.001	0.011
Comm. Frequency	H3 <sub>a</sub> (+)	.073	1.543
Quality of Comm.	H4 <sub>a</sub> (+)	.398	6.216**
Cognition-based Trust	H5 <sub>a</sub> (+)	.071	1.015
Affect-based Trust	H5 <sub>b</sub> (+)	.226	3.360**
<b>R<sup>2</sup> = .674</b>	<b>Adj. R<sup>2</sup> = .663</b>	<b>F value = 60.990</b>	<b>Sig. level = .000</b>

\*  $p < 0.05$  \*\*  $p < 0.01$  One-tailed tests.

## Contributions of the Study: Theoretical and Managerial Implications

As predicted, the perception of the Marketing Manager (MM) as a political ally is an important determinant of collaborative relationships. Knowing that the MM is on “your side” increases collaborative behaviours in NPD projects. This finding adds weight to the argument for greater examination of the political processes involved in NPD. Interestingly, being dependent on the MM during the NPD does not lead to collaborative behaviours suggesting that other factors such as turf wars and interfunctional rivalry may intervene. The effect of interpersonal trust on collaborative behaviours indicates that the perception of the MM as capable in their job (cognitive based trust) is not sufficient alone to elevate the relationship to a collaborative one where there are volitional behaviours exhibited, however, affect-based trust, which incorporates the benevolence dimension of trust does have a positive effect on collaborative behaviour. This finding supports the view that “care and concern” in working relationships is beneficial and when applied to NPD relationships can help break down the barriers between “functional silos,” each with their own thought-worlds, language and jargon (Dougherty, 1992) with managers trying to understand their counterparts concerns and job constraints (Griffin and Hauser, 1996). Our findings also provide insights into the role of communication behaviours, specifically, frequent communication does not necessarily facilitate collaborative behaviours, with a possible explanation being that the formalised communication approaches used by many organisations do not reflect the nature of the working relationship between managers but ensure that a minimum level of communication is achieved between them. In contrast, the quality of communication was found to have a strong positive association with collaborative behaviour supporting the view of Moenaert et al, 1994 that poor communication is a barrier to effective integration. Song, Neeley, and Zhao (1996)

also found that R&D employees identified a lack of communication as a major barrier to effective relationships with marketing.

### **Limitations and Future Research Directions**

A major limitation of our research is that it is restricted to R&D Managers' perceptions of the relationship. Future research should seek dyadic data and examine the relationship from both perspectives. Another limitation of our research is that we rely on cross-sectional data to draw inferences regarding CFRs which develop and are enacted over time. Future research could utilize longitudinal data to investigate these important phenomena. Another avenue for future research would be to simultaneously examine the antecedents and consequences of political perceptions, communication behaviours, and interpersonal trust, and their effects on collaborative working relationships. Ideally, a structural-model testing procedure should be used to provide the strongest test because it would involve examining all relationships in a single model.

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