

# A conceptual framework of the impact of NPD project team and leader empowerment on communication and performance: An alliance case context

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## Abstract

New product development (NPD) in an alliance context crosses organizational boundaries and therefore makes team and leader empowerment and communication an ever more important topic for the successful accomplishment of NPD goals. We developed a conceptual model that addresses some key questions: Under what circumstances should the project team and leader be empowered? How much empowerment? And what effects does this have on communication and NPD performance?

Using case study research, we developed a conceptual model portraying the impact of NPD project team and leader empowerment in the ‘alliance focal company’ (AFC — the lead company in the alliance) on the communication with a project’s strategic partners, and the subsequent effects on project performance. Our model suggests that the efficiency of the development project (shortest, cheapest, and highest quality possible) is contingent upon how well the actual intensity level and the degree of media-richness of communication fit the required ones. Conversely, the actual intensity level and degree of media-richness of communication are enabled by a varying extent of team and leader empowerment, ranging from limited to significant.

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## 1. Introduction

Effective communication and information processing are essential to a firm’s success (Clark and Fujimoto, 1991; Mintzberg et al., 1995). Communication has gained ever more importance in today’s networked world where new product development (NPD) is being driven by different types of partners and strategic alliances (Badir et al., 2009). These alliance-based business trends have resulted in complex high-tech organizations and development projects that cross company boundaries. In this research, a strategic alliance is a long-term formal relationship established between two or more independent parties (Cheng et al., 2004) to conduct a NPD project. The alliance is led by a “hub firm” (Jarillo, 1988), which sets up the network and is

responsible for the entire process of the NPD project — from idea to market — with input from its strategic partners. We refer to this firm as the alliance focal company (AFC), and it is the focus of this study.

In an alliance of high-tech strategic partners, NPD is performed by groups and individuals from multiple functions, such as R&D, marketing and manufacturing, which span organizational boundaries. Once an activity is completed, the output is sent to the next function in the process, either within or across company boundaries, so that those responsible can contribute their specialized knowledge and skills to develop the product. This typically requires members of a product development team from different firms to communicate with one another, in order to accomplish their development activities. The key to the success of these alliance-based NPD projects no longer lies solely in improving communication between different functions and units within a firm but also in improving communication between the project’s strategic partners. In other words,

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communication and information processing between the NPD project team members of different partners become as important as they are within firms. The context within which the teams in these high-tech strategic alliances operate is typically characterized by high uncertainty, complexity and inter-organization task interdependence making communication ever more important. While existing research has studied the impact of project team and leader empowerment on NPD project communication, information processing, decision making, development time, innovation and performance within a firm (Badir et al., 2005; Forrester, 2000; Nauman et al., 2010; Tuuli and Rowlinson, 2009; Xue et al., 2011), project management scholars have paid less attention to the impact of team or leader empowerment on communication within alliance-based NPD projects.

Throughout this article, we adopt the project level of analysis, and investigate how, based on its industry and NPD project characteristics, the AFC can (1) identify the required “intensity-level and degree of media-richness” of communication that its NPD project team should have with the project strategic partners to efficiently develop the project, and (2) find out what degree of project team and leader empowerment would most likely enable this required communication.

We only investigate the communication activities between the NPD project team of the AFC and the project strategic partners.<sup>1</sup> This paper contributes to the literatures on communication, information processing and team management in strategic alliance-based NPD projects, which are characterized by high complexity, uncertainty and inter-organizational task interdependence. It specifically investigates the impact of team and leader empowerment on the communication within high-tech NPD projects conducted with strategic partners.

## 2. Literature review

### 2.1. Communication with NPD project partners

Since the 1960s (e.g., Katz and Kahn, 1966; Thompson, 1967), there has been a significant body of literature emphasizing the importance of internal communication and information sharing (Millson and Wilemon, 2002; Moenaert et al., 2000; Tushman and Nadler, 1978) on the performance of organizations and their development projects (Malhotra et al., 2001; Menon et al., 2002; Tatikonda and Rosenthal, 2000). While communication has always received widespread attention, an alliance-based new product development context displays characteristics that span organizational boundaries and requires more intense study.

Communication has always been considered central to the success of NPD projects (Montoya et al., 2009), for example, the faster information can be processed, the faster new products can be developed (Wheelwright and Clark, 1992). Networks of strategic partners are, more than ever, experiencing the need to communicate better in order to develop new products more

rapidly to satisfy expanding and changing customer requirements in light of new technologies and intensifying global competition (Millson and Wilemon, 2002). Anderson (1990) found a strong positive correlation between the level of communication between firms and the success of their collaboration in developing new products. Sivadas and Dwyer (2000) state that effective communication between partners is essential for alliance success. This is reinforced by Mohr and Spekman (1994) who found that successful partnerships exhibit better communication and information sharing. While the importance of communication for alliance success has been documented in the literature (Anderson, 1990; Millson and Wilemon, 2002), little attention has been paid to the intensity and media usage of communication, or to the contextual conditions such as the impact of the empowerment of a firm’s NPD project team and leader on communication in strategic alliances.

Communication is considered a multidimensional phenomenon that can be conceptualized across a number of attributes, including intensity and media richness (Badir et al., 2009). We focus on communication as the extent to which the NPD project team of the AFC communicates (on task or work-related matters) and shares information with the strategic partners’ teams participating in the project. The intensity level of communication refers to the frequency of interaction and communication between project partners related to task execution (Badir et al., 2009). Daft et al. (1987) present a media richness hierarchy, incorporating five media classifications, in order of decreasing richness: face-to-face, telephone, personal documents such as emails, letters and memos, impersonal written documents, and numeric documents (e.g., digital, electronic). Information richness theory suggests that different media have different language variety, speed and capacity for immediate feedback, and ability to transfer social cues (Saprito and Gopalakrishnan, 2009). Montoya et al. (2009) suggest that different communication media may be better suited for different task processes and that proper matching of media usage of communication and tasks enhance communication. In this paper, we examine both the intensity level and media richness of communication. The focus of this paper centers on how varying extents of project team and leader empowerment in the AFC influence the intensity level and degree of media richness of communication with project partners.

### 2.2. Project team and leader empowerment

There is a large amount of literature supporting the importance of project team and leader empowerment as a significant driver of project success within a firm (e.g., Erikson, 2001; Forrester, 2000; Maylor, 2003). The efficacy of empowering employees has overwhelming support in a long line of research in project management, organizational behavior and social psychology (Menon et al., 2002). Conceptual analyses (Belcher and DiBlasio, 1993), laboratory experiments (Bandura and Wood, 1989), survey-based and field studies (Jacobson and Ackerman, 1992; Larson, 1989; Tung and Chang, 2011), case analyses (Rabkin and Avakian, 1992; Sharp and Childs, 1992) and research reviews (Gowen and Jennings, 1990; Mabert et al., 1992) confirm that

<sup>1</sup> Internal communication (between functions and units within a firm) is not the focus of this research.

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