

## Chapter 2

# Re-Examining the Relationship Between Team Work Quality and Speed of New Product Development: A Test of Mediation Model

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### **ABSTRACT**

*Previous research has consistently demonstrated that team work quality plays an important role in predicting the speed of new product development (NPD). However, the examination of the fundamental mechanisms behind this relationship has received less attention than it deserves. Drawing on the resource-based view and internal market orientation theories, this chapter examines mediating effect of internal market orientation in the relationship between teamwork quality and speed of new product development. One hundred and forty-nine team members drawn from the telecom companies in the Kingdom of Saudi Arabia participated in this study. Partial least squares path modelling was employed to test mediating effect of internal market orientation in the relationship between teamwork quality and NPD speed. Findings suggest a positive relationship between teamwork quality and NPD speed. As hypothesized, the findings showed that of internal market orientation mediated the relationship between teamwork quality and NPD speed.*

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## INTRODUCTION

In today's fast-changing business environment, the speed of new product development (NPD) is a hallmark of time-based strategy which has become increasingly important for managing innovation (Chen, Damanpour, & Reilly, 2010). Anecdotal and empirical evidence suggests that NPD speed has been a critical factor in achieving a firm's competitiveness (Boston Consulting Group, 2006; Sun, Zhao, & Yau, 2009). Furthermore, for several decades now the extant literature indicates a lack of agreement regarding not only the terminology used, but also the definition offered of what is considered to be a similar construct (Chen et al., 2010). For example, researchers have assigned different names to the NPD speed construct such as time-to-market (Afonso, Nunes, Paisana, & Braga, 2008), innovation speed (Carbonell & Rodríguez-Escudero, 2009; Kessler & Chakrabarti, 1996; Pilar & Ana, 2010), and speed-to-market, among others (McNally, Akdeniz, & Calantone, 2011). Although different terminologies were used and different theoretical perspectives were employed, marketing researchers seem to agree that NPD speed represents how quickly an idea moves from conception to a product in the marketplace (Chen et al., 2010; Zamani, Abdul-Talib & Ashari, 2016).

A theory and a growing body of research over the past two decades has consistently shown that teamwork quality plays a crucial role in predicting the speed of NPD (e.g., Alanazi, Abdul-Talib, Ashari, & Islam, 2015; Barczak & Wilemon, 2003; Dayan & Benedetto, 2009; Hoegl & Gemuenden, 2001; Hoegl & Parboteeah, 2003; Jaworski & Kohli, 1993; Pinto & Pinto, 1990; Sun et al., 2009). Specifically, a study among 145 software development teams in Germany demonstrated a strong positive relationship between teamwork quality and success of innovative projects (Hoegl & Gemuenden, 2001). Similarly, in a sample of 267 firms in the industrial zones of the cities of Ankara and Istanbul in Turkey, Dayan and Benedetto (2009) found that teamwork quality was significantly related to speed-to-market and NPD project success. Furthermore, Sun et al. (2009) showed that teamwork quality, conceptualized in terms of cross-functional teams, training, group decision-making, and the commitment of team members, among others, was significantly and positively related to the speed of new product development.

Despite the well-established relationship between teamwork quality and the NPD cycle time, relatively, only a few studies have examined the fundamental mechanisms through which teamwork quality affects NPD speed (e.g., Alanazi et al., 2015), suggesting that more studies are needed to better understand the antecedents and consequences of NPD speed, particularly in a non-western context. Accordingly, this study proposed internal market orientation as a mediating variable in the teamwork quality-NPD speed relationship. Internal market orientation has been defined as the marketing activities engaged by various departments, geared toward developing an understanding of customers' current and future needs as well as the factors affecting these needs (Jaworski & Kohli, 1993; Kohli & Jaworski, 1990).

The present study proposed internal market orientation as a fundamental mechanism in the relationship between teamwork quality and NPD speed because there is research supporting a strong positive link between teamwork quality and internal market orientation (Resource-based view; Barney, Wright, & Ketchen, 2001; Barney, 2001; Ketchen, Hult, & Slater, 2007; Tokarczyk, Hansen, Green, & Down, 2007) and between internal market orientation and NPD speed (Atuahene-Gima, 1995; Frishammar & Åke Hörte, 2007; Li, Liu, & Zhao, 2006; Wren, Souder, & Berkowitz, 2000). Hence, the present work hypothesized that teamwork quality would be positively associated with internal market orientation, which in turn positively related to NPD speed.

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