

# Internal market orientation, the management of NSD multifunctional teams and implications for NSD project success

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**Abstract** The study of the new service development (NSD) processes has been, for more than three decades, one of the major priorities in the field of Marketing (cf. De Brentani, 1995, Papastathopoulou and Hultink, 2012). Nonetheless, in spite of the considerable progress made so far, the extant literature has overlooked a number of issues. Little is known regarding the management of the team that is actually involved in the NSD project and how does this affect the outcome of the project. One such gap concerns the organizational conditions that influence the performance of multifunctional NSD teams in NSD projects (Froehle et al., 200; Zomerdijk, and Voss, 2011). The past research is also replete with empirical studies relying on the key-informant approach, a method subject to significant limitations when it comes to understanding the functioning of NSD teams. As a result, the extant literature remains fairly grey in picturing the differences between different stakeholders' views regarding how multifunctional NSD teams integrate and work seamlessly to manage NSD projects and deliver the expected outcomes (Crevani, Palm and Schilling, 2011; Bertels, Kleinschmidt and Koen, 2011). Addressing such questions requires identifying a relevant marketing theory that will enable academics to produce a rigorous and relevant theoretical framework upon which the Marketing function will be able to rely in managing the NSD process more successfully. In light of these concerns, we rely on the internal marketing theory to identify and test the significance of internal market orientation (IMO) adoption as one key underlying mechanism than helps the company to shape the right climate and procedures that are required before the outcome of the development project is considered as a success. Through an integrated research framework, the study seeks to address the organizational conditions that influence the performance of multifunctional NSD teams (unit of analysis). More specifically, we first examine the effect that IMO adoption has on the degree of trust and integration that arises among the members of the NSD project, who come from different functions (Perks and Riihela, 2004). We then look at the impact that these interfunctional parameters have on the NSD team's functioning, namely cooperation, role ambiguity and conflict resolution, before addressing the performance implications for the NSD project. Furthermore, we control for the effect that project innovativeness (radical vs. incremental), company size and participant's role in the NSD team (manager or member) have on the various interrelationships between the different constructs under investigation. We adopt a hierarchical research design that allows data collection from multiple respondents participating in the NSD project team and look at the shaping of specific working conditions within the team and the consequences for team's performance. A sample of 116 managers and 543 members of NSD project teams from companies across a number of service sectors serves the analysis. The analysis of these data shows that the adoption of IMO is indeed crucial in managing interfunctional teams. The resulting working conditions allow NSD teams to manage resources efficiently and effectively, which in turn has a positive effect on the project's performance. Pertinent implications for both scholars and practitioners are appropriately discussed.

## References

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