8-25-1995

Interdepartmental Contact Frequency Effects on Perceptions of Departmental Ratings

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Information systems (IS) personnel and IS departments have a credibility problem in corporate America. Researchers have looked at the causes and results of these problems, including the IS backlog, problems accounting for payback from the substantial systems investment, and personality or demographic differences between IS personnel and the rest of the firm (Tsui, Egan, & O'Reilly, 1992).

With vast sums already in information technology (IT), it is important to understand factors which may affect the efficient utilization of a firm's IT resources. The increasing volume of work conducted via IT makes it vital for firms who want to excel to have a good working relationship between their IS departments and the other functional areas within the firm.

This research looks at the interaction of two phenomena as they impact opinions of employees from other functional areas regarding IS personnel and IS departments: the interaction theory of ingroup/outgroup attributions (Hogg & McGarty, 1990) and critical contingency theory. The interaction theory effects are those of individuals from different functional areas congregating and seeking a common ground on which to form group associations (Hogg, 1990). With the moderating variable of critical contingency, we look at the effect of the importance of a functional area to the opinions held about that area.

I. Interaction Theory:

A phenomenon common to nearly all water coolers, coffee machines and corporate dining facilities is the thrashing of another section within the firm by those assembled. This research looks at one explanation for this phenomenon: ingroup/outgroup differences, and the desire of individuals to fit into the ad hoc group with whom they find themselves, and minimize ingroup differences (Hogg, & McGarty, 1990). This desire to

belong causes individuals to seek common experiences (Payne, 1990). In the corporate setting, common experiences for individuals from different departments may mean finding departments with whom everyone has worked (Hogg & McGarty, 1990; Karake, 1992; Hogg, 1990; Oldenquist, 1991).

Interaction theory postulates that as individuals from different functional areas congregate and seek a common ground for relationships, the functional area which interact most frequently or universally with the other groups will be used as a "secured target" for breaking the ice or making conversation. These functional areas, because they interact with other organizational units most frequently, tend to become the "common enemy" or "safe topic" for interaction. The resultant effect may be "poor image".

It is not uncommon for members of different areas to congregate in social settings. Many firms have bowling leagues, company sponsored picnics, holiday office parties and centralized dining facilities to encourage interdepartmental networking. A benefit of these informal networks that arise from extra-departmental interactions is a smoother operation of the firm via informal channels for problem resolution (Brewer & Schneider, 1990; Oldenquist, 1991). An unintended consequence of these cross-functional groupings may be the low intrafirm rankings found for some departments.

This research is designed to test the theory that a high level of interdepartmental interaction by a business function will result in low ratings for the interacting group. When members of disparate functional areas gather, and the wish to discuss events of groups at work, it is likely that they will have little overlap (Hogg & McGarty, 1990; Hogg, 1990; Brewer & Schneider, 1990; Oldenquist, 1991). It is likely that intragroup hegemony can be enhanced via derogatory remarks directed at a common outgroup. By choosing a group with which all members have some contact, but with whom no one is likely to have intimate contact, everyone in the group will gain a sense of belonging.

H1: corporate functional areas with the greatest outgroup contact will have the lowest preference ratings.

In general, human resources, internal auditing and information services tend to have higher outgroup interactions than other areas. It is therefore theorized that these three groups will be consistently ranked among the lowest in preference.

H1a: human resources, internal auditing, and information services will have the highest level of interaction.

H1b: human resources, internal auditing, and information services will have lowest preference ratings.

II. Critical Contingency:

Critical contingency theory suggests that organization members, by observing or monitoring their environment, can assess the importance of each functional unit and give

preference or develop likings to the units that they perceive as critical to their department's or the organization's success.

The importance of a functional area to an individual, department or organization should affect the opinions formed (Geser, 1992). As dependence or interdependence increases, the critical group should gain in importance and stature. In the case of IS, companies use IT to continuously achieve new competitive advantages, the importance of IT becomes increasingly significant and important. Internal auditors provide information concerning unknown exposures to risk, the recipient department would perceive internal auditing as important. This moderation should then manifest as:

H2: as the importance of an area to another functional area increases, its rating should improve.

III. Methodology:

This study used a questionnaire survey design to examine the effects of these 2 theories on employees rating of functional areas. The questionnaire lists 9 functional areas: 1) accounting, 2) internal auditing, 3) information services, 4) customer services, 5) engineering, 6) human resources/personnel, 7) marketing/sales, 8) production/ marketing, 9) research and development. The functional areas are scored on a scale from 1 to 10, with 1 being the most preferred/favored, and 10 being the least preferred/favored.

The questionnaire is being administered to employees from 22 organizations. Respondents were also asked to rank the frequency of interaction with each of the 9 functional areas and rank them in order of importance. The questionnaire was pilot tested using Ph.D. students in business.

Data collection has begun, and preliminary results to date (108 cases) show some correlation between frequency of contact and preference. The number of cases to date provide an insufficient sample size to assume normality, but do show an interesting trend.

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