

Information Precision and New Product Development Performance: Test of Gender Difference's Effect in Experimental Setting

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Abstract

This paper examines experimentally how gender affects the relation between cost information precision and product design's performance. Previous studies on new product development (NPD) recognize the importance of cost information to support NPD in a cost effective way. Meanwhile, decision making studies show how decision may differ due to gender difference. A laboratory experiment is conducted to investigate the joint effect of cost information precision and gender difference on product design's cost-effectiveness. Testing gender's effect in new product development context is important since the difference in using information and in decision making process between male and female may have a significant effect in new product development outcomes. Based on literature, males may have lower tendency to follow rules compared to females. Moreover, males exert less effort in analytical processing and tend to be less comprehensive in valuation task compared to females.

Result of 2x2 between subject experiment suggests a strong relation between cost information precision and gender difference. The design includes one randomly manipulated variable (cost information precision: specific or relative) and one measured variable (designer gender: male or female). Subjects of the experiment have to complete task of designing a doll house using Lego-like building blocks in toys division of a hypothetical company. Specifically, this study finds that more precise (operationalized by "specific" amount of cost) information will lead to more cost-effective product compared to less precise (operationalized by "relative" comparison of cost) information only for female designer – and not for male designer. This result is consistent with the underlying theory namely *selectivity hypothesis* which states that females tend to integrate more and shows an intense level of cognitive processing whereas males tend to focus on information that are relatively easy and quick to process. Implications of this study include contribution for management's policy in presenting management accounting information especially in the level of its precision and in considering gender for new product development team assignment.

Keywords: Cost Information Precision, New Product Development, Gender, Selectivity Hypothesis

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