Enhancing Understanding of Cross-Cultural ERP Implementation Impact with a FVM Perspective Enriched by ANT

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ABSTRACT

Enterprise Resource Planning (ERP) Systems, and more especially their successful adoption and implementation, have been the subject of extensive research as can be evidenced by the large body of literature on this and related topics in the extant literature to date. However, the effect of cross-cultural issues has been less widely studied, perhaps because of the difficulty and complexity of such cross-cultural studies. In today's global business environment this remains a key issue and critical success factor. Hence, this paper explains how challenging the cross-cultural ERP implementation implementation success is for organizations and how important it is to assess a fit and viability of cross-cultural ERP implementations in diverse cultures (which is especially important in economies heavily reliant on off-shoring services). By drawing upon multiple streams of theory building, a framework, from the Fit-Viability Model (FVM) perspective, is developed. The framework provides important and valuable guiding principles for organizations for their decisions on adoption and deployment of Enterprise Systems (ES). Further, the paper proffers the use of ANT (Actor-Network Theory) to enrich the analysis and provides a systematic approach for moving forward with a multi-case study to test the proposed framework.

Keywords: Actor-Network Theory (ANT), Cross-Cultural Enterprise Resource Planning (ERP) Implementation, Enterprise Resource Planning (ERP) Systems Implementation, Enterprise Systems (ES), Fit-Viability Model (FVM)

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INTRODUCTION

Without information technology (IT) almost every business today would be unable to function. IT enables the transfer of large amounts of data and information essential to support all core activities of businesses. Further, businesses are expanding their boundaries and are typically global, which can only be sustained with significant investment in IT. Moreover, due to globalization companies are typically having their head offices in one country and operations in another while trying to find integrated solutions for their business needs to automate their business processes to gain a strategic advantage (Ives & Jarvenpaa 1991). Unsurprisingly, we have then witnessed in the recent past a growth in the deployment of Enterprise Systems (ES) (van Everdigen & Waarts 2003). Most fortune 500 companies have responded positively to the changing global market place and are reaping the strategic benefits by implementing Enterprise Systems in particular ERP (enterprise resource planning) systems (Mukesh & Betsy 2009).

A key success criterion is the need to adopt these technologies according to their requirements and best fit having considered their environment, infrastructure, government regulations, and scope of their business, availability of funds and local culture and norms (Ignatiadis & Nandhakumar 2007). In addition, these global corporations need to involve different stakeholders, partners, customers and suppliers from different cultures and different regions; they need more sophisticated means of communication and interaction (Harris, Moran, & Moran, 2004).

Research (AMR, 2008) indicates that 88% of the ERP market is not in Europe and North America and systems developed in Europe and North America are embedded with western cultural norms and they tend to clash with Asian and sub-Saharan African cultures. The implementation in diverse cultures is now anticipated to be more challenging because decision makers have to make decisions according to their local contexts (Daneva & Wieringa, 2010). The social, economic and technologic factors play a very crucial role in any decision making processes (Huang & Palvia 2001). In a global context where organizations have to work as a networked framework an ERP implementation is more complex and challenging because of the different business processes, available infrastructure, compatibility issues, decision centres, authorization mechanisms and hierarchies, enterprise systems, and data semantics (Avgerou, 2008). Businesses would not be willing to change and reveal their trust-worthy business rules and processes; therefore, it is important for organizations to find ways to overcome the problems that arises due to the mismatch between the flexibility requirements of business and rigidity imposed by ERP systems (Daneva & Wieringa, 2010).

ERP implementation is a difficult and complex decision, system implementation doesn’t mean installing software it is much more than a technology adoption. In particular, it involves people issues more than technological issues. Research indicates that people issues are more to blame for the unsuccessful efforts of ERP implementations (Mukesh & Betsy, 2009). A recent report (www.CIO.com) indicates a citation from an analyst “no major software implementation is really about the software, it’s about change management”. She particularly emphasises that “when you move to SAP, you are changing the way people work. You are challenging their principles, their beliefs and the way they have done things for many, many years”.

ERP implementation problems are more or less strategic, organizational and technical (Holland et al., 2000). ERP implementation is integrally connected to organizations strategic decisions which in turn are designed to gain a competitive advantage.

Despite the significance of the topic of cross-cultural ERP system implementations, very little empirical research has been conducted in this domain. Studies have indicated that culture play a very important role in the
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