

## Chapter 5.8

# Experiences of Cultures in Global ERP Implementation

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### **ABSTRACT**

The chapter considers the complexities of cultural differences for global enterprise resource planning (ERP) implementation. An extensive review of the literature related to societal and organizational culture is followed by a delineation of the stages of ERP implementation and the actors involved in each stage, reflecting the basic assumption that global ERP systems are not universally acceptable or effective, and that testing the cross-cultural generalizability of ERP systems in organizations will produce a managerial agenda that facilitates the implementation process. The recognition and discussion of these differences can provide a stimulus for identifying and modifying the

limitations of technological implementation and use policies to improve the benefits generated by the technology. Topics of explicit concern to ERP implementation in global organizational economies related to organizational and societal culture are discussed, and suggestions for managerial mechanisms for overcoming major obstacles in this process are proposed.

### **INTRODUCTION**

Enterprise resource planning (ERP) systems impose high demands on virtually all organizational members since these process-oriented technologies are designed to standardize business procedures across the enterprise. In addition to its potential benefits, the introduction of an ERP

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system into an enterprise becomes the means for achieving organizational standardization and integration. Hence, it can be viewed as an organizational “boundary crossing” channel, and as such, ERP integration processes are more than likely to face resistance to change. It is not surprising, then, that while companies worldwide have made substantial investments in the installation of ERP systems, difficulties in implementation and uncertain bottom-line benefits (Davenport, 1998; Kumar & Hillegersberg, 2000; Robey, Ross, & Boudreau, 2000) may be attributed to a failure in the implementation process (Brainin, Gilon, Meidan, & Mushkat, 2005; Klein, Conn, & Speer-Sorra, 2001) rather than a deficiency in the technology itself.

The complexity of ERP implementation is exacerbated when ERP systems are globally implemented since the integrative nature of this technology calls for the crossing of national or regional, in addition to organizational boundaries. Since countries, regions, and organizations differ in their absorptive capacity (Lane, Koka, & Pathak, 2006) and their societal and organizational culture (Hall & Hall, 1990; Hofstede, 1980; Javidan, House, & Dorfman, 2004a; Trompenaars, 1996), implementation of ERP systems in global enterprises requires a detailed examination of potential gaps or inconsistencies in the interaction between new technologies, end users, and organizations in different countries and/or regions (e.g., Boerma & Kingma, 2005; Dube & Robey, 1999; Krumbholz & Maiden, 2001; Leidner & Kayworth, 2006).

The approach taken here blends interpretive and positivist theories (Lee, 1991). The use of interpretive theories enables portrayal of technological systems as “cultural tools,” ascribed with different interpretations. Utilizing positivist theories opens the way for mapping cultural differences between countries, scoring countries in accordance with their societal culture characteristics, and examining the relationship between societal culture and various outcomes such as leadership style, and economic and social indicators. The

power of integrative examination is in producing helpful insights to poor global technology implementation antecedents. Technology does not constitute an entity per se, and despite its standard engineering components, its preferred pattern of use can differ as a result of what Orlikowski (2000) described as the diverse attributions of meanings and power relation conceptions within and between organizations. The social construction of technological systems (Bijker, Hughes, & Pinche, 1987) as an interpretive theory maintains that different types of user groups differ in how they conceptualize, interpret, and exploit technologies and their potential. Accordingly, the effective utilization of a technology is the result of explicit and implicit “negotiations” between groups of users regarding the desired use of the technology and its organizational contribution and significance. “Technology should be treated as simultaneously social and physical and examine the interplay between the material characteristics of technology and the social context within which it is designed and deployed” (Grant, Hall, Wailes, & Wright, 2006, p. 4).

In the literature on culture, technology is viewed as a “cultural artifact” (Schein, 1992), thus constituting an integral and inseparable part of organizational culture, which is reproduced in everyday working routines. Consequently, global ERP systems must not be viewed only as large off-the-shelf software solutions that provide integrated business and software systems to a customer, but also as *cultural tools*, mostly designed and invented by the Western world but implemented in diverse local/regional settings, all having different cultural characteristics (Davison, 2002). In fact, cultural differences may impede ERP implementation even when its diffusion occurs within Western countries. Boerma and Kingma (2005) described Nestlé’s ERP implementation as an example of a misfit between the decentralized organizational culture of Nestlé and the centralized culture imposed on the conglomerate by the adoption of the ERP system. Their example high-

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