

FACTORS BEHIND THE ASSIMILATION OF ENTERPRISE RESOURCE PLANNING (ERP) SOFTWARE BY MID | -SIZED AND LARGE FIRMS IN PRE-EMERGING ECONOMIES: A CASE OF GHANA.

NAME: Mercy Gardiner Omari Tenkorang.

Abstract

The assimilation of Enterprise Resource Planning (ERP) software by firms has been characterized with various degrees of failure. Although a firm's adoption of an information technology (IT) system usually paves the way for the necessary internal resources to be made available for its usage, the allocation of these resources does not automatically result in the usage of that IT system.

ERP software assimilation is the process whereby the use of the ERP software has become the norm for an organization and serves as the primary tool for their day-to-day business operations. It is important to note however that the notion of adoption does not necessarily mean assimilation. Adoption is just one part of the assimilation process, and many firms do not make a successful transition from adoption to absorption and use. This has resulted in a huge gap between the adoption and assimilation of ERP software.

While previous studies have explored the reasons why many firms do not make a successful transition from adoption to "absorption and use" of their ERP software, there are gaps in the understanding of how employees view change, coupled with their organization's preparedness for this change. Most of the empirical studies on ERP systems are on the adoption and or the implementation stages, with a limited number on the assimilation stage. Furthermore, the limited available literature on ERP software assimilation also reflects views from developed countries.

What is missing in the literature is the understanding of the psychological and decision-making mechanisms which compel people to be bias or prefer to remain in their current situation.

In this empirical study, we develop a model to explain the assimilation of ERP software by integrating the tall poppy syndrome, switching costs, perceived lack, perceived value and loss aversion literatures through the lens of the status quo bias theory. In testing our hypotheses, we controlled for six variables namely: firm size, firm performance, environmental competitiveness, top management support, ERP attributes and ERP vendor support. These variables were chosen because of their potential impact on the assimilation of ERP software as suggested by existing literature.

The mixed method approach was employed using the concept of methodological triangulation as our basis. The results from testing the conceptual model in the

context of mid-sized and large firms in Ghana (a pre-emerging economy) indicated a negative thought-provoking role of the tall poppy syndrome in the assimilation of ERP software.

Organizational mindfulness served as a positive moderator for the relation between tall poppy syndrome and assimilation of ERP systems. Switching costs has a positive effect on assimilation yet affected perceived value negatively. Additionally, perceived lack and loss aversion are found to reduce ERP software assimilation, whilst perceived value increases it.

This research provides insights into a new context of mid-sized and large firms in pre-emerging economies like Ghana. It advances the theoretical understanding of ERP software assimilation and offers suggestions to firms on how to manage the assimilation gap.

Keywords: Assimilation, ERP, Status Quo Bias Theory, Tall Poppy Syndrome, Pre-emerging Economies, Technological Unemployment, Multi-method, Organizational Mindfulness