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Examining The Effect Of Organisational Culture And Leadership On IS Implementation

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Abstract

Recently, social aspects of information Systems (IS) implementation has received increased attention of the researchers. Consequently, organizational culture and leadership roles also emerged as key areas of investigation for the researchers focusing on improving the effectiveness of IS implementation. However, previous studies have largely ignored the relationship between leadership and IS implementation. This study aims to go some way to fill in this gap in the literature. This research aims to investigate how leadership and organizational culture together affect the implementation of IS. For simplicity, this research takes Customer Relationship Management (CRM) as a case of IS implementation. However; the findings of this research will be applicable to IS implementation in general. This research will be based on interpretivist philosophy. Data for this research will be collected using expert interviews. Data will be analyzed using content analysis.

Keywords: Organizational Culture, Leadership Style, CRM Implementation.

1.0 Introduction

Information systems have now become an integral aspect of modern businesses and their stature in business management is only going to grow further (Srite and Karahanna, 2006). While IS can potentially provide unique resource capabilities to organisations, firms often struggle to achieve desired outcomes from their IS implementation (Fortune and Peters, 2005). However, the development and implementation of IS is complex and multifaceted process and is faced with a variety of different issues and challenges arising from different aspects of technology and organizational aspects.

Implementation of IS also depends significantly on power distribution and the participation and role of different actors including senior management (Fortune and

Peters, 2005). This suggests that leadership has a vital role in the IS success. This also suggests that the organizational leadership needs to be clear about allocations of roles and responsibilities and must adopt an approach which is suitable to IS in the context of the organisation. The role of leaders in IS implementation is quite distinct because it involves unique leadership challenges arising due to the technology/business interface (Srite and Karahanna, 2006). Organizational culture is a vital element of the context of an organization (Ali and Brooks, 2009). Cultural issues are often cited to be a cause behind discrepancy in intended and actual outcomes of IS implementation (Davison and Martinsons, 2003, Wilson and Howcroft, 2005). Thus, cultural orientation of the firm can have a significant bearing on the suitability of the leadership approach towards IS.

This study will contribute to two important areas of literature. First contribution will be in the IS literature as this study will bring to the fore different risks and issues in the implementation of IS as well as how these issues are overcome to make the IS a success. In this way, this research will provide important lessons for the corporate decision-makers particular decisions about CRM systems. Secondly, this research will contribute to the leadership literature by providing empirical evidence about how leadership affects IS implementation and overcome IS implementation risks. The third important contribution of this study will be in the organizational culture studies as this study aims to explore and describe the role of culture in CRM effectiveness.

2.0 Research background

2.1 Organizational Culture and leadership: In this study, organisational culture has been understood as organisation's values, beliefs, practices, rites, rituals, and stories— all of which combine to make an organisation unique. These cultural features often derive from the strategic business drivers of the organisation— elements such as quality, innovation, results, speed, and agility (Bal and Quinn, 2001). Organisational culture, as much as leadership can affect not only the commitment, loyalty, job motivation and job performance of members but also overall organisational effectiveness including leadership (Lim *et al.* 2009).

Schein (1992) observes that organisational culture and leadership are intertwined. He illustrates this inter-connection by looking at the relationship between leadership and

organizational culture in the context of the organisational life cycle. Thus, during the process of organisational formation, the founder of a company creates an organisation which reflects their values and beliefs. In this sense, the founder creates and shapes the cultural traits of their organisation. However, as the organisation develops and time passes, the created culture of the organisation exerts an influence on the leader and shapes the actions and style of the leader (Bass et al., 2003). Through this dynamic ongoing process, the leader creates and is in turn shaped by the organisational culture. In summarizing the consensus of opinion on the links between organisational culture and leadership, Bass et al (2003) mirror the argument of Schein (1992) by suggesting that the relationship between the two concepts represents an ongoing interplay in which the leader shapes the organizational culture and is in turn shaped by the resulting culture.

2.2 Role of culture and leadership in CRM implementation*: According to Nguyen et al, (2007), the lack of factors such as top management support, aligning internal processes, linking CRM project to organisation's higher-level strategies, focus on ROI (Return on Investment), achieving success early in the project could lead to failure of CRM implementation. Chalmeta (2006) observes different failure factors of CRM and these include, misperceiving CRM as a pure technology, lack of management support; lack of appropriate customer-centric culture, lack of readiness process, poor quality data, inability to manage change, narrow vision and inappropriate strategy and lack of involving the final user in designing CRM solutions. In this study, we argue that leadership can affect and overcome the issues resulting from these failure factors to ensure the successful implementation of IS.

Despite the acknowledgement of role of leadership in success of change projects, no research has yet empirically explored the role of leadership on implementation of IS. This informs the aim of this study. This study, thus, aims to explore the influence of organisational culture and leadership on the successful implementation of CRM. This study is intended to extend the evidence provided by Maged Ali, Sarmad Alshawi and others (2006), which indicated that CRM implementation is affected by organizational culture, to a combination of leadership and organizational culture.

3.0   Research purposes and questions

The research purposes are to critically investigate and examine the potential effect of organisational culture and leadership on the adoption and implementation of CRM systems and IS in general.

The main research questions in this study are the following:

- What are the various CRM implementation approaches adopted by organisations?

- How does the organisational culture affect the implementation of CRM systems?

- How does the leadership influence the implementation of CRM system?

4.0   Conceptual framework

The key aspects of the framework to be used are organisational culture, leadership, CRM implementation and CRM effectiveness.

4.1 Organizational culture

To see how organizational culture affects IS implementation in this study, we intend to use The Competing Values Framework (CVF). The CVF has its origins in the work of Quinn and Rohrbaugh (1983) who developed the framework based on their analysis of 39 organisational effectiveness indicators, initially created by Campbell et al (1974). Cameron and Quinn (1999) reworked the CVF and renamed it the OCAI (Organisational Culture Assessment Instrument).

FLEXIBILITY and DISCRETION

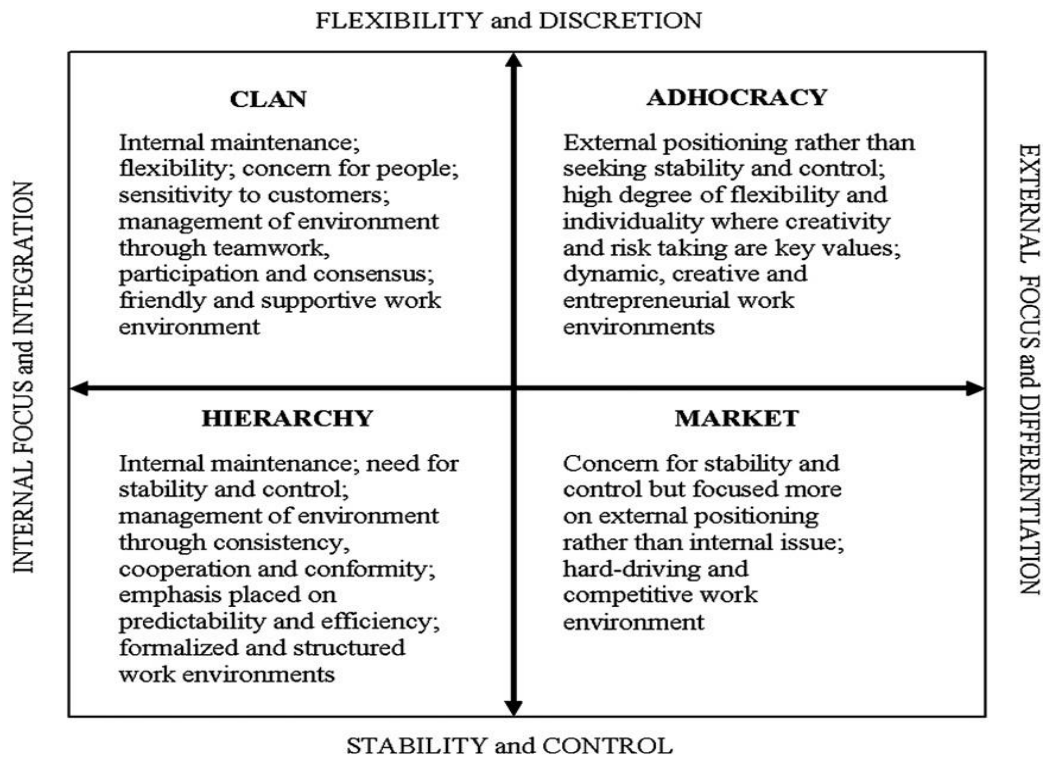| INTERNAL FOCUS and INTEGRATION	**CLAN** Internal maintenance; flexibility; concern for people; sensitivity to customers; management of environment through teamwork, participation and consensus; friendly and supportive work environment	**ADHOCRACY** External positioning rather than seeking stability and control; high degree of flexibility and individuality where creativity and risk taking are key values; dynamic, creative and entrepreneurial work environments	EXTERNAL FOCUS and DIFFERENTIATION
	HIERARCHY Internal maintenance; need for stability and control; management of environment through consistency, cooperation and conformity; emphasis placed on predictability and efficiency; formalized and structured work environments	**MARKET** Concern for stability and control but focused more on external positioning rather than internal issue; hard-driving and competitive work environment	

STABILITY and CONTROL

Figure 1: The competing values framework. Source: Cameron and Quinn (1999)

The competing values framework (CVF) identifies four distinct types of organizational cultures in organizations. The *clan culture*, in the upper left quadrant of CVF, is typified as a friendly place to work where people share a lot of themselves.

In the upper right quadrant of the competing values framework is the *adhocracy culture*. It is characterized as a dynamic, entrepreneurial, and creative workplace. People stick their necks out and take risks. Effective leadership is visionary, innovative, and risk-oriented.

A *market culture* in the lower right quadrant is a results-oriented workplace. Leaders are hard-driving producers, directors, and competitors. They are aggressive and demanding. The glue that holds the organization together is an emphasis on winning.

The organizational culture in the lower left quadrant, the *hierarchy culture*, is characterized as a formalized and structured place to work. Procedures and well-defined processes govern what people do. Effective leaders are good coordinators, organizers, and efficiency experts. Maintaining a smooth-running organization is important.

4.2 Leadership

Another component of our conceptual framework is leadership. Leadership plays vital a variety of different but related roles in the organization. Little evidence is available

which shows the direct effect of Leadership on implementing Information Systems, there is evidence that successful organisations are led by "great" leaders. Attributes of leadership has been obtained from several papers are summarized as:

Author	Factors
Bass, Avolio, Jung, & Berson (2003)	Teamwork
Awamleh, Evans and Mahate (2005)	Leadership style, Motivation
Yukl (2012)	Relationship management, professionalism, communication
Bass and Avolio (2000)	Shared vision, commitment, support
Multifactor Leadership Questionnaire (MLQ)	Leadership style (transformational/transactional)

In this study we argue that leadership and organizational culture both affect CRM implementation and effectiveness. Therefore, other two important aspects of our conceptual framework are CRM implementation and CRM effectiveness.

4.3 CRM implementation

The implementation of business information system is an ongoing process which includes the deployment of the business information system through feasibility study, analysis, design programming, training, conversion and installation of the system (Lim et al., 2009). Taking care of every single factor in the implementation stage is the key concept behind implementation phase. Broadly speaking, CRM implementation process can be divided into four steps (Chin-Fu et al., 2004) briefly described below:

Discovery: This process includes collecting business requirements.

Design: This includes translation of business requirements into functional system requirements.

Development: This stage involves translating functional requirements into technical specifications.

Deployment: This stage includes installation and configuration of customer environment.

Different researchers have used different terms to categorise the phases of implementation of CRM but fundamentally these are the four stages.

Our conceptual framework, which is the combination of four aforementioned components, leadership, culture, CRM and CRM effectiveness, is depicted in the following figure (2).
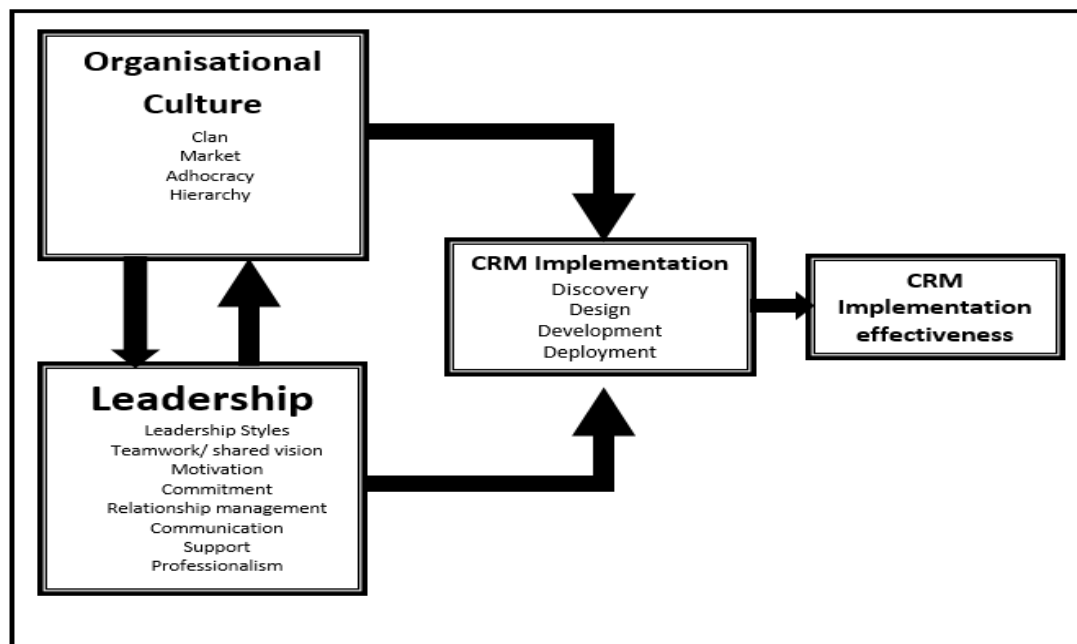

Figure 2: Conceptual framework

This framework proposes that leadership and organizational culture are interrelated with both affect each other. Furthermore, this framework suggests that both culture and leadership affect CRM implementation directly and indirectly (using each other as the mediating factor).

5.0 Research Methodology

This study is an exploratory study as it aims to explore how CRM implementation is influenced by cultural and leadership factors. This research is based on the philosophy of interpretivism. Data will be collected using the expert interviews and the researcher will play the role of interpretivist, interpreting the information provided

by the respondents. Consequently, this research uses inductive enquiry method and qualitative research strategy which are considered suitable for interpretivist research. A multiple case study will be adopted (Yin, 2009). Data will be collected from telecommunication and airline sector keeping in view the ease of access and comparison purposes. A cross case study analysis will be carried out. A matrix of themes will be created depending on the conceptual framework and the data obtained from the cases will be arranged in the matrix according to the theme. The data from different cases will be then compared and contrasted to identify if and how, different cultural and leadership influence leads to difference in CRM implementation approaches and to evaluate which of these approaches is more suitable. Data for this research will be collected using multiple data collection instruments including document analysis, web analysis and semi structured interviews. Data will be analysed using content analysis.

6.0   Conclusion

This study intends to explore on the assumption that the organisational culture and leadership are closely interlinked and the two together have a significant impact on the outcome of CRM implementation. Multiple case studies will be used for this purpose. Data will be collected using multiple qualitative data collection tools and data will be analysed using content analysis. This study will not only be useful for researchers and practitioners in CRM field but will provide valuable assistance to a wider range of researchers and practitioners in the information systems field. Above all this research will seek to add critical culture and leadership variables to the existing Information Systems implementation frameworks.

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