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Abstract

Enterprise resource planning (ERP) systems are enterprise-class, large, highly integrated multi-functional software systems that dictate organizational processes and social structures in the businesses that implement them. Implementation of these systems, while often beneficial, creates significant organizational disruption. The structural disruption caused by ERP systems affects the organizational culture of the firms implementing them. Because of the importance of culture's impact on organizations, any shift in culture may impact individuals' behavior and the firm's performance. This quantitative study uses Hofstede and Neuijen's practice dimensions of organizational culture to examine these effects. The medium-sized Midwestern firm studied provides empirical support for the proposition that ERP systems affect organizational culture. Statistical analysis reveals that organizations implementing ERP systems experience a cultural shift towards job-orientation and away from employee-orientation. The effects of this change are positively correlated with time spent using the ERP system. The degree and speed of this shift may be interactive with the amount of turnover in groups using the system, providing support for the importance of the attraction-selection-attrition (ASA) cycle in cultural change. Further research is recommended to examine this finding in order to provide greater generalizability and further insight into the organizational culture shift caused by ERP systems. Replication of this research in addition to studies using alternative research methodologies such as longitudinal and qualitative analyses will provide greater clarity to the findings of this study.