Transformational Leadership and Attitude Toward Enterprise Resource Planning System:
A Perspective of Organizational Change

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ABSTRACT

In order to survive in competitive markets, modern organizations introduce enterprise resourcing planning systems to enhance their competitive positions and their survivability in competitive markets. Nevertheless, organizations often fail to utilize and explore this new system's functionalities to achieve business objectives and have not fulfilled their expected effectiveness after adopting it. Given that countless companies fail to implement ERP systems successfully in recent decades, the aim of this study is to explore the inner workings of employees' attitudes towards ERP systems from the perspective organizational change. The results from a sample of 334 respondents in Taiwan provide additional insight into the mechanism through which transformational leadership influences employees' attitudes towards ERP systems.

KEYWORDS

Affective Commitment to Change, Affective Commitment to Organization, Attitude Toward ERP, Transformational Leadership

INTRODUCTION

Modern organizations strove to retain their competitive edge by adopting information system (IS), such as hardware, software, data in paper or electronic form, as it enables them to enhance their operation's efficiency, increase productivity and service quality in order to secure their competitive positions and their survivability in competitive markets (Avgerou, 2001; Hammer & Champy, 1993; Lu et al., 2011). For example, Enterprise Resourcing Planning (ERP) systems have been introduced by many organizations with purpose to improve workflow and efficiency for the last two decades (Jacobson, Shepherd, D'Aquila, & Carter, 2007; Momoh, Roy & Shehab, 2010).

For decades, information technology acceptance and use is a critical issue that has received much attention from researchers and practitioners (Venkatesh, 2000). In practice, successful investment in IS can lead to enhanced productivity, while failed systems implementation can lead to undesirable consequences such as financial losses and dissatisfaction among employees (Venkatesh, 2000). Nevertheless, organizations often fail to utilize and explore the new IS's functionalities to

achieve business objectives and have not fulfilled their expected effectiveness after the new systems are committed to routine operation (Bhattacherjee & Premkumar, 2004; Kaplan & Norton, 2008). Consequently, from the perspective of organizational level, successful implementation of new IS has become an important management task. In other words, "organizations need to ensure the success of the new IS project in order to succeed in executing their strategy and in turning their vision into reality" (Serra & Kunc, 2015, p. 53).

In many cases, the reason for new IS implementation failure is a lack of change management (Momoh, Roy & Shehab, 2010; Ziemba & Obłak, 2015). Indeed, according to Carnall's (1986) definition of organizational change, adopting new IS within an organization can be seen as one form of organizational change. However, very little effort has been devoted to understanding the determinants of new IS acceptance and usage from the perspective of organizational change. In addition, leadership is posited as one of the most important variables affecting the attitudinal dimension of organizational life (Jaskyte, 2003). Therefore, to make up for such deficiency, the present study attempts to examine the antecedents of employees' attitude towards ERP system from the perspective of leadership and organizational change. More clearly, the present study hypothesizes that transformational leadership exerts it influences on employee's affective commitment to organization which, in turn, enhances affective commitment to change and, ultimately, influences employees' attitude towards ERP system.

LITERATURE REVIEW ON ERP DEPLOYMENT

Adoption of ERP System and Organizational Change

Current literature on information systems has sought to provide guidance on the actions that management should take to harness the effectiveness of information systems in order to secure a competitive position of a firm within its environment (Hammer & Champy, 1993). However, despite significant technological advances and increasing organizational investment in these new information systems, the problem of underutilized systems annoys businesses. Indeed, in many cases, the process of adopting new IS involved creates fear, uncertainty and doubt because employees are skeptical about it and concerned about its outcomes, and may fear failure as they are faced with this new system (Vakola and Nikolaou, 2005), thus hampering user acceptance and usage of the new system.

Conceptually, organizational change refers an attempt or series of attempts to modify an organization's structure, goals, technologies, systems, or work tasks (Carnall, 1986). Following this definition, introducing a new information system into an organization can be seen as one form of organizational change. In other word, change is an inevitable consequence of implementing various new IS projects (Hornstein, 2015; Serra & Kunc, 2015). In essence, it is well accepted that organizational changes are viewed as a formidable stressor in organizational life because it creates fear, uncertainty, and doubt, and adopting new information systems within an organization is viewed as a formidable stressor in organizational life (Allen et al., 2007; Judge et al., 1999).

Further, as Dawson (1994) notes, resistance to organizational change can result from substantive change in job (skill requirements) and/or psychological threats (whether perceived or actual). As such, adopting new information systems experienced by employees may cause their resistance to accept and use new information systems. Thus, the premise of successful adoption of new information systems is to gain employees' positive attitude (i.e., acceptance and support) toward this change (Fedor, Caldwell, & Herold, 2006; Miller, Johnson, & Grau, 1994). In summary, in order to enhance the possibility of successful adopting of new IS, organizations should devote their efforts on understanding employees' attitudes towards new IS from the perspectives of organizational change.

Transformational Leadership and Attitude Towards ERP System

It is suggested that employees engage in an exchange relationship with both the organization as a whole and their immediate supervisor (Stinglhamber & Vandenberghe, 2003). At workplace, the

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