

Chapter 7.5

A Grounded Theory Study of Enterprise Systems Implementation: Lessons Learned from the Irish Health Services

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ABSTRACT

Enterprise systems (ES) promise to integrate all information flowing across the organisation. They claim to lay redundant many of the integration challenges associated with legacy systems, bring greater competitive advantages to the firm, and assist organisations to compete globally. However, despite such promises these systems are experiencing significant implementation challenges. The ES literature, particularly studies on critical success factors, point to top management support as a fundamental prerequisite for ensuring implementation success. Yet, the literature remains rather opaque, lacking an empirical understanding of how top management support ES implementation. As a

result, this study seeks to explore this research question. With a lack of empirical knowledge about the topic, a grounded theory methodology was adopted. Such a methodology allows the investigator to explore the topic by grounding the inquiry in raw data. The Irish health system was taken as the organisational context, with their ES initiative one of the largest implementations in Western Europe.

INTRODUCTION

The objective of this chapter is to discuss the application of a Grounded Theory Methodology (GTM) in addressing “enterprise systems (ES) implementation within the Irish health services.” In particular, this chapter will be of benefit to

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researchers and practitioners endeavouring to focus on ERP implementation within health care organisations. There is a lack of empirical literature to explain the application of GTM for IS inquiry within health care organisations. This empirical vacuum is even more lacking when we turn our attention to ES implementations. This chapter will be comprised of two main sections. The first section will “introduce GTM,” clearly illustrating its benefits to IS inquiry. The second section will provide the reader with an “application of GTM in practice.” The chapter will conclude with reflections on GTM as an approach for IS empiricism.

INVESTIGATIVE FOCUS

Since the 1950s, organisations have sought to increase effectiveness and efficiency through the use of computers. During the 1970s and 1980s, IS was recognised as a means to creating greater competitive advantages for implementing organisations. Today, IS has permeated to the very core of many firms, often determining their success, or indeed failure. As a consequence of the escalated growth and interest in IS, huge emphasises has been placed on integrating various systems throughout the organisation. Such integration gives the organisation a single view of the enterprise. To this end, enterprise systems (ES) began to emerge in the early 1990s. These systems promised “seamless integration” of organisations business processes, throughout its value chain (Davenport, 2000). In other words, these systems allow the organisation to unite all its business processes under the umbrella of a single system. According to Parr and Shanks (2000), ES’s have two important features, firstly they facilitate a casual connection between a visual model of business processes and the software implementation of those processes, and secondly they ensure a level of integration, data integrity and security, which is not easily achievable with multiple software

platforms. Kraemmergaard and Moller (2002, p. 2) note that the real benefits of ES are their potential to integrate beyond the organisations own value chain, delivering interenterprise integration. This form of integration allows a single organisation to integrate with customers and suppliers along its value chain and to other organisations with similar areas of interest (Davenport, 2000). Finally, Brown and Vessey (1999, p. 411) believe that ES implementations provide “total solutions” to an organisation’s information systems needs by addressing a large proportion of business functions. These “off the shelf” packages allow an organisation to improve their current business processes and adopt new best practices (Al-Mashari, 2000).

Consequently, many organisations have moved to implement enterprise systems. The adoption of these systems is expected to bring significant benefits to the organisation. The case literature illustrates this point, with the Toro Co. saving \$10 million annually due to inventory reductions, while Owens Corning claims that their ES software helped it to save \$50 million in logistics, materials management, and sourcing (Umble, Haft, & Umble, 2003, p. 244). Similarly, other cases reveal large savings in costs and increased levels of organisational effectiveness after ES implementation. Companies such as Geneva Pharmaceuticals (Bhattacharjee, 2000), Lucent Technologies (Francesconi, 1998), Farmland Industries (Jesitus, 1998), and Digital Equipment Corporation (Bancroft, Seip, & Sprengel, 1998), have had significant reductions in costs and increased organisational performance as a result of ES adoptions. The literature highlights notable advantages and benefits for the implementation of these systems.

However, despite such promises, implementation results revealed significant failures. Some studies have cited up to 90% failure rates for the implementation of such systems (Sammon, Adam, & Elichirigoity, 2001). Considering that these systems are enterprise-wide, can often cost

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