Implications of the fit between organizational structure and ERP: A structural contingency theory perspective

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Abstract

Despite the tremendous popularity and great potential, the field of Enterprise Resource Planning (ERP) adoption and implementation is littered with remarkable failures. Though many contributing factors have been cited in the literature, we argue that the integrated nature of ERP systems, which generally requires an organization to adopt standardized business processes reflected in the design of the software, is a key factor contributing to these failures. We submit that the integration and standardization imposed by most ERP systems may not be suitable for all types of organizations and thus the “fit” between the characteristics of the adopting organization and the standardized business process designs embedded in the adopted ERP system affects the likelihood of implementation success or failure. In this paper, we use the structural contingency theory to identify a set of dimensions of organizational structure and ERP system characteristics that can be used to gauge the degree of fit, thus providing some insights into successful ERP implementations. Propositions are developed based on analyses regarding the success of ERP implementations in different types of organizations. These propositions also provide directions for future research that might lead to prescriptive guidelines for managers of organizations contemplating implementing ERP systems.
Keywords: ERP; ERP implementation; Contingency theory; Organizational structure