



## Toward an integrative view for the leader-member exchange of system implementation



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### ABSTRACT

Change creates a sense of uncertainty and lost control, and employees' resistance and lack of support in addition to lower levels of acceptance represent some of the most cited causes for failures associated with organizational change. Based on the literature review, this study attempts to shed some light on the role of leadership in the system implementation and information management process by moving beyond the usual "Top management support". A missing piece from the leadership puzzle as it relates to system implementation is an exploration of how top management support gets translated in the organizational hierarchy. Leader-Member Exchange (LMX) is introduced in this study to better understand this missing piece. Studies that looked at LMX as it relate to change has found those who enjoy higher quality relationships with their supervisors have the strongest change climate perceptions. Given the aforementioned limitations and gaps that exist in the literature, this study attempts to propose the integrative view by integrating relevant literature from other disciplines, specifically from the innovation implementation, change management, and leadership literatures. Through the integrative view of literature review, the paper provides an important insight on the system implementation and information management. Theoretical and practical implications based on the literature review are discussed in the paper.

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## 1. Introduction

The often referenced Standish Group's "CHAOS" report for 2009 delivered the following numbers: 32% of projects succeeded in the sense that they were delivered on time, on budget, and with the "promised" features, while 44% were "challenged", which essentially means they were less than "perfect" when success was measured along the aforementioned dimensions, and finally, 24% failed. The failed projects were either canceled or delivered but never used. There has been the increased agreement among scholars that implementation failures are becoming increasingly identified as the main cause of the inability of organizations to capture the benefits of the innovations they implement.

Change creates a sense of uncertainty and lost control, and employees' resistance and lack of support in addition to lower levels of acceptance represent some of the most cited causes for failures associated with organizational change. This resistance represents a major barrier for changing the behaviors of organizational members so as to use the innovation and for the organization to reap its benefits. While the evidence mounts that we must improve the information management effectiveness of employees, it could be argued that a disproportionate amount of Information Systems (IS) scholarly energy has been directed at identifying salient characteristics of Information Technology (IT) rather than focusing on understanding the information management aspects of knowledge workers. Supporters of this argument contend that technology is only a tool designed to support the management of information while knowledge workers are the ultimate agents who put information to use (Ragowsky, Licker, & Gefen, 2008). Based on the literature review of multiple domains of research on innovation implementation, this study also attempts to shed some light on the role of leadership in the acceptance and information management process by moving beyond the usual "Top management support". A missing piece from the leadership puzzle as it relates to system implementation and information management is an exploration of how top management support gets translated in the organizational hierarchy. Leader-Member Exchange (LMX) is introduced in this study to better understand this missing piece. Studies that looked at LMX as it relate to change has found those who enjoy higher quality relationships with their supervisors have the strongest change climate perceptions (Tierney, 1999). Also, LMX has been found to affect the relationship between supervisors' influence tactics and those tactics' effectiveness in dealing with resistance to change (Furst & Cable, 2008). Higher quality exchanges are usually found to be less resistant to change (e.g. Van Dam, Oreg, & Schyns, 2008).

Given the aforementioned limitations and gaps that exist in the literature, this study attempts to propose the integrative view by integrating relevant literature from other disciplines, specifically from the innovation implementation, change management, and leadership literatures. We begin by looking at the innovation implementation literature, followed by a review of the change management literature, and finally we look at leadership, namely the LMX literature.

## 2. Literature review

### 2.1. Innovation implementation

The issue of innovation implementation has been increasingly receiving attention in both academia and the business world where organizations look for new ways to do things and develop new systems. Much of the existing literature on innovation has taken a particularly technological or functional viewpoint as to what sort of new products and processes are to be considered innovations (Stoneman, 2010). Stoneman (2010) proposes that there is a type

of innovation, here labelled 'soft innovation', primarily concerned with changes in products (and perhaps processes or implementation) of an aesthetic or intellectual nature, that has largely been ignored in the study of innovation. Klein and Sorra (1996) pointed to the fact that even though a lot of research has been done in the general area of innovation, little research looked at the issue of innovation implementation. Innovation implementation is defined as "the process of gaining targeted employees' *appropriate and committed* use of an innovation" (Klein & Sorra, 1996, 1055). From a temporal perspective, implementation follows the adoption decision, it represents "the transition period during which targeted organizational members become increasingly skillful, consistent, and committed in their use of an innovation" (p.1057).

As new technologies, processes, procedures, and systems infiltrate the world of organizations, research on potential adopters' acceptance of those innovations received and is still receiving attention from professionals as well as academic researchers. Developers of new technologies, senior management, and those who are responsible for managing the changes associated with the implementation of innovations are realizing that the lack of user acceptance can—and most probably will—lead to loss of money and resources as well as affecting the organization's bottom line. This led many organizational analysts to reach the conclusion that implementation failures are the main reason why many change efforts fail to achieve the intended benefits of the innovation (e.g. Klein & Knight, 2005; Klein & Sorra, 1996).

Damanpour (1991) defined innovation as the process of adopting a new device, system, policy, program, process, product, or service. The novelty of the innovation is to be considered from the perspective of the adopting entity. This is consistent with the view of many scholars including Rogers (1995) who defined innovation as "an idea, practice, or object that is perceived as new by an individual or other unit of adoption" (p. 11). For Rogers (1995) an idea is new if it is perceived to be new by the potential adopter. Klein and Sorra (1996) identified two approaches for describing innovations. The source-based model adopts the perspective of the innovator. In this model, an innovation is "a new product or service that an organization, developer, or inventor has created for market" (p. 1057). On the other hand, the user-based model adopts the perspective of the user which is similar to Roger's definition. This latter view is the one adopted in this paper.

The literature also distinguishes between adoption and diffusion of an innovation. Adoption refers to the decision to use an innovation, while diffusion deals with the accumulated levels of users of the innovation. Rogers (1995) defined diffusion as "the process by which an innovation is communicated through certain channels over time among the members of a social system" (p. 10). The literature has also differentiated between adoption decisions which occur at the organizational level and decisions that occur *within* the organization. Many-if not most- innovation adoption decisions in organizations are usually made by the organization's senior management. Those initial adoption decisions—which represent an organizational level adoption—are built upon the premise that employees will ultimately use the innovation. But the reality makes it clear that successful implementation requires committed usage by the organizational members who are the target of the innovation implementation effort, thus when employees do not change their behavior and/or limit their usage of the system or the process, the change is not institutionalized and the question of "why did we fail" arises. Klein and Sorra (1996) highlighted that implementation failures are becoming the main reason why many organizations do not reap the anticipated benefits of the innovation.

Rogers (2003) proposes three types of innovation decisions: Optional, collective, and authority decisions. This research is mainly concerned with the authority decisions type where the decision to adopt or reject an innovation is made by senior management and

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