The impacts of charismatic leadership style on team cohesiveness and overall performance during ERP implementation

Eric Wang [a], Huey-Wen Chou [a], James Jiang [b,*]

[a] *Department of Information Management, National Central University, No. 300, Jung-da Rd., Jung-li City, Taoyuan, 320 Taiwan, ROC*
[b] *Department of Management Information Systems, University of Central Florida, Orlando, FL 32816, USA*

Abstract

Though several key enterprise resource planning (ERP) implementation factors, including top management commitment and support, change management, and consultants' support haven been broadly discussed in literature, other factors such as leadership style and team cohesiveness have recently received more attention in technical project implementation [Thite M. Leadership styles in information technology projects. International Journal of Project Management 2000:18;235–41; Jiang JJ, Klein G, Chenoun-Gee H. The relative influence of IS project implementation policies and project leadership on eventual outcomes. Project Management Journal 2001;32(3):49–55]. The charismatic leadership style has often been adopted by organizational leaders, primarily in Asian countries including Taiwan. The present study, based upon the team leadership theory proposed by Zaccaro, Rittman, and Marks [The sociology of religion [Transl. Ephraim Fischoff]. Boston: Beacon Press; 1963], serves as an initial step towards understanding the impacts of charismatic leadership style on ERP implementation. Three-hundred companies listed in the ''Top 500 of The Largest Corporations in Taiwan 2001,'' that have implemented ERP systems, were surveyed. The results confirm that leaders should demonstrate more charismatic behaviors to establish the ERP project team members' cohesiveness and, thus, improve team performance. The positive relationship between team cohesiveness and overall team performance was also statistically supported. Implications on future study are discussed.
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1. Introduction

Many firms view standard ERP packages as a key to overcoming the problems of their legacy systems and to increasing global competitiveness [16]. ERP systems have been adopted by over 60% of Fortune 500 companies in the USA [31]. However, studies have indicated that the implementation of an ERP system could be an extensive, lengthy and costly process. For example, the Standish Group reports that ERP implementation projects were, on average, 178% over budget, took 2.5 times as long as intended and delivered only 30% of the promised benefits [23]. Due to its complexity and scope, ERP implementation is handled by a cross-functional team, composed of members of diverse backgrounds and interests. As a result, the ERP leaders' effectiveness and the cohesiveness among ERP team members have become critical success factors for ERP implementation [14]. Unfortunately, it is generally recognized that technical employees lack the leadership skills necessary to effectively manage people [18]. In spite of its importance, little attention has been paid to the nature of IS project leaders' leadership styles [33].

* Corresponding author. Tel.: +1 407 823 4864; fax: +1 407 823 2389.
E-mail addresses: ewang@mgt.ncu.edu.tw (E. Wang), hwchou@mgt.ncu.edu.tw (H.-W. Chou), jjiang@bus.ucf.edu (J. Jiang).

Leadership is critical to any group environment. Several studies have highlighted the essential leadership qualities and skills required by IS project managers to ensure success, such as the ability to manage people, stress, emotions, bureaucracy, and communication. Charismatic leadership behaviors are identified as among the most critical leadership behaviors in terms of satisfaction [33]. Weber [34] first introduced the term "charisma" and described it as a somewhat super-human attribute, or "an endowment with the gift of divine grace." According to Weber, a charismatic leader is viewed as a mystical, narcissistic, and personally magnetic saviour [5]. Attributed personality traits that others consider extraordinary define one characteristic of charisma [8]. Some researchers argue that charismatic leaders fuse each member's personal goals with the team or organizational mission. Team members identify at a personal level with the purposes and goals of the collective as a whole and therefore feel more team commitment and cohesiveness, which improves subsequent performance.

Group cohesiveness can be thought of as the degree to which members are attracted to the group and are more motivated to remain part of the group [29]. In spite of the lack of attention received in the IS literature, cohesiveness has long been identified as a factor exerting considerable influence over work group performance and is considered central to the study of group dynamics in other disciplines [36].

The purpose of this study is to examine the influence of project managers' charismatic leadership styles on project teams' cohesiveness and thus the team's overall performance during ERP implementation in Taiwan. More specifically, the study attempts to address the following questions:

1. Does the charisma leadership style have a positive influence on the ERP project team's cohesiveness?
2. Does the charisma leadership style have a positive influence on the ERP project team's performance?
3. Does team cohesiveness have a positive relationship with the ERP project team's performance?

This study makes a number of contributions. First, to our knowledge this is the first empirical study in the IS literature that examines the charisma leadership style and its impacts on the group cohesiveness and team performance in the context of ERP implementation. Second, this study identifies another critical success factor (i.e., project leader's leadership style) for ERP implementation beyond the more well-known factors such as top management support, consultant competence, and the fit between the ERP system and business processes. Third, this study provides empirical evidence confirming the relationship between a project leader's leadership style (i.e., charismatic leadership) and team cohesive-

ness. This is important, given that team cohesiveness is central to understanding group dynamics. Fourth, this study provides the first empirical evidence that leadership style has a significant impact on technology-oriented project implementation, which is an issue raised recently in the IS literature [33]. Finally, the proposed research model provides a framework for future studies that examine the impacts of other leadership styles (e.g., intellectual stimulation) on IT implementation project team performance.

2. Background and research hypotheses

The term "team" may be defined as "a social system of three or more people, which are embedded in an organization, whose members perceive themselves as such and are perceived as members by others, and who collaborate on a common task (teamwork) [1,11]." According to Katzenbach and Smith's [19] definition, teamwork represents "a set of values that encourages listening, responding constructively to views expressed by others, providing support and recognizing the achievement of others." In this study, the term *ERP project team* refers to a small group in which individuals work together outside of traditional hierarchical lines of authority on a temporary basis on ERP implementation projects to reach some predetermined standards such as quality, within time and budget constraints.

Effective team performance derives from several fundamental characteristics [35]. First, team members need to successfully integrate their individual actions. Team processes become a critical determinant of team performance. Second, teams are increasingly required to perform in complex and dynamic environments. These performance requirements heighten the need for member coordination and cohesion. Team leadership represents a third characteristic of effective team performance [28].

Kotter [22] noted that providing leadership means influencing others to take responsibility for identifying, developing, retaining, and motivating talented professionals on the team. The most popular leadership style classification contrasts transactional and transformational leadership styles. The transactional leadership style represents traditional views on leadership, which focus on the contractual relationship between the leader and his/her subordinates in terms of expected performance in return for certain rewards [33]. The leader–follower relationship is reduced to the simple exchange of a certain quality of work for an adequate price. It is believed that such a cost-benefit exchange process will only lead to as expected outcomes and subordinate performance. On the other hand, the transformational leader, who strongly motivates followers to perform beyond their expectations, increases the followers' sense