

INFORMATION TECHNOLOGY ADOPTION HERDING: A CASE STUDY IN TAIWAN

CHUN-HUNG HUANG

Ming Chuan University, Taiwan, ROC

YU-LIANG CHEN

E. Sun Securities Co. Ltd., Taipei, Taiwan, ROC

Keywords: herd behavior, diffusion of innovation models.

Herd behavior has long been studied in many academic works and previous research has shown that individuals are influenced by others when making decisions. Recently, we have also observed herd behavior in many instances of popular business models or new technology adoption in organizations. For example, the majority of security houses in Taiwan are adopting the same electronic trading system for no apparent reason. In this study the basis for information technology adoption herding generated by organizational decision-makers' investment decisions is examined.

After interviewing the top managers of several security houses who are using the same system, we found that their objective was to avoid the risk of becoming the minority, and whether or not the system meets the real needs is usually not considered. Based on this observation, in this study the diffusion of innovation models (Rogers, 1995) was used to determine whether or not the introduction of the electronic trading platform of security houses is herding. Besides the questionnaires collected from the relevant decision makers, interviews with the top managers of four security houses were conducted.

Chun-Hung Huang, Assistant Professor, Information Management Department of Ming Chuan University, Taiwan, ROC, and Yu-Liang Chen, Senior Manager, Information Technology Department, E. Sun Securities Co. Ltd., Taipei, Taiwan, ROC.

Appreciation is due to anonymous reviewers.

Please address correspondence and reprint requests to: Chun-Hung Huang, Assistant Professor, Information Management Department, Ming Chuan University, Taiwan, No. 5 Teh-ming Rd., Gueishan Township, Taoyuan County 333, Taiwan, ROC. Phone: +86 2 2882 4564 # 3437; Email: chhuang@mail.mcu.edu.tw

RESULTS

Results show that, even in decision making, managers of organizations may follow their competitors. However, the more diversified the characteristics of the top management team, the less likely it is that they will show herding behavior. Perceived risk also shows some effect on the herding behavior of organizations. Practical implications and suggestions for future research will be provided.

REFERENCE

Rogers, E. M. (1995). *Diffusion of innovations* (4th ed.). New York: Free Press.