Evaluating the Internal and External Factors Toward ERP Success: Examples from Bruneian Businesses

Afzaal H. Seyal, School of Computing and Informatics, Institute of Technology Brunei, Permanent Campus, Gadong, Brunei Darussalam
Mohd Noah Abd Rahman, School of Computing and Informatics, Institute of Technology Brunei, Permanent Campus, Gadong, Brunei Darussalam

ABSTRACT

The primary purpose of this study is to investigate the role of top management support, government support, the impact of business vision, external expertise and perceived benefits in assessing the success of Enterprise Resource Planning (ERP) system. The study uses survey approach of 150 business firms selected randomly from Brunei Yellow Pages. 45 out of them are practicing ERP for the year and more and are included in this study. Data analyzed by PSW-18 software support the majority of the previous findings that all the contextual variables used are significant, except the top management support. These results are compared with existing studies and the implications of the findings for practice are discussed.

Keywords: Business Vision, ERP, External Expertise, Government Support, Perceived Benefits, System Success, Top Management Support

INTRODUCTION

The widespread use of Information and Communication Technologies (ICT) for efficient and effective business functions has changed the working operations of businesses around the globe. Majority of the organizations are relying on the cutting-edge technologies that can cut down the costs and bring benefits to businesses. In this regard, business organizations are investing in the e-business option, in order to gain more benefits and to improve on how their businesses function. Enterprise Resource Planning (ERP) systems are information systems (IS) used by multifunctional companies working in different regions (Umble et al., 2003). By implementing ERP, organizations will have better control over their business operations. According to Gupta (2000), the system is complex, large and difficult to implement. It requires careful planning and execution in order to ensure its successful implementation. Furthermore, the ERP system is different from other information technology implementation, therefore, they provide real opportunity for modern organizations to integrate...
their business processes and functions (Martin, 1998). The ERP system is becoming popular worldwide and gaining competitive and strategic advantages. In fact, adopting ERP system as the primary platform for sharing and exchanging of organizational information and providing access to it through internet technology which is considered a hallmark of leading organizations (Davenport, 2000). ERP system enjoys its present popularity because of its apparent capacity to improve operational efficiency and business efficacy (Chou and Chang, 2008). Whereas, Aydin and Tunali, (2007) suggest that ERP system is evolving and integrating many advanced applications including supply chain management (SCM), customer relationship management (CRM) and e-Procurement.

In today’s uncertain economic climate, organizations require suitable IT-enabled systems that provide significant reduction in operational costs and improvement in the efficiency of business processes. ERP is a very useful integrated software that streamlines business processes and corporates functions (Wee, 2000). Broadly speaking, the business ERP comes under the domain of organizational broad base supply chain management system (SCM). In addition, ERP can be defined as an information system that is designed to improve global management of operations in accounting, financing, production, logistic, human resources, sales and supplies (Chen, 2001). It deals with better integration of different departments’ information needs (Gupta et al., 1986). In multinational companies, transactions’ data go through the entire information system of the logistics chain that includes information pertaining to suppliers and customer orders of goods or services from any place in the world (Sheu et al., 2004). ERP system facilitates the integration of information linking a set of suppliers, distributors and clients through geographic restrictions (Jacob and Whybark, 2000; Soh et al., 2000; Hammer and Stanton, 1999; Davenport, 1998). Information about the supply and the demand of products and services is shared in real time and in an accurate and homogeneous manner (Chen and Popovich, 2003). The strategic purpose of implementing an ERP system varies across companies (Willco and Sykes, 2000). It involves perceived advantages both tangible and intangible, of this ERP system which is difficult to define (Hsu and Chen, 2004). In international systems of the logistic chain, information that is managed with ERP system provides competitive advantage (Akkermans et al., 2003). ERP system and SCM are the basis for a better organizational performance and competitive advantage (Bergstrom and Stehn, 2005).

From the above discussion, it is evident that implementing ERP has become an important option for many businesses across the globe. This gives competitive advantage as well as to enhance productivity. Based on recent evidence from industry reports and IS studies, there are now more business enterprises implementing ERP to enhance business processes and to gain both tangible and intangible benefits (Mabert et al., 2003; AMR Research, 2005). In 2009, AMR cited in its report that ERP has grown into US$64.8 billion market worldwide. (www.amrresearch.com/Content/view.asp?pmillid=18789).

The increased use of these new technologies has resulted in more studies dealing with issues pertaining to adoption, implementation as well as evaluation of critical success factors and implementation methodologies (Hong and Kim, 2002; Wei et al., 2007; Seethmraju and Seethmraju, 2008; Petter et al., 2008; Abdalghaffar, 2012). However, the researchers’ focus had been shifted towards these dimensions on studies to evaluate the impact of ERP systems, measure the success of ERP and/or assess its effectiveness (Law and Ngai, 2007). Researchers faced a big challenge in conducting the studies due to lack of knowledge regarding issues pertaining to IS success (Gable et al., 2003 and 2005). Other researches in areas dealing with ERP systems, measurement, evaluation or assessment is the recent phenomenon (Tan and Pan, 2002; Gable et al., 2003; We and Wang, 2005; Ifinedo and Davidrajah, 2005; Ifinedo and Nahar, 2006; Ifinedo, 2008).
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