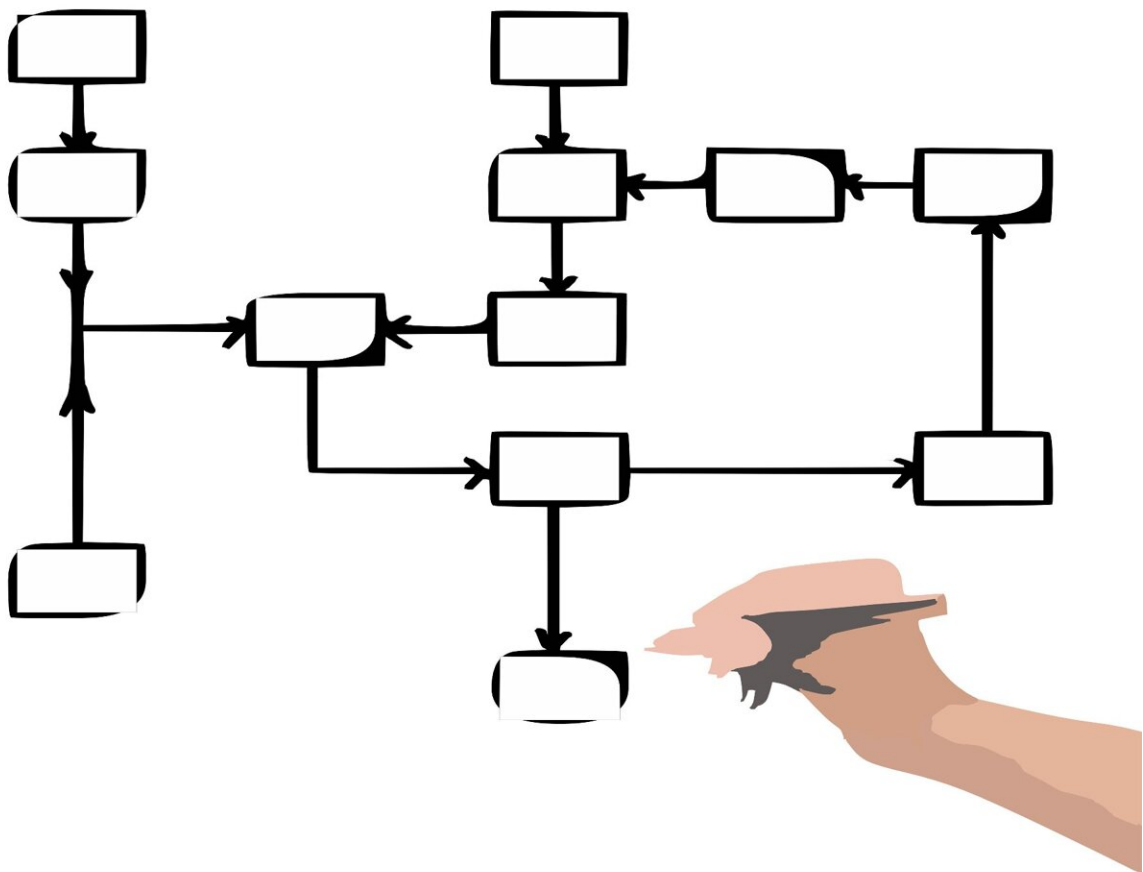


How enterprise resource planning systems can boost business

July 17 2023, by David Bradley



Credit: Pixabay/CC0 Public Domain

Research in the *International Journal of Business Information Systems* has focused on the use of enterprise resource planning (ERP) systems and their effects on the business bottom line. The researchers suggest that ERPs can have profound effects on an organization, significantly improving efficiency and profits. However, if used inappropriately they can lead to corporate decline and even bankruptcy.

ERP systems are advanced management information systems that integrate various functional areas within an organization with the aim of streamlining operations and improving overall efficiency.

Ford Lumban Gaol of Binus University and Mohamad Fajar Deniansyah of the Bina Nusantara University both in Jakarta, Indonesia, and Tokuro Matsuo of the Advanced Institute of Industrial Technology in Tokyo, Japan, have examined the efficiency of [business processes](#) both before and after the implementation of an ERP system. The team found meaningful improvements are possible.

But, they also highlight the factors that must be considered if the implementation of an ERP system is to be successful. They suggest that management must have vision and a solid [business](#) strategy while it is critical that experience among the company ERP team is strong.

Without this vision and team experience, ERP system implementation can fail leading to misalignments between operational strategy and business processes. Problems will arise if implementation takes longer than- anticipated, user training is inadequate, there are cost overruns and a lack of management dedication to the approach.

When handled well, an ERP system as implemented in the automotive industry example discussed in the paper, shows that significant improvements in business processes can be made. The research underscores the positive impact of an ERP system on the company's

design and manufacturing unit specifically, the team reports.

As companies seek ways to optimize their processes and gain a competitive edge, this research provides insights into the potential for corporate transformation that is possible with an ERP system if undertaken with foresight, vision, and experience.

More information: Ford Lumban Gaol et al, The measurement impact of ERP system implementation on the automotive industry business process efficiency, *International Journal of Business Information Systems* (2023). [DOI: 10.1504/IJBIS.2023.132124](https://doi.org/10.1504/IJBIS.2023.132124)

Provided by Inderscience

Citation: How enterprise resource planning systems can boost business (2023, July 17) retrieved 28 April 2024 from <https://phys.org/news/2023-07-enterprise-resource-boost-business.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.