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What SMEs need to focus on in order to obtain benefits of ERP systems?

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ABSTRACT

Enterprise Resource Planning (ERP) systems are traditionally used by larger companies, due to its complexity and price tag. Many software companies however from the leading ERP software company such as SAP to Microsoft (i.e., Dynamics software) are targeting products and services to small and medium enterprises (SMEs). With cloud computing and improved technology infrastructure, it is now feasible for SMEs to have IT platforms that are comparable to their larger competitors.

Similarly, literature on the topic of enterprise resource planning systems implementation has focused on larger, publicly listed companies, and not many studies evaluating their success in SMEs. SMEs have human resources and project management issues that affect the success of AIS/ERP implementation. SMEs also face challenges because they have different corporate governance structures and greater resource constraints than larger companies, particularly when accounting information systems are also used as ERP systems. Consequently, the ERP systems are not utilized to their full capacity in SMEs. Regardless, all companies must pay attention to the quality of the data and to the integrity of the processes for collecting data.

Implementation of ERP systems is a complicated process, many factors impact on the successful implementation of those systems. Understand the management, data quality, project management, and human factors' impact on the ERP implementations that would help organizations and practitioners to manage this complicated process, and ensure resources are employed in the right places, which would lead to better outcomes. Often, practitioners in the fields feel pressured by the top management to complete the implementation with less resources and time, which contribute to high failure rate of ERP systems' implementations. This research helps to identify critical successful factors that have most influence on the ERP implementations in SMEs, by focusing on those factors that would increase the possibility of the successful implementation of those systems. The research also focuses on the decision support aspect of the systems implementation, from the factors related to the decision support to the confidence of the decisions as the output of the systems. ERP systems are not merely systems that generate the data from daily operations, it is also a vital tool to provide information for decision making. The research findings from this study would help SMEs to better implementing the ERP systems, as they cannot afford to learn by trial and error and face the negative economic consequences for an extended period of not being able to recover their investments in ERP systems. This research would highlight what SMEs need to focus on to increase their chances of obtaining the benefits of ERP systems.