ATTAINMENT OF COMPETITIVE ADVANTAGE THROUGH ERP AND PROCUREMENT

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Abstract
It is the era of global competition in Innovation, intensity, development and imagination. There is a dynamism and a continuous change in the business environment for competitive organizations. Today it doesn’t make a difference from which nation you originate, in which country you operate, where you manufacture and where you offer your products to sell. The point of difference, instead is what business model you have. Information technology have changed the business model altogether and a more coordinated, internally and externally integrated, networked business model has replaced the old conventional, isolated business models. ERP is one of the most vastly used enterprise wide, Information System, which is considered as one of the success factors for the networked business. This article presents the contemporary literature on business information system, which endorses that and the establishment of a networked corporation is crucial to enhance hierarchical profitability and a combination of procurement and production network through Enterprise Resource Planning (ERP), which can give the business organization a predominant edge over the competitors.

Keywords: ERP, Comparative Advantage, Procurement

Introduction
Enterprise resource planning (ERP) is a type of business process management software, which integrates multiple applications used to collect, store, manage and interpret data from various business processes, including: Product planning, Order Management Procurement, Manufacturing, Service providing, Human Resources Management, Inventory Management, Supply chain management, Shipping, finance management, Customer Relationship Management and many others(Issar & Navon, 2016). It is an enterprise reconstruction resolution plan ERP which assimilates these numerous business functions into one complete system, redesigning the business processes and information across the entire organization(Shen, Chen, & Wang, 2016). The ERP deployment and Management is complex and encompasses the entire organization processes(Schniederjans & Yadav, 2013). Hence, it requires a vast background
knowledge and experience for successful planning implementation and maintenance (Beaulieu, Martin, Sarker, & Bjørn-Andersen, 2015).

**Benefits of ERP**

Enterprise Resource Planning System requires overwhelming interests in term of time and cost, and the administration needs to think about the quantifiable advantages which they will receive consequently of that generous ventures (Poston & Grabski, 2001). Business organizations can enhance their profitability by utilizing best in class innovations and those advances can give these organizations various competitive edges, through which the business corporations can penetrate in a global competitive market (Shahzadi, Shoaib, & Lodhi, 2014). The literature suggested that there is enormous fissure for examination on the advantages of ERP for FMCG industry especially in the field of procurement (Issar & Navon, 2016).

In today’s cutting-edge competition, ERP is a gift for today’s progressive business firms. To attain and maintain a competitive advantage, today is not easy. It is being troublesome for the business firms in intensely developed industry simply like FMCG industry to stay on top or even to survive in the cutting edge competition in some cases (Bansal, Parmanik, Mukherje, Pandit, & Singh, 2016). The business firms need to stem line and advance their inner procedure and operations to confront the outer dangers. In this ever changing dynamic business world, a Business firm which has to needs a fast change in its specialties, procedures and operations, will have to arrange and manage an effective ERP framework. Trying to manage the supply chain without an ERP, framework, there may be a huge loss of time and money.

The Management of ERP, leads to an improved level of operations especially procurement and other supply chain activities. The execution of the representatives are enhanced by the use of ERP framework, the procedures of procurement is boosted by the standards of ERP framework and the development and growth rate of the business organization gets improvement. ERP can also enhance the method for collaborative working in the organization. Although the ERP management shows a little change in the structural development of an organization however the effect of that change is enormous as far as the profit and the work procedure is concerned.

Business intelligence module of ERP provides multi dimension information enabling an organization to make informed and improved managerial decision making across the organization. IRP on the other hand also helps in the improvement of performance management, while traditional methods in the absence of ERP lead to operation disorders and unnecessary delays and management problems in supply chain. (Elbashir, Collier, & Davern, 2008)

An effective management of ERP also leads to straighten and improved system of acquisition, which is necessary for the hierarchical operational achievements. By the utilization of ERP the business organization attains straightforwardness, improved data sharing, effective leadership, worker strengthening, representative administration and above all, the lead time and stock levels will lessened and the danger of stock-out will likewise decrease. The fast and quick advantages must be accomplished by the utilization of ERP framework and in long run these advantages are relied upon to increase (Seethamraju, 2015).

It is also observed that ERP, when matched with Human Capability, it also enhances the working capability of the Human Resources, Enabling them to work smarter and output oriented (Esendemirli, Turker, & Altuntas, 2015). Schuler and Jackson (1987) stated that the Learning and developing organizations, having These Management tools, when staffed 20% of their main three levels with outcasts, they surpassed their expected quantifiable profit by 10%. Those that remained dependent on inside ability the even missed their target goals by 20%. And
similar position is observed among the organizations in declining enterprises: companies with outcasts in one out of each five top administrations occupations surpassed expected returns by 20%; those with a low extent of outcasts missed the mark. On the other hand, ERP oriented organizations enjoy a better ratio of goal achievement through effective management of the different modules of ERP as per their organizational requirements (Shafakheibari & Oladi, 2015). The advancement of Internet innovations has expanded the complications for business to work. Today the System-Automation is no more a choice or a luxury for business organizations, rather it is a necessity and way of working (Esendemirli et al., 2015). Recognizing this fact and considering the significance and the power of Internet and E-Business, most of the Asian organizations have come forward to take the advantage of e-business, e-commerce and ERP (Shen et al., 2016). While studying Small and Medium Enterprises, Gunasekaran and Ngai (2008) observed that most the of b2b organization using e-business and ERP, have gained unmatched quality on supply chain and procurement between competitive organizations in Singapore. Progressive business firms identify the e-commerce and e-business related factors of competitive advantage and exploit the best of them through effective management of electronic tools including the Enterprise Resource Planning (Angeles & Nath, 2007). With the passage of time the ERP is no more associated with Business giants and multi-national corporations. The Small and Medium Enterprises (SME) are also now rapidly moving towards upgrading their system automation through ERP management to meet the requirements of market competition. They want to be equipped with the capability of higher productivity and a streamlined, business data, which may be timely available to employees and all the business departments within the whole SME (Kazmi, 2016).

ERP is a source of numerous benefits leading a business organization towards attaining and maintaining it’s competitive advantage, value creation and value enhancement (Leu & Lee, 2016). One of those greatest advantages that SMEs can be delight from ERP for little business is enhanced productivity, which is imperative for any organization's main concern (Stadtler, 2015). The timely, effective and easy accessibility of business information to all the divisions and all of the workers, lead them to work with more coordination and integration, saving a lot of time being wasted before, for contacting other departments and divisions (Faisal, Faridi, & Javed, 2011). This leads to enhanced personal and organizational productivity (Raymond & Uwizeyemungu, 2007).

The Effective Inventory management through ERP also leads to the effective and speedy funds flow offering cost effectiveness to the manufacturing organizations. By the literature review and the organizational study of SMEs, it was observed that in the absence of proper inventory and material management, the mismanagement becomes a curse for the manufacturing organizations (Yi & Tu, 2015). Seethamraju (2015) observed that a systematic inquiry about the basic inventory problems, stock administration strategies, materials administration issues, enables us that with ERP, upgrading the business procedures, enhancing inventory management and, outlining and coding the material can help gaining optimal resource allocation, decrease in un-necessary delays and improvement in supply chain management.

Furthermore, when a small business advances towards the transformation to ERP programming, it recognizes the importance of streamlined Information stream (Schniederjans & Yadav, 2013). This is especially substantial among fast developing business enterprises, which may continue working with problems, with respect to data being compartmentalized in different departments and divisions, in the absence of ERP (Nettsträter, Geißen, Witthaut, Ebel, & Schoneboom, 2015).
The cash related and finance information, for instance, required by stock division will not be easily available, in generally, but with ERP, the whole data is in one database and the approved data is accessible to all the relevant authorities and departments, with security and ease (Velcu, 2007).

ERP also provides the collaborative capability to the business firms (Ahmer, Demir, Tofallis, & Asad, 2016). For business firms which are in the pursuit of better collaboration, ERP can be the solution. Employees’ inability to access the relevant data in-time, may result in deficient collaboration and problematic communication (Powell, Riezebos, & Strandhagen, 2013). The availability of data and information across the platform with ERP, enables and promotes better inter office and inter-human collaboration (Brehm & Schmidt, 2016). The employees are able to see the comprehensive look of organizational information and the authorities are able to make more informed decisions due to this collaboration (Irfan, Xu, & Chun, 2008). ERP also results in decreased operating cost (Al-Mashari, 2002). Especially for small and medium enterprises, the operating cost may be the point of prime concern. For such enterprises, ERP is a source of overall reduction in operating cost. The organization get rid of managing a number of Information systems and functional software. The data is streamlined into one software resulting in avoidance of the cost being occurred on multiple functional and departmental software in the absence of ERP (Shang & Seddon, 2000). For making decisions in a business firm it is not only sufficient to have all the data on-board, but it is also necessary to make sure that data is current and up-to-date. ERP provides this assurance that the current up-to-data data is available across the organization, so that the business decisions are doubt free and error free. The managers are able to make best decisions for the maintenance of their competitive a, in making the business choices which very much critical for the success of a business and even to respond to the business challenges posed by the competitive market position.

ERP is a multi-dimensional Information System including the Human Resource Management and HR Development dimension. Ranjan, Jha, and Pal (2016) observed that although ERP has less direct connection with recruitment process and employee benefit administration, but is directly related to other HR activities like training and development, employee efficacy enhancement, inter-department integration and human capital management.

Critical Issues in ERP Implementation

For ERP to be Successful and result oriented, a very careful planning implementation and management of the ERP is essential. It is observed that all the ERP Deployments not necessarily end in fully attainment of intended goals. Without a mature feasibility and pre-deployment need assessment, organization may face a number of problematic issues (Anjum, 2015; Holland & Light, 1999). It is observed that the ERP implementation phase needs to be conducted by considering the mast significant factors of implementation including Strategy, project management, HR Management, technology, top management support, corporate communication, and post operation assessment. Similarly the managers and ERP Execution team must have the background knowledge about the organization mission, vision, history and track record and must understand the precaution and post operational issues in the ERP implementation phase, so that the most common and critical mistakes can be avoided (Hong & Kim, 2002). The organization should vigilantly choose only that ERP system which is practically appropriate and suitable for that particular organization. When the business requires an organizational change, the ERP should be well versed with the organization so that it not only accept the required change but support must all the change at each and every level of management and
across the department and divisions of the organization. The Asian organizations may face this ERP-Organization misfit in particular because the development troubleshooting and debugging of most of the ERP Software is done in Western and American Countries, and their system is naturally configured with western organizations and with their organizational culture. Adaptability between Information Technology and the user is also one of the main success factors in Information System (IS) Implementation. Successful ERP organizations also pay attention on process adaptation (Bintoro, Simatupang, Putro, & Hermawan, 2015). Thus a good configuration and organization-ERP fit may increase the success ratio of ERP success, resulting in high organization success level through appropriate estimation and integration for the organization’s management strategy, business process and structural mechanism through the effective usage of Information Technology (Chen, Chen, & Tsai, 2009). The business leaders are required to have the control and change mechanism in their hand and adapt the organization as per ever changing Information System (IS) requirements. ERP Implementation phase when administered according to organizational process and integration requirements, can give more attractive and competitive results for an organization (Alshawi, Themistocleous, & Almadani, 2004).

**Conclusion**

There is a long list of other benefits of ERP mentioned by the business information system literature. In short, we may categorize these benefits into Operational, Strategic, Tactical, infrastructural, managerial, organizational and financial. Operational benefits are attained through the automation of cross-functional activities, processes and procedures. Strategic benefits are long term while short term benefits may be termed as tactical benefits of ERP (Aloini, Dulmin, Mininno, & Spagnesi, 2016). IT Infrastructural benefits spring from ERP deployment when the Information Technology Infrastructure is molded and adapted according to international standards as a compliance of ERP implementation. Managerial Benefits may be accorded which are achieved by improving the managerial processes accordingly, organizational benefits have their span, organization-wide and financial benefits are directly related to the enhancement of financial performance and profitability of the business firm (Badewi & Shehab, 2016). un-counting for different categories and dimensions, mentioned in the ERP literature, a business firms improves its overall functionality, productivity, value creation capability, profitability and above all competitive advantage among competing firms (Nwankpa, 2015). At the same time ERP needs a very much careful Planning and implementation. Any laps in ERP planning or implementation phase may lead to decreased goal achievement, or even it may lead to waste of time and money for in-experienced firms with low usage of technology in the past experience. Thus it may be concluded from the above literature that Enterprise Resource Planning may be crucial for todays networked organization with all its careful planning and implementation so that it may lead to the attainment and maintenance of the firms competitive advantage.
References


