ERP Systems

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American Public University System

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**Introduction**

To understand what an ERP system is, first an understanding needs to be developed of the different processes that occur within the business. These include inventory, accounting, order management, customer relationship manager, human resources and etc. The ERP system is able to integrate all these processes into one complete system that is able to support the whole organization. This is done by streamlining operations, information and processes across the whole organization. The ERP system is fully known as the Enterprise Resource Planning system that helps in improving the efficiency of resource use of the organization by focusing on management control, operational and planning of resources of the organization. Organizations also use this system for managing their day to day business activities as it is helpful in predicting, reporting and budgeting the financial statements of any organization. This way it is able to help in the free flow of data between different processes within a business.

**Characteristics of the Users of the System**

The users of the Enterprise Resource Planning system use this system in a variety of ways. The most notable of ways that I have seen the Enterprise Resource Planning system being used is in accounting, productions, logistics and finance. These professions and processes use an Enterprise Resource Planning system to manage the resources the company has available for their use (Eid and Abbas, 2017).

**Features and Usage of the System**

The Enterprise Resource Planning system has a variety of features that enable it to perform its role in the company. These features are also what make companies use this software as much as possible. These features are as follows (Harwood, 2017).

**Integration**

Integration is one of the most important aspects and features of the Enterprise Resource Planning Software. This feature allows the Enterprise Resource Planning system to stand out from all other software used in this way. Many of the other software that I have seen in the market have boasted about their ability to be able to integrate well with other systems in the company. But sadly no system comes even close to how well the Enterprise Resource Planning system integrates the different capabilities of the business. Upon using the Enterprise Resource Planning system, I noticed that it helps in managing data-driven tasks by giving its users a fully intuitive platform which helps in analyzing and monitoring data.

**Data Analysis**

Enterprise Resource Planning is an excellent tool for data analysis as well. It is already established that this system is helpful in collecting and processing data from different processes occurring in the business. In my opinion, the business should use this feature and capitalize on its data collection to find different patterns and trends in the information regarding the business processes. This will enable users to identify the effectiveness of the different processes running in the business and focus on improving those that are lacking behind the benchmarks. Having a feature of data analysis allows this software to research organizational efficiency and its productivity, for example, create a budget for a product depending on the demand in the market or help you in examine the HR practices in place.

**Customer Relationship Management**

This feature is necessarily more useful for companies that have a very large base of customers, which cannot easily be managed by spreadsheets. This might include multinational companies and public service providing companies. As the spreadsheets start to become larger and larger, less and less information is taken from them but more time is wasted in updating them. The customer relationship management feature allows the company to focus on one particular customer through their information and is able to synchronize its working with other systems. Customer Relationship Management also helps in the creation and implementation of customer care solutions.

**Automation**

The most tedious task that ever finds its way into a working environment is operating a number of data entry systems. These systems take valuable time and can even lower the morale of the staff. In this way another feature of the Enterprise Resource Planning that is really fascinating for me is automation. By using the Enterprise Resource Planning system, automation of common day to day business tasks can be easily done such as accounting, payroll, invoicing, order entry and reporting. This would actually help a common employee, such as myself, save time on such processes and be able to increase efficiency by focusing on things that are more important. Another benefit would be that it reduces human error, which can be caused by repeating and repeating the same tasks the whole day.

**Accounting**

Finance is the highest priority of any business and its management is very imperative for any entity. So it is imperative to have a system that applies strong financial accounting tools that will benefit the business. The Enterprise Resource Planning system accounting feature helps in manage processes involving accounts receivable, risk management, accounts payable, tax management and fixed asset management. For multinational companies that have major businesses overseas, this software can also be used to manage several different currencies and account for the tax regulations and its implications on the business. The Enterprise Resource Planning software's accounting tools also allow for the analysis of sales data and the revenue generated from them.

**Impact of the System**

The response towards the nature of the impact of using the Enterprise Resource system is of a mixed nature. Some studies have found that the use of the Enterprise Resource System has been very beneficial for businesses in improving efficiency in different industries. A study done by Handoko, et al, (2015), states that use of the Enterprise Resource Planning and the SCM system have greatly impacted the competitive advantage and firm performance of different organizations. Due to the movement of competition from between the businesses themselves and towards their supply chain, use of Enterprise Resource Planning systems and SCM has helped organizations to effectively manage their supply chain. This is done by removal of human error and minimizing the error in processes. This leads to a lower cost of production, hence allowing them a greater advantage in terms of cost and higher company performance. However, the one point that was noted in this study is that the effect of both these systems has been influenced by certain factors. These factors include the type of industry, firm size, the number of transactions, buyer preference and firm size. So this study lacks in these areas and there is a need for further research which focuses on these factors.

According to Tenhiala and Helkio (2015), found out that Enterprise Resource Planning system has also had some turbulent reviews regarding its use in different businesses. This study has found that Enterprise Resource Planning system has been beneficial for companies that have witnessed stable conditions but its effects are completely different or even hazardous to the ones that have to deal with market requirements of the dynamic nature. The reason found out for this was that implementing the Enterprise Resource Planning system promotes inflexibility and leaves companies not be able to adjust to the changing demands in the market. Other supporters of the Enterprise Resource Planning system say that data analysis and the other important features of the Enterprise Resource Planning system are very helpful majorly for these companies that have to deal with dynamic market conditions and that if implemented properly can actually help process reengineering. Considering both these arguments, this study found that were positive impacts of using Enterprise Resource Planning system is very beneficial for companies that have to face market demands of the dynamic nature. This study also considered contextual factors that might have influenced the data and the result in view of the two contradictory arguments regarding the use of an Enterprise Resource Planning system.

Implementation of Enterprise Resource Planning system has also been seen to positively impact the business strategy, firm performance and the organizational capabilities of several entities. Research done by HassabElnaby et al, (2012), saw that there was a positive impact of the implementation of the Enterprise Resource Planning system on the business strategy. There is also some small evidence that implementation of this system promotes prospector strategy. Other important areas that Enterprise Resource Planning was able to improve was controlling of costs, innovation in product development, mergers and other opportunities that could lead to revenue growth. This research finds that using a prospect business strategy has been very beneficial for companies. This is because it improves organizational capabilities by focusing on the accessibility to information, improvement in processes and introduces flexibility in finances. By reviewing the financial ratios such as return on assets and quality measurement it has been seen that prospector business strategy also positively impacts the financial performance of an entity. This piece of work also has found that other than using Enterprise Resource Planning system as a cost-cutting method, it can also be useful to promote growth, innovation and also it is a good medium of finding external opportunities for growth for growing and stable businesses.

**Conclusion**

Enterprise Resource Planning system is a useful method to streamline several processes of the business onto one platform. It helps in promoting organizational efficiency and this is helped by the plethora of features it has within its system. Studies have also shown positive reviews regarding its effects on companies towards promoting growth and competitive advantage.

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