

Midocean University

Faculty of Management

Bachelor of Project Management



The Impact of Enterprise Resource Planning (ERP) Systems on Organizational Governance

Student Name

Luai Ahmed Alkahlout

Graduation Project – 2

Faculty of Management - Midocean University

Supervisor

Dr. Mona Moustafa Elashry

Faculty member- Faculty of management- Midocean University

2nd Semester- 2024

Table of Contents

1. Introduction.....	2
2. Research Problem	5
3. Research Significant.....	6
4. Research Questions.....	7
5. Research Objectives	8
6. Research hypotheses	9
7. Research Model	10
7.1. Components of the Research Model:	10
7.2. Hypothesized Relationships:.....	10
7.3. Methodology for Testing the Model:.....	10
7.4. Empirical Study Context:	11
7.5. Selection Criteria:.....	11
8. Suggested Industry/ Organization for the Empirical Study (Family Business in MENA) 12	
9. Research Methodology	13
9.1. Introduction.....	13
9.2. Operational definitions for research variables	13
9.3. Research Design	13
9.4. Research population & sampling methods and technique:	14
9.5. . Data Collection Method:.....	14
9.6. Types of data:.....	15
9.7. Statistical Analysis Techniques:	15
9.8. Conclusion:	15
10. Research Structure.....	16
11. Abstract.....	17
12. Literature Review.....	18
13. Conclusion	19
14. References List	20
15. Appendix.....	22

1. Introduction

Showing several key factors that the enterprise systems assist in influencing the organizational governance, this research paper intended to resolve how the system having impacts on the governance. In order to get the clear picture on how the ERP systems have influenced the organizational governance and to ensure that all the consequences able to be identified, a case study will be carried out on an organization. This will support all the research questions, hypothesis and the research model that have been developed to complete this paper quest. This case study also considered as apposite since it involves the implementation of ERP systems and the organizational changes that would take place in the company. The significance of the study is to identify and resolve the impacts of enterprise systems on organizational governance. This might help the managers and the organization professionals in understanding and taking into account all the potential results that ERP systems can bring to the organizational governance. This will help them to make better decisions concerning the implementation of ERP systems.

Enterprise resource planning (ERP) systems are large-scale software packages composed of a variety of integrated modules—helping an organization to integrate and automate many of its business processes. Each ERP module is focused on a specific area of business process, such as product development or marketing. Among the common functions of ERP software are: marketing and sales, field service, product design, production, inventory control, order processing, purchasing, distribution, logistics, and customer service. With ERP software, the data from various business processes are stored in a common database and can be monitored and maintained in real time. Enterprise resource planning systems can vary in size and scale from internal software that a single organization might use to automate data collection and processes—right through to an ERP solution spanning the whole industry and integrating the data of all organization involved. ERP systems have clocked a massive growth in popularity since the 1990s, leading to an extremely lucrative ERP market. The promise of ERP systems is to bring efficiency, add value, and (in some cases) provide competitive advantage by integrating the data and the processes that produce this data into a unified system. ERP systems also seek to tie together various business processes—providing a high-level view of an organization so that the best business decisions can be made. A linked goal is for ERP systems to improve data accessibility. With data stored in a common location,

both for storage and retrieval, it is possible to get real-time data that is reliable and up to date. ERP systems are designed to be both scalable and flexible. A scalable system is desired because an ERP system should be able to run on a variety of platforms and be capable of serving and being accessed by a large number of people. It should be flexible because an ERP system must support the business needs that exist at the current time. However, business processes and the method of conducting business change over time. An ERP system is an integrated system and should accommodate changes in a flexible manner without disrupting the business operation, requiring the system to be dismantled and reassembled. This is an important issue which is also a good analogy for the system's success in general. ERP systems often lead to massive changes in the working practices of an organization and are viewed as best being installed by a swift and successful implementation, which changes the existing system to the new system in one go. However, this is often not the case, and many problems can occur from ERP implementation with a disproportionate number of failures.

Governance refers to the conditions in a firm that can be considered very good when the firm has the ability to lead itself and control the expected conditions. Governance is also related to the authority and decision-making in an organization. According to Dehlinger and Martin (2001), governance is a process of making multiple enacted decisions in an organization and the process of how decision management is integrated with decision enactors to determine which decisions have been made. Then, decisions are translated into policies and enacted decisions are translated into chosen strategies. On the other hand, McClure (2001) defines governance as differentiating acceptable and unacceptable behavior in a firm and making decisions in the best interest of the constituencies, all with the aim of achieving the preferred future state. In this definition, Dehlinger and Martin (2001) and McClure describe governance as the decision-making process in running an organization towards future goals.

In this section, we introduce the importance of organizational governance. In this study, we focus on how ERP systems affect organizational governance. Enterprise resource planning (ERP) systems are software packages that attempt to integrate various functional areas such as accounting, human resources, marketing, sales, production, and inventory control. ERP systems have been adopted by a wide range of firms, both in manufacturing and service areas, and are known to bring about large-scale changes to business processes. O'Leary and M.R. (2000) stress that the inevitability of changing the mechanism and automation of existing business processes is

based on the assumption of technology and automation. Drastic changes that might occur in business processes can have a significant impact on firms that use ERP systems.

2. Research Problem

The main objective of this particular section is to thoroughly analyze the various obstacles and potential advantages that organizations may encounter when they decide to incorporate Enterprise Resource Planning (ERP) systems into their governance structure. This analysis will delve into the intricate details surrounding the implementation and integration of ERP systems, shedding light on the challenges faced and the notable benefits reaped from this progressive move in organizational management. By closely examining both the impediments and the opportunities involved, a comprehensive understanding of the impact of ERP systems on governance can be developed. (Mahmood et al., 2020)

3. Research Significant

In this highly significant and important part of our discussion, we will thoroughly examine the scholarly importance of studying the effects and implications of Enterprise Resource Planning (ERP) systems on organizational governance. This detailed exploration will provide us with a deep understanding of the complexities and dynamics involved, enabling us to effectively address the challenges that arise in this realm. (Alsurayyi & Alsughayer, 2021)

4. Research Questions

In order to effectively investigate the profound impact of implementing Enterprise Resource Planning (ERP) Systems on organizational governance, it becomes pivotal to meticulously and thoughtfully craft and devise a set of clear, concise, and precise research questions that will serve as the North Star, providing steadfast guidance throughout the entire trajectory of the comprehensive study. These meticulously formulated research questions will play a paramount role in unraveling the intricate web of effects and consequences that ensue when enterprises adopt and embrace ERP Systems as an integral component of their overall operational structure and management framework.(AlMuhayfith and Shaiti2020)

5. Research Objectives

The main research objectives of this comprehensive study are to thoroughly examine and analyze the intricate and multifaceted relationship that exists between the successful implementation of highly advanced Enterprise Resource Planning (ERP) systems, which are renowned for their superior capabilities in managing and integrating various business functions, and the overall efficiency of organizational governance. By delving deep into this subject matter, this research aims to shed light on the diverse factors and variables that play a pivotal role in shaping the effectiveness and success of ERP systems when it comes to enhancing organizational governance practices. With meticulous attention to detail and an extensive review of relevant literature, this study seeks to provide valuable insights to academic scholars, industry professionals, and organizational leaders, ultimately contributing to the advancement and refinement of both theory and practice in this domain. (Mahar et al., 2020)(Malik & Khan, 2021)

6. Research hypotheses

In this particular segment, we shall commence by introducing a set of research assumptions that will substantially guide and direct our thorough inquiry into the profound influence of highly sophisticated Enterprise Resource Planning (ERP) systems on the intricate landscape of organizational governance, which plays a pivotal role in the effective functioning and management of modern businesses. (Aremu et al., 2021)(AlMuhayfith and Shaiti2020)

7. Research Model

The research model proposed aims to explore the intricate relationship between the deployment of Enterprise Resource Planning (ERP) systems and the various facets of organizational governance. This model is designed to provide a comprehensive understanding of how ERP systems influence governance processes, decision-making, risk management, compliance, and operational efficiency within organizations. By employing a systematic and structured approach, the model seeks to uncover the dynamics of ERP implementation and its potential to enhance organizational governance across various industries.

7.1. Components of the Research Model:

ERP System Implementation: Serves as the independent variable. It encompasses the adoption, scope, customization, integration, and change management practices related to ERP systems within organizations.

Governance Outcomes: The dependent variables include strategic decision-making, internal controls and risk management, compliance and regulatory reporting, operational efficiency, and accountability. These aspects represent the critical dimensions of organizational governance impacted by ERP systems.

7.2. Hypothesized Relationships:

Positive Influence of ERP on Governance: It is hypothesized that ERP system implementation positively impacts strategic decision-making, enhances internal controls and risk management, improves compliance and regulatory reporting, and increases operational efficiency and accountability.

The Human Factor as Moderating Variable: The influence of leadership, change management practices, and employee engagement is hypothesized to moderate the relationship between ERP system implementation and governance outcomes, determining the effectiveness of the integration.

7.3. Methodology for Testing the Model:

A mixed-methods approach will be employed, utilizing both quantitative and qualitative data to test the hypothesized relationships. Quantitative analysis will assess the strength and significance of the relationships, while qualitative insights will provide deeper understanding and context.

7.4. Empirical Study Context:

Industry Sectors and Organizations: The study will encompass a broad range of industries (e.g., manufacturing, finance, healthcare, technology) and organizations of various sizes and stages of ERP implementation to ensure diverse perspectives and applicability of findings.

Geographical Diversity: Organizations from multiple geographic regions will be included to explore the impact of cultural and regulatory differences on ERP system implementation and governance.

7.5. Selection Criteria:

Organizations will be selected based on their willingness to participate, relevance of their ERP experience, and the diversity they contribute in terms of industry, size, and geographical location.

The proposed research model serves as a foundational framework for systematically investigating the role of ERP systems in transforming organizational governance. Through this study, we aim to provide valuable insights and practical recommendations for leveraging ERP systems to foster more efficient, effective, and accountable governance practices within organizations.

(Yagubzade, 2023)(Mohapatra et al.2023)

8. Suggested Industry/ Organization for the Empirical Study (Family Business in MENA)

This passage proposes that the focus of the empirical study on the impact of Enterprise Resource Planning (ERP) systems on organizational governance should be on family businesses in the Middle East and North Africa (MENA) region.

9. Research Methodology

Within this segment of the document, our fundamental aim is to thoroughly delineate and expound upon the precise research method utilized to carry out an exhaustive inquiry into the profound influence that Enterprise Resource Planning (ERP) Systems exert on the expansive domain of organizational administration. (Alsurayyi & Alsughayer, 2021).

The aim of our research is to dissect and understand the ramifications of integrating ERP Systems within the operational and strategic governance frameworks of organizations. We anticipate that our findings will illuminate the intricate dynamics between technology and management practices across varied corporate landscapes.

9.1. Introduction

The research methodology for studying the impact of Enterprise Resource Planning (ERP) systems on organizational governance involves a combination of quantitative and qualitative approaches to gather and analyze data. This allows for a comprehensive understanding of the effects of ERP systems on governance mechanisms within organizations. The research methodology employed in this study involved both quantitative and qualitative analysis.

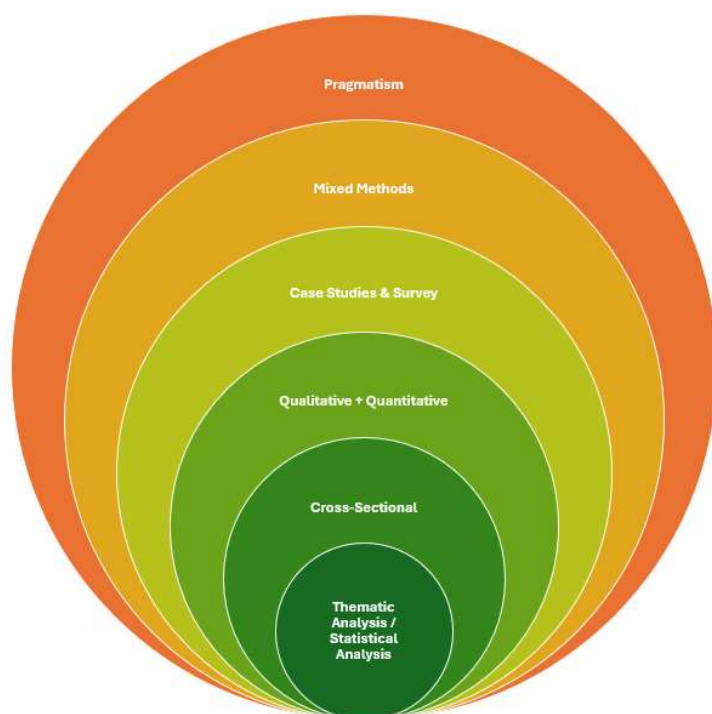
9.2. Operational definitions for research variables

The research methodology employed in studying the impact of Enterprise Resource Planning (ERP) systems on organizational governance is crucial in obtaining reliable and valid findings. This section aims to discuss the various research methods used, including data collection techniques and analysis approaches. The research methods employed in this study will be presented in detail, along with their rationale and potential limitations. The research methods employed in this study will be presented in detail, along with their rationale and potential limitations. This will include a discussion of the data collection techniques and analysis procedures.

9.3. Research Design

The research methodology for studying the impact of Enterprise Resource Planning (ERP) systems on organizational governance involves a combination

of qualitative and quantitative approaches to gather and analyze data. This may include conducting interviews with key stakeholders and employees, as well as collecting and analyzing financial and operational data. Additionally, the researcher may utilize case studies to gain a deeper understanding of the impact of ERP systems on organizational governance.



9.4. Research population & sampling methods and technique:

The research methodology for analyzing the impact of Enterprise Resource Planning (ERP) systems on organizational governance involves a combination of quantitative and qualitative methods to gather and analyze data. This approach allows for a comprehensive understanding of the various factors influencing organizational governance. The research methodology will involve both quantitative and qualitative methods to gather data on the impact of ERP systems on organizational governance.

9.5. Data Collection Method:

The research methodology for this study on the impact of Enterprise Resource Planning (ERP) systems on organizational governance will involve a

combination of qualitative and quantitative approaches to gather data and analyze the effects of ERP implementation on organizational governance structures and processes. This will include conducting interviews with key stakeholders and collecting data from ERP system users to understand their experiences and perceptions.

9.6. Types of data:

Research methodology is a crucial aspect of studying the impact of Enterprise Resource Planning (ERP) systems on organizational governance. It involves the selection of appropriate research methods and techniques to gather data and analyze the effects of ERP systems on governance structures within organizations. The research methodology also includes determining the sample size and selecting the data collection tools. It is important to choose the appropriate research design for the study.

9.7. Statistical Analysis Techniques:

The research methodology for studying the impact of Enterprise Resource Planning (ERP) systems on organizational governance involves a combination of qualitative and quantitative approaches to gather data and analyze the relationship between ERP implementation and governance practices within organizations. The qualitative approach will involve interviews and case studies to understand the experiences and perspectives of organizational leaders and employees.

9.8. Conclusion:

The research methodology section of this essay will explore the various methods and approaches used to study the impact of Enterprise Resource Planning (ERP) systems on organizational governance. It will also discuss the chosen research design and data collection techniques. The research design will be explained in detail, as well as the specific data collection techniques used.

10. Research Structure

The purpose of this passage is to provide a comprehensive analysis of the research framework utilized in studying the influence of Enterprise Resource Planning (ERP) systems on organizational governance.

11. Abstract

This research paper aims to investigate the impact of Enterprise Resource Planning (ERP) systems on organizational governance by analyzing their effects on decision-making processes, accountability mechanisms, and overall governance structures. Predicted and continued first sentence for academic essay: The abstract provides a concise summary of the key findings and implications of this study, offering insights into the relationship between ERP systems and organizational governance.

(Alsurayyi & Alsughayer, 2021)(Putra et al.2021)(Marsudi and Pambudi2021)

12. Literature Review

In the extensive and all-encompassing review of the existing literature section, a comprehensive and thorough analysis has been conducted, meticulously scrutinizing and examining a multitude of pivotal studies regarding the substantial and notable influence that Enterprise Resource Planning (ERP) systems have on the complex and intricate structure of organizational governance. Through careful examination and detailed exploration, this review has provided an extensive overview, delving deep into the intricate implications and far-reaching effects that ERP systems entail for the governance of organizations. With great attention to detail and an exhaustive approach, the review has uncovered a wide array of insights and findings, shedding light on the diverse aspects and multifaceted nature of ERP systems and their impact on organizational governance. This painstaking analysis has unearthed a wealth of knowledge, offering an encompassing perspective on the complex landscape of ERP systems and their intricate interplay with the governance of organizations. By meticulously examining and systematically analyzing a breadth of literature, this review has provided a comprehensive and detailed account of the significant and noteworthy influence that ERP systems have on the organizational governance structure, leaving no stone unturned in its pursuit of comprehending the complexities and implications surrounding this crucial aspect of modern business management. (Mahar et al., 2020)(Putra et al.2021)(Rahardja, 2023)

13. Conclusion

To summarize and provide a comprehensive overview, it is crucial to acknowledge that the research model presented in this study has undeniably contributed valuable insights regarding the profound impact of Enterprise Resource Planning (ERP) Systems on various aspects of organizational governance. Through meticulous analysis and extensive data collection, this research has shed light on the intricate dynamics and complex interplay between ERP Systems and organizational governance, providing a solid foundation for further exploration in this field. The findings gleaned from this model not only deepen our understanding of the influence of ERP Systems on organizational governance but also offer invaluable guidance for decision-makers and practitioners in navigating the ever-changing landscape of modern business environments. By unraveling the multifaceted implications of ERP systems, this research model underscores the vital role that these systems play in shaping and redefining the governance structures within organizations, ultimately paving the way for enhanced efficiency, effectiveness, and competitiveness in today's fast-paced global marketplace. Consequently, this study serves as a catalyst for future investigations and paves the way for ongoing discourse and exploration in the realm of ERP Systems and their undeniable influence on organizational governance.

14. References List

Below is a comprehensive list of references that have been used in this research model regarding the impact of Enterprise Resource Planning (ERP) Systems on organizational governance.

References:

Mahmood, F., Khan, A. Z., & Bokhari, R. H. (2020). ERP issues and challenges: a research synthesis. *Kybernetes*. researchgate.net

Alsurayyi, A. I. & Alsughayer, S. A. (2021). The relationship between corporate governance and firm performance: The effect of internal audit and enterprise resource planning (ERP). *Open Journal of Accounting*. scirp.org

AlMuhayfith, S., & Shaiti, H. (2020). The impact of enterprise resource planning on business performance: With the discussion on its relationship with open innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, 6(3), 87. sciencedirect.com

Mahar, F., Ali, S. I., Jumani, A. K., & Khan, M. O. (2020). ERP system implementation: planning, management, and administrative issues. *Indian J. Sci. Technol.* researchgate.net

Malik, M. O. & Khan, N. (2021). Analysis of ERP implementation to develop a strategy for its success in developing countries. *Production Planning & Control*. [HTML]

Aremu, A. Y., Shahzad, A., & Hassan, S. (2021). The empirical evidence of enterprise resource planning system adoption and implementation on firm's performance among medium-sized enterprises. *Global Business Review*. researchgate.net

Yagubzade, P. (2023). THE IMPACT OF SAP ERP SYSTEMS ON BUSINESS PROCESS OPTIMIZATION AND DECISION-MAKING EFFICIENCY. *Endless light in science*. cyberleninka.ru

Mohapatra, B., Mohapatra, S., & Mohapatra, S. (2023). ERP as Business Process Automation Tool. In *Process Automation Strategy in Services, Manufacturing and Construction* (pp. 91-121). Emerald Publishing Limited. [HTML]

Putra, D. G., Rahayu, R., & Putri, A. (2021). The influence of Enterprise Resource Planning (ERP) implementation system on company performance mediated by organizational capabilities. *Journal of Accounting and Investment*, 22(2), 221-241. researchgate.net

Marsudi, A. S., & Pambudi, R. (2021). The effect of enterprise resource planning (ERP) on performance with information technology capability as moderating variable. *Journal of Economics, Business, & Accountancy Ventura*, 24(1), 1-11. academia.edu

Rahardja, U. (2023). Implementation of enterprise resource planning (erp) in indonesia to increase the significant impact of management control systems. *APTISI Transactions on Management*. ilearning.co

15. Appendix

السيدات والسادة الأفاضل،

السلام عليكم ورحمة الله وبركاته

وبعد...

يجري الباحث دراسة بعنوان "أثر ممارسات إدارة الموارد البشرية على التجديد الاستراتيجي: دراسة ميدانية في البنوك التجارية الأردنية" وهي جزء من متطلبات الحصول على شهادة الماجستير في إدارة الأعمال من جامعة الشرق الأوسط ولكن الموضوع يخص مصرفك لذا فإن نجاح هذه الدراسة يرتكز على مدى مساهمتكم في قراءتها ومن ثم الإجابة عن فقراتها وذلك بوضع إشارة (✓) في المربع الذي يتناسب مع رأيك.

وأشكركم سلفاً عن تقديركم لأهمية الدراسة وتعاونكم معي للوصول لنتائج هذه الدراسة، وأود إعلامكم بأن المعلومات الواردة في هذه الاستبانة ستستخدم لأغراض البحث العلمي حصراً، ويتم التعامل معها بسرية تامة.

وتفضلوا بقبول فائق الاحترام والتقدير ،

القسم الأول : الخصائص الديموغرافية

المؤهل العلمي

- ☐ بكالوريوس
- ☐ دبلوم دراسات عليا
- ☐ ماجستير
- ☐ دكتوراه

المسمى الوظيفي

- ☐ مسؤول تكنولوجيا المعلومات
- ☐ مسؤول الإدارة المالية
- ☐ مسؤول شركات تداول الأوراق المالية

سنوات الخبرة

- ☐ أقل من 5 سنوات
- ☐ من 5 – 10 سنوات
- ☐ من 11 – 15 سنة
- ☐ أكثر من 15 سنة

غير موافق تماما (1)	غير موافق (2)	محايد (3)	موافق (4)	موافق تماما (5)	مفهوم وأهمية وخصائص نظم تخطيط موارد المنشأة (ERP).
					التكامل بين مجموعة البرامج المستخدمة في المنشأة.
					دعم مستوى كفاءة وفاعلية الأداء داخل المنشأة.
					تطوير ادارة بيانات المشتركة المستخدمة.
					توحيد تعريف البيانات والتكويد الخاص بها.
					تلبية احتياجات المعلومات المستقبلية.
					التركيز على العملية وليس على الوظيفة.
					الاعتماد على قاعدة بيانات مركزية.
					إعادة هندسة العمليات الخاصة بالمنشأة.
					الحصول على معلومات شاملة عن الوضع الحالي للمنشأة.
					إمكانية إضافة برامج وتطبيقات جديدة في المستقبل.
					ربط المستويات الإدارية بعضها ببعض.
					تحسين العمليات وتجنب الأخطاء التي يصعب علاجها.

المنافع المترتبة على استخدام نظم تخطيط موارد المنشأة (ERP)	موافق تماما (5)	موافق (4)	محايد (3)	غير موافق (2)	غير موافق تماما (1)
تقدم حلول متكاملة لإدارة موارد المنظمة بجميع أشكالها.					
تعمل على توفير معلومات دقيقة عن كافة أنشطة المنشأة.					
التعامل مع قاعدة بيانات رئيسية وتيسير تبادل المعلومات بين الإدارات.					
القدرة على اتخاذ القرار السريع والمناسب بشكل علمي.					
المساهمة في خفض التكاليف على المدى الطويل.					
قابلية برامجها وأنظمتها للمرونة طبقاً للاحتياج.					
إمكانية تحويل البيانات المتعلقة بها إلى برامج أخرى.					
تحسين القيمة السوقية للمنشأة.					
تحقيق العديد من المزايا التنافسية للمنشأة.					
تساهم في تحسين أنشطة الرقابة بالمنشأة.					
تساهم في تحقيق مستويات أعلى من الأرباح.					

مقاييس نجاح تطبيق نظم تخطيط موارد المنشأة (ERP)	موافق تماما (5)	موافق (4)	محايد (3)	غير موافق (2)	غير موافق تماما (1)
تحقق الإدارات العليا من رضا العاملين عن التغيرات التي سيتم إدخالها.					
توفير الإدارة العليا إرشادات التحسين وصلاحيات وموارد التغيير.					
حصول المنشأة على مزايا نسبية ناجمة عن تبني (ERP).					
تمتع تطبيقات برامج (ERP) بمميزات وسمعة طيبة.					
وضوح العلاقات بين المستويات التنظيمية المختلفة.					
أن يكون حجم المنشأة وموقعها وهيكल الملكية بها يتناسب مع تطبيق (ERP).					
أن تكون الثقافة التنظيمية تسمح بتطبيق (ERP).					
توافر الأفراد والمهارات اللازمة لتنفيذ (ERP).					
توافر عملية التدريب والدعم الفني بشكل فعال.					
التوافق بين برامج (ERP) واحتياجات المنشأة.					

محددات وأبعاد قيمة المنظمة	موافق تماما (5)	موافق (4)	محايد (3)	غير موافق (2)	غير موافق تماما (1)
أساس قيمة المنظمة سمعتها الطيبة بين المنظمات الأخرى.					
تعمل قيم المنظمة على دعم أصحاب المصالح والتواصل معهم.					
تمثل قيمة المنظمة تمتعها بحقل معرفي وابتكارات ذات قيمة.					
تساهم قيمة المنظمة في العمل على البقاء والنمو والاستمرار.					
تشكل قيمة المنظمة قدرتها على تحقيق أهدافها الاستراتيجية.					
تزيد قيمة المنظمة من خلال قدرتها على زيادة فرص التدريب لموظفيها.					
تزيد قيمة المنظمة من خلال تطوير العلاقات مع العملاء والموردين.					
تساهم قيمة المنظمة من خلال استجابتها لاحتياجات المساهمين والمحللين الماليين.					
تمثل قيمة المنظمة قدرتها على تحقيق المسؤولية الاجتماعية.					
تدعم قيمة المنظمة قدرتها على تحقيق ومراعاة البعد البيئي في سياساتها.					

					تزيد قيمة المنظمة من خلال زيادة عدد الأسهم المتداولة لها في السوق.
					تزيد قيمة المنظمة من خلال زيادة أسعار أسهمها المتداولة في السوق.