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

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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. Research Design	13
9.2. Sampling:	13
9.3. Data Collection:	14
9.4. Statistical Analysis Techniques:	14
10. Research Structure.....	15
11. Literature Review.....	16
12. References List	17

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)

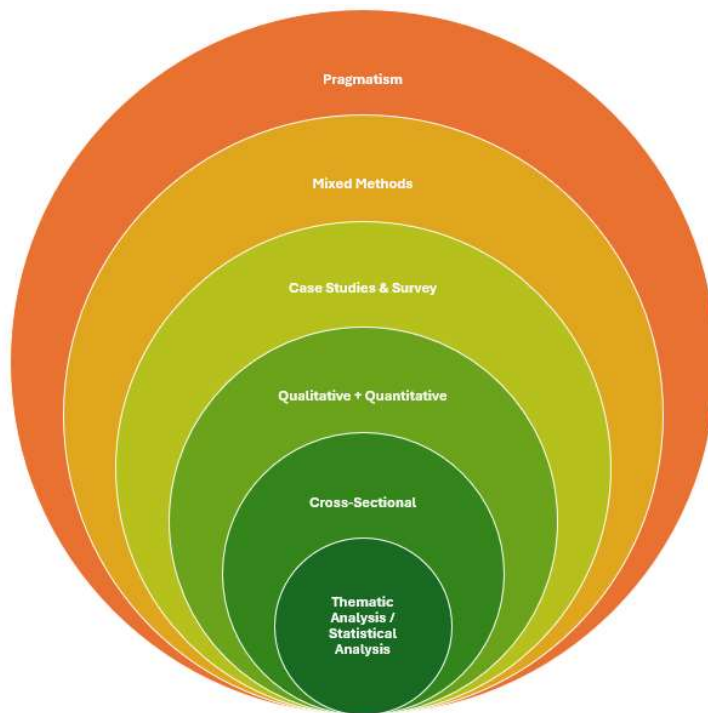
This passage proposes that the focus of the empirical study on the impact of Enterprise Resource Planning (ERP) systems on organizational governance should be on family businesses in the Middle East and North Africa (MENA) region.

9. Research Methodology

In this section, we delineate the structured approach adopted to examine the profound influence of Enterprise Resource Planning (ERP) Systems on the facets of organizational governance. Our methodological blueprint, visually represented by a research onion, offers a multilayered examination of the underlying factors and outcomes associated with ERP implementation. (Alsurayyi & Alsughayer, 2021)(Putra et al.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. Research Design



9.2. Sampling:

Our sample will be drawn from a cross-section of industries that have implemented ERP systems, ensuring diversity in size, scope, and geography. This stratified sampling will lend credibility and generalizability to our findings.

9.3. Data Collection:

Data will be collected through a combination of structured interviews, observations, and surveys. Interviews will be conducted with key stakeholders involved in the ERP implementation process, while observational data will be gathered from ERP-enabled processes in action. Surveys will quantify the perceived impact on governance.

9.4. Statistical Analysis Techniques:

Quantitative data will be subjected to statistical tests to measure correlations and assess the significance of ERP systems on organizational governance metrics. Techniques such as regression analysis, factor analysis, and structural equation modeling will be utilized to understand and interpret the relationships within our data.

Our methodological pathway, with its firm foundation and structured progression, ensures a robust and thorough investigation into the role and impact of ERP Systems within organizational governance contexts. This research endeavor, underpinned by empirical rigor, aims to contribute meaningful insights and actionable intelligence to the field of strategic management and information systems.

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. 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)

12. 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.

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