THE CONTRIBUTION OF ENTERPRISE RECOURSE PLANNING (ERP) SYSTEMS IN ENHANCING THE EFFICIENCY OF HUMAN RESOURCES DEPARTMENT

A DISSERTATION

SUBMITTED TO THE GRADUATE SCHOOL OF BUSINESS AND ECONOMICS

OF NEAPOLIS UNIVERCITY PAPHOS

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS

FOR THE DEGREE OF

MASTER IN BUSINESS ADMINISTRATION (MBA)

ARISTOS ANASTASIOU

JANUARY 2016

THE CONTRIBUTION OF ENTERPRISE RECOURSE PLANNING (ERP) SYSTEMS IN ENHANCING THE EFFICIENCY OF HUMAN RESOURCES DEPARTMENT

Dissertation

Instructor

Dr. Acrivos Christoforos

Dean

Dr. Volos

Abstract

The objective of this study is to examine the contribution of Enterprise Recourse Planning (ERP) systems in enhancing the efficiency of Human Resources department. Of late the number of organization implementing ERP in the hope of increasing the effectiveness of their HRDs is on the rise. This has promoted the need to carry this study with the objective of establishing if indeed ERP improves HRD.

The study employed a qualitative methodology that involved undertaking a critical and comprehensive literature review on the past studies on this topic. The literature review provided important theoretical understanding on how ERP is implemented and how it increases In addition, two case study companies, Camelin Décolletage Industries (CDI) and Motorola were examined. These two companies had adopted ERP and provided information on how ERP had impacted HRD operations.

The findings of this study have shown that ERP when successfully implemented greatly improves the effectiveness of HRD. ERP enhances all aspects of HR management that include Compensation Management, Performance Management, Time Management, Recruitment Management, Human Resource Planning, and Training Management. There is also improvement in communication and sharing of information. In generally, ERP is able to transform HRD and increase its effectiveness. However, this requires that when ERP is implemented, all critical success factors have to be observed, particularly involvement and participation of employees.

The study concluded that ERP contributes in enhancing the efficiency of Human Resources department. However, the study as well recommends that employees should be involved a lot in ERP implementation and the organization has to clearly understand ERP and observe all the critical success factors to achieve expected effectiveness.

Keywords: ERP, HR department, Human resources, Critical Success factors.

Table of Contents

Table of Contents 1

Chapter 1 1

1.0 Introduction 1

1.1Background information 1

1.2 Problem Statement 3

1.3 Aims and Objectives of the study 4

1.4 Research questions 4

Chapter 2 6

2.0 literature review 6

2.1 What is ERP? 6

2.2 ERP Functions, Purpose of ERP Systems 9

2. 3. The use of ERP in Human Resource Department 11

2. 3.1. The use of ERP System in HRM 17

2.3.2 Training Management 18

2.3.3 Human Resource Planning 18

2.3.4 Recruitment Management 18

2.3.5 Time Management 19

2.3.6 Performance Management 19

2.3.7 Compensation Management 19

2.4 Critical success factors in implementing ERP 20

2.4.1 User training 20

2.4.2 Communication 21

2.4.3 Documentation 21

2.4.4 Change management 21

2.4.5 Process optimization 22

2.4.6 Integration/ extension 22
Chapter 3: 24
3.0 Research Methodology 24
3.1 Introduction 24
3.2 Research Method 24
3.3. Research Paradigm 26
3.4 Philosophical underpinning 27
3.5 Research design 27
3.6 Type of Design case study 28
3.6.1 Multiple cases 29
3.6.2 Advantages and Disadvantages of case studies 30
3.6.3 Data collection 30
3.7 Data analysis 31
Chapter 4 32
4.0 Case Studies 32
4.1 Camelin Décolletage Industries (CDI) 32
4.1.1 Background and objectives 32
4.1.2 Project description 33
4.1.3 Output 34
4.1.4 Production 34
4.1.5 Logistics 34
4.1.6 Accounting 35
4.1.7 Overall impact on the company 35
4.1.8 Lessons learned 35
4.2 Case 2 ERP implementation at Motorola 36

4.2.1 Background 36
Chapter 5 39
5.1 Analysis Conclusion and recommendations 39
5.2 Recommendations 42
5.3 Further research suggestions 43
References 44