

Impact Analysis of ERP Trainings on Organizational Employee Performance: A Corporate Sector Study

MARYAM SHAHZADI

Institute of Business and Management
University of Engineering and Technology, Lahore, Pakistan
Email: maryam00628@gmail.com
Tel: 00923236945232

M. NAVEED

COMSATS Institute of Information Technology, Sahiwal, Pakistan
Email: navid.sharef@gmail.com
Tel: 00923006912303

Abstract

Trainings are very important for any organization for providing updated information about their systems and procedures. In Pakistan Enterprise Resource Planning (ERP) is gaining importance day by day for gaining competitive edge. This paper aimed at investigating the nature and impact of ERP trainings on employee performances. Five organizations were selected from corporate sector of Pakistan in order to collect and analyze the data having sample size of 201. Questionnaires were distributed through convenient sampling technique. SPSS 16.0 was used for regression analysis in order to find the relational impact of ERP training with employee performance. In findings, ERP trainings showed the positive relationship impact on performance of those employees who were engaged in ERP training activities. Organizations can take benefits after considering the importance of these upgraded trainings for better performance of employees as this is one factor which should be addressed and adopt.

Key Words: Enterprise Resource Planning (ERP), ERP Training, Employee Performances.

Introduction

ERP is packaged software which supports the businesses to manage, coordinate and use resources in an efficient and effective way. Organizations always strive to sustain in competitive environment through adoption of up to date technologies so that they can better manage their functions and work activities through various departments. Enterprise Resource Planning is providing the solution in this regard where organizations run smoothly through integrated system and data can be retrieved and used at any time through central data base system. Businesses are facing many problems before, during and after the implementation of this type of systems and many of them facing losses because of the poor execution irrespective of their size and budgets. There are many ERP service providers who are giving their full support for the better utilization of all the functionalities of the system. These include SAP, ORACLE, JD Edward, BAAN, People Soft, etc. Organizations use traditional legacy systems or the customized packages in order to satisfy the needs of different kinds of the organizations including both manufacturing and service providing organizations.

Most of the businesses are using the ERP system but there is the difference in successful implementation because of socio-cultural, technological, political and infrastructural changes but organizations which are using ERP system adopters are somewhat more successful as compared to non-adopters. ERP system is used because it provides different modules according to the specifications of the companies. Its modules include sales, productions and distribution, finance, inventory, procurement, product management, supplier relationship and customer relationship management, business intelligence systems, warehousing, logistics, plant maintenance, project and quality management and human resource module. It does not necessary that this system is only giving the financial results for the organizations but it also provides the results on the non-financial side.

All the organizations should focus on the human or employee side of the system implementation. Human resource is considered the true and most important asset for any kind of business. They have different perceptions, attitude and behaviors about the system and it's after implementation impact. There are different causes where ERP system fail including lower level of commitment, poor budgets, wrong decisions, lack of communication, lack of coordination, departmental conflicting problems and lack of trainings etc. employee productivity should be enhanced through employee engagement. Organizations are facing both types of consequences after implementation i-e losses and encouraging outputs.

ERP is helpful towards management because it contributes to the enhancement of the businesses processes, growth and efficiencies in different operations, better fulfillment of the customer demands, proper inventory control measures, data reliability, data retrieval, better knowledge and decision making powers, cost efficient ways, integration and reports with findings. In past, only wide organizations can use this system but now it is linked with other business as well. Businesses are using consultancy services and vendors in order to better selection of the customized ERP system implementation.

Organizations which are using and intending to use the Enterprise Resource Planning System are facing many challenges due to the unpredictable environment and the competition among them. There are many reasons behind the ERP system failure. Organizations are facing losses due to the poor execution and limited budgets. Employees are reluctant to those systems which are not familiar or not easy to recognize. They have different perceptions about the system implementation and show both positive and negative attitude towards the management practices.

Most of the companies are considering using the legacy systems as well as customized packages but they do not understand the critical success factors while implementation of the system. Failure can be due to many reasons including wrong selection of the employees, poor planning, not considering the behavioral issues and poor execution of the training and developmental procedure. No doubt, employees are the real assets of any organizations but should be trained and retained in a good manners and techniques so that maximum numbers of employees and business can attain what they want.

In Pakistan, organizations are using this ERP upgraded system but the need is to provide the trainings to the staff or the employees accordingly because it is mistake which most of the organizations neglect with the passage of time. Moreover, employee's job fit must satisfy both the organizational policies and human resource retaining ability and for this it is necessary to focus on the training side so that in one side, employees can get rid of their weaknesses about ERP system handlings and on the other, organization can manage its functions smoothly.

Literature Review

Enterprise Resource Planning is very much effective in handling the different activities in national and international organizations. All businesses bear the cost of this system but some show successful results while other shows failure (Zornado, 2005). This system is used for different departments with different modules including transportation, warehousing, inventory, ledger maintenance, production and human

resource etc. (Faisal, Faridi, Javed, & Shahid, 2012). In organizations the interest of the stakeholders should not look down upon because the sustainable growth comes through organizational change and performance measures (Wolf, 2013). Human resource management climate is very important for the proper implementation of the systems. These HMR attitudes and climates can affect the jobs of the employees and can increase job involvement and have better impact on employee's performances (Sirca, Babnik & Breznik 2013). There are different training methods which are using by many businesses and these methods are helpful in successful movement. Large and small businesses can adopt these methods according to their specifications (Esteves, 2014). ERP system effects employee's productivity, quality of the services and these productivity can lead towards organizational long term success.(Qutaisht, Khattab, Abu-Zaid & Al-Manasra 2012).

Knowledge transfer is also very effective with measuring the ERP implementational phases. Knowledge can be taken from the outsiders of the organizations but the thing to focus is that employees should be communicated in proper manners (Madininos, 2012). Human resource management is very important towards organization and cannot be neglected as it includes various type of activities like recruitment and selection, training and development, compensation and benefits, retirement and time management. Organizations which adopted this system are more successful than non adopters due to high return on investment and productivity (Hunton, Lippincot, & Reck, 2002).

Human resource management practices are also affecting due to wrong rules and regulations, delayed procedures, ineffective decision making, high cost of trainings, wrong perceptions about employees attitude and incorrect working conditions all lead towards failure of the system. Employees should be aware of what they are doing within their task significances (Ghosh, 2012).

Trainings and education of the employees are also the factors for organizational success and those organizations which are using this system with little efforts have lower level of commitment and their employees show resistance to change. Moreover, they are not willingly participating in the training sessions and not learn updated knowledge but if they are proper guided then the failure results can be minimized. Every management should have the proper knowledge about the nature and timings of the implementation of the system and the necessary trainings for better impact. It should have to answer some typical questions related to the training sessions that what type of training and trainers are needed and what type of employees should be trained as well as what type of enhancement and abandonment for smooth processing is necessary (Nicolaou & Bhattacharya, 2005).

Employee performance measure is very important for the businesses in order to get the feedback and necessary actions and for this requirement, IT software helps them to prepare the reports and feedback sessions are arranged as well as corrective actions are taken accordingly. Performance measurement and continuous improvements are not the main focus of the study for the small and medium term organizations as compared to the large ones where all the data is maintained through central databases and performances are maintained and decisions are done through benchmarking of certain things. ERP system is still not in a position to regulate the performance evaluations ways (Petter et al., 2000). The performance of the employees may suffer due to the change and update version of the system is installed and employees feel reluctant towards change management. Sometimes inappropriate version of the software system may cause the failure of the organization (Nicolaou & Bhattacharya, 2005). If the human resource management functions when handled through electronic way, it gives access to the employees related to the information of any kind but one module can affect the other module in working (Hoch & Dulebohn, 2013).

There are differential effect of the post implementation system impact on employee's efficiency and productivity (Kallunki, Laitinen, & Silvola, 2011). Non technical sides of the employees should not looked down upon and must be considered with technical and financial side of the organizations and for success there must be a fit between employees resistance and the ERP system implementation (Basoglu, Daim, & Kerimoglu, 2007). In organizations, Subject Matter Specialists are present in order to provide the services

to the employees for the smooth functioning of the system (Gallagher & Gallagher, 2011). Employee’s satisfaction is also linked with employee’s performances and if there is redesigning of the job due to changed systems then it created dissatisfaction level and it is overwhelming situation for them (Morris & Venkatesh, 2010).

For effective implementation of system, Total Quality Management and Business Excellence Models are providing better ways for transformational change in behavioral, cultural education and employee trainings with teamwork and positive attitude. Human resource management in the modern world trying to work through coordinated efforts and develop those employees skills and knowledge who are suitable for the specific jobs irrespective of other things including race, gender etc (Price, 2007). According to (Umble, Haft, & Umble, 2003), trainings budgets should be focused in a proper way because just 10-15 percent budget on trainings can give 80 percent chance of the ERP implementation success.

If the user satisfaction is measured after trainings, then it is considered a successful factor of system implementation. Everyone in organization has a need of training in shape of computer internet, electronic learning and telecommunication and these ways provides a ways of easy access for handlings the different activities. ERP trainings can change the employees perception and attitude and can leads towards increased in productivity because they use the systems after having proper knowledge through training systems and procedure (Choi, Kim, & Kim, 2007).

Employees should be trained because after that they can better utilize the technology and resources of the organizations (Compeau & Higgins, 1995). There are always challenging situations for the related to the employees perception and realization because if the system is successful and properly installed but the employees are not willing to do work or do not work wholeheartedly then there is the chance of failure due to poor control and less satisfaction (Haddara & Zach, 2011).

Human resource management activities have the greater impact on the organizational performance which leads towards organizational productivity in which trainings and compensations are considered an effective tool in determining the organizational performances (Singh, 2004). In organizations the best known and focused HR practice and training of employees (Tzafirir, 2006). Human resource management practices which are adopting in the private sector are not fulfilling the requirement of the organizations and due to this mistakes most businesses suffer the losses (Majumder, 2012).

Theoretical Framework

After having literature reviews the following hypothesis is developed having independent and dependent variable whereas ERP trainings is independent variable and employee performance is dependent variable.

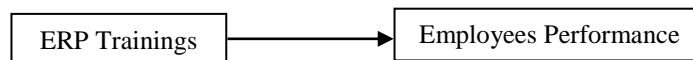


Figure: 1 Research Proposed Model

H1: ERP trainings are positively influencing the employee performance of the organization.

Material and Methods

To find out the impact of ERP trainings on employee performance, quantitative method was used because this will help to show the empirical results through independent and dependent variables.

Sample Selection

For this study, five corporate sector organizations of Pakistan were selected which are using ERP system in order to maintain their day today activities and functions. These include Nestle Pakistan Limited, Engro Foods Limited, LUMS University of Pakistan, Orient Company of Pakistan and Mobilink. Survey research method was done and Convenient sampling technique was use to collect the data through quantitative way. Questionnaire was distributed in hard copy and the target respondents for my study were those employees who are using this system on daily bases and coordinate their activities through them. These employees have a password and specific access code to open and handle their functions.

Data Collection

The questionnaire items were asked on five point likert scale ranging from strongly disagreed to strongly agree. The instrument design was based on the studies of (Adewoye et al., 2012), (Batada & Rahman, 2012), (Grohmann & Kauffeld, 2005), (Calisira & Calisirb, 2004) and (Law & Ngai, 2007). Items which were based on five point likert scale ranging from strongly disagree to strongly agree. For the data analysis of the questionnaire.

Data Analysis Method

SPSS was used with Pearson Correlation with 2- tailed test and Linear Regression was done to see the significance of the hypothesis. Through Regression analysis ANOVA values also calculated to see the significance level and the relationship among variables.

Results and Discussion

In the Table 1: frequency of age and gender and ERP experience of the respondents showed that in age, 86 respondents frequency was highest showing 42.8% as compared to other respondents. Gender frequency was showing 140 male with 69.7 percent as compared to females with 30.3 percent. ERP system experience of the respondents also showed that 101 respondents were having 4-5 years of experience with 50.2 %. While 50 respondents had 3-4 years of ERP experience.

Table: 1 Age, Gender & ERP Exp.

		Frequency	Percent
Age (Years)	Less than 20	33	16.4
	20-25	86	42.8
	26-30	57	28.4
	31-35	16	8.0
	36-40	9	4.5
	Total	201	100.0
Gender	Male	140	69.7
	Female	61	30.3
	Total	201	100.0
ERP Exp. (Yrs)	Up to 2	4	2.0
	2-3	23	11.4
	3-4	50	24.9
	4-5	101	50.2
	5-6	23	11.4
	Total	201	100.0

Table: 2 showed that the ERP trainings had a mean of 3.589 with standard deviation of .6013. While employee performance showed mean 3.563 with standard deviation .66145 out of 201 respondents.

Table:2 Respondents Mean

	Mean	Std. Deviation	N
ERP Trainings	.589	.6013	201
Employee Performance	.563	.66145	201

Reliability analysis in Table:3 showed that independent variable had reliability of .806 while employee performance had .77. So the results of data were supposed to be good and reliable because the higher the values in a reliability measures i-e upto .7, there would be higher reliable data. So, both variables showed the reliability upto .7 or higher which would help to give more statistical significant results.

Table: 3 Reliability

Variable	Cronbach's Alpha	Variable	Cronbach's Alpha
ERP Trainings (8 items)	.806	Employee performance (3 items)	.77

Table: 4 showed regression results. The beta value (coefficient value) of ERP training was 1.015 (P –value is less than .05 and T-value is greater than 1.96) which showed that if other factors remain the same and there is change of one unit in ERP trainings it would increase employee performance by 1.015 units.

Table: 4 Coefficients^a

Model		Unstd. Coefficients		Std. Co	T	Sig.
		B	Std. Err.	Beta		
1	(Constant)	-.079	.110		-.720	.472
	ERP Trainings	1.015	.030	.922	33.671	.000
a. Dependent Variable: Employee Performance						

Table 5. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.922 ^a	.851	.850	.25624	1.805
a. Predictors: (Constant), ERP Trainings					
b. Dependent Variable: Employee Performance					

The simple regression analysis was applied to find the impact of ERP training on employee performance. Table: 5 showed the model summary of the regression weights where R square measured the goodness of the model and its value was .922 which meant that 92.2% variation in the employee performance was explained by ERP trainings. This coefficient of determination and regression equation was very helpful for making predictions for the goodness of the model. Here, the Durbin Watson was 1.805 which was closed to 2, showing the absence of autocorrelation. Results supported the past researches that Trainings affects the employee's performance and productivity.

Table: 6 showed ANOVA values. The significant value for F statistic was less than .05 (p=.000) which explains the hypothesis that ERP trainings is positively influencing the employee performance of the organization and independent variable has impact on dependent variable. In multiple regression model, F value showed the jointly impact of all independent variables on the dependent variable and the goodness of the model.

Table 6. ANOVA

Model		Sum of Squares	f	Mean Square	F	Sig.
1	Regression	74.438	1	74.438	1.134E3	.000 ^a
	Residual	13.066	99	.066		
	Total	87.504	00			
a. Predictors: (Constant), ERP Trainings						
b. Dependent Variable: Employee Performance						

Therefore, Employees should be trained because after that, they can better utilize the technology and resources of the organizations. Human resource management activities have the greater impact on the organizational performance which leads towards organizational productivity in which trainings and compensations are considered an effective tool in determining the organizational performances.

Conclusion

The above calculations and measures showed that ERP trainings have much more influence on employee performances and for all organizations in Pakistan, it is necessary to establish proper ERP training systems and procedures in order to strengthen the real assets of the organizations i-e Employees. ERP Training and employee's performance has strong positive relationship and must consider in organizations in day to day activities and functions. If ERP training systems are better adopted and executed then it has a greater chance that employee's performance will improve and organizations can survive in this competitive environment. In Pakistan, due to limited budgets and time constraints this ERP Training factor is somewhat ignored but now, it is growing trend in these businesses to train and retain the better and skilled employees.

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