

IMPACT OF ERP IMPLEMENTATION SUCCESS ON ORGANISATIONAL STRUCTURE IN THE MANUFACTURING SECTOR

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April 2015

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Thesis submitted in partial fulfillment of the requirements for the degree

Master of Engineering in Manufacturing Systems Engineering

Department of Mechanical Engineering

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Sri Lanka

April 2015

DECLARATION

I hereby declare that this is my own work and this thesis does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

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Name of Supervisor : Dr. H. K. G. Punchihewa

ABSTRACT

In the modern competitive manufacturing context, many organisations are willing to eliminate non-value adding tasks, reduce the cost of production and hence to improve the overall value of the supply chain, for better prospects to accomplish higher profit margins.

When operations gets complex and the industry gets broader, conventional ways do not help organisations to manage their information flow efficiently, so to fulfil this requirement, most of the organisations implement ERP tools.

As far as management processes are concerned, “Organising” is the most important element. As the most valuable asset of any organisation is the human resource, it is obvious that the organisational structure is most important when organizing resources. Therefore it is important to study the impact of the implementation success of the ERP systems on the organisational structure as in modern context, many of the top managers are always willing to cut down human resources by alternative means such as automation.

Through the Literature survey it was found that, effort in studying the impact on the organisational structures by ERPs was week especially in the Sri Lankan context. Therefore the study focused on exploring the impact of the ERP implementation success on the organisational structures in Sri Lankan manufacturing organisations.

During the study, five organisations were selected in similar scale, where ERPs in similar scope, have been implemented. It was carried out as a quantitative study and the implementation success and the perceived level of impact on the organisational structure were measured based on data gathered through questionnaires distributed among end users of ERP (n=89). Data was analysed using SPSS v21.0.

The results depicted that the level of success of ERP implementations were high, but the level of impact on the organisational structure by ERPs was not significant and hardly visible. The most impacted element of the structure was “Departmentalisation” but with low significance.

ACKNOWLEDGEMENT

It is a great pleasure for me to read for my Post Graduate studies at my first university where I completed my undergraduate studies, Department of Mechanical Engineering, University of Moratuwa.

This research would have not been possible without the enormous help of many individuals and organisations with kind and prompt supports. I would like to extend my sincere gratitude to all of them and acknowledge everyone who helped me to accomplish this study.

I am highly indebted to and I would like to do my heartiest gratitude to Dr. H. K. G. Punchihewa, for his enormous guidance in doing this research and to make it a success even with his tight and the busy schedule. I would like to give my very special gratitude to Dr. Ruwan Gopura also, who gave me special guidance and motivation to successfully complete this research.

I would like to express my sincere thanks to Mr. Prabhath Liyanaarachchi, Manager IT of Haycarb PLC, Miss. Kushina Hiripitiyage of Unilever Sri Lanka Limited, Mr. Asanka Hemachandra, Manager IT of Noratel International (Pvt) Limited, Mr. Pradeep Chandanarathna of Ceylon Glass Limited and Mr. Washadhi Siriwardhana of MAS Holdings (Pvt) Limited who helped me a lot in the data collection process and also to all the respondents who have provided their responds promptly with their busy schedules.

Furthermore I would like to convey my sincere gratitude to all of my lecturers who guided me to complete my post graduate study in Manufacturing Systems Engineering successfully.

Finally, without the support from my family I would not be able to achieve this goal and I deeply indebted to all of them for their support and bearing up with me during the entire course of my research study.

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