THE IMPACT OF ERP ON AN APPAREL MANUFACTURING ORGANIZATION

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DECLARATION

"I certify that this thesis does not incorporate without acknowledgement any material previously submitted for a degree or diploma in any university to the best of my knowledge and belief it does not contain any material previously published, written or orally communicated by another person or myself except where due reference is made in the text. I also hereby give consent for my dissertation, if accepted, to be made available for photocopying and for interlibrary loans, and for the title and summary to be made available to outside organizations."

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Supervisor
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ABSTRACT

Enterprise Resource Planning (ERP) systems have become a strategic business tool in modern dynamic environments. ERP systems play a vital role within the organizations by assisting in planning and managing the resources in the organization. Actually the success of any organization depends on how efficiently the resources are managed in the organization.

So far not many attempts have been taken to quantify the exact impact that an ERP causes on the performance of a company. In fact this is a very sensitive area to study since the value addition that an ERP causes differs from industry to industry.

This research attempts to quantify the benefits of ERP in an apparel manufacturing organization based on the literature which consists of information about previous attempts taken by many researchers in quantifying the benefit of IT investments in general and ERP systems in specific.

The research produces a detail framework to evaluate potential value addition to the company's operations due to both tangible and intangible benefits offered by the ERP for various aspects of the business. (e.g. Manufacturing, Procurement, HRM, Merchandising & Commercial operations etc). In order to quantify the value addition the researcher develops an ordinal scale. Using this scale the analysts can measure the improvements in each aspect of the business specifically.

The researcher suggests that these potential value additions (given by the scale) can improve the performance of the company in return. Hence he calls this potential value addition as the impact of ERP on the organizational performance. Finally in this research the proposed framework is applied on a Sri Lankan apparel manufacturing organization and the results given by the framework are analyzed against the actual performance of the company over the years in order to test the accuracy of the framework.
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LIST OF ABBREVIATIONS AND ACRONYMS

BOM – Bill of Material
BPR – Business Process Reengineering
CIO – Chief Information Officer
CRM – Customer Relationship Management
CS – Computer Systems
CSF – Critical Success Factors
BD – Business Development
e.g. – Exempli gratia (for instance)
ERP – Enterprise Resource Planning
Et al – et alli (and others)
FG – Finished goods
FICO – Finance and Controlling
GRN – Goods Receipt Note
GDN – Goods Despatch Note
HR – Human Resource
HRM – Human Resource Management
IE – Industrial Engineering
IEEE – Institute of Electrical and Electronic Engineers
Inc. – Incorporated
IS – Information Systems
ISD – Information Systems Development
IT – Information Technology
KM – Knowledge Management
MIS – Management Information Systems
MRP – Material Requirement Planning
MRP II – Manufacturing Resource Planning
Org. – Organization
OT – Over Time
Ph.D – Philosophiae Doctor (Doctor of Philosophy)
RFP – Request for Proposal
RM – Raw Material
ROI – Return of Investment
SAP – Systeme, Anwendungen und Produkte (Systems, Applications and Products)
SBU – Strategic Business Unit
SMV – Standard Minute Value
SCM – Supply Chain Management
SDM – Strategic Decision Making
TQM – Total Quality Management