READINESS OF START-UP COMPANIES TOWARDS ENTERPRISE RESOURCE PLANNING (ERP) IN CYPRUS

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ABSTRACT

ERP application is perceived as an investment which has strategic in nature that can yield sufficient competitive advantage in terms growth, return, revenue and ease of processes within the organization after successful implementation. The purpose of this research is to examine the readiness of accepting Enterprise Resource Planning (ERP) for start-up businesses in Cyprus. A quantitative method used to analyse the current study. 114 participants were involved in this study. The findings of this study revealed that the value Beta for people factor = .993> 0.01, which the first research hypothesis supported which means that people are ready for accepting ERP software, but the value Beta for technological factors = -.085< 0.01, which the second research hypothesis rejected which means technological factor is not ready for accepting ERP in Cyprus. Companies are in favor of competitive advantage to accept ERP Solutions for their businesses, but concerned about cost factor and change of environment after implementation at initial stages.

Key Words: ERP, start-up, Cyprus

Introduction:

Enterprise Resource Planning (ERP) systems contain different modules which are production, sales, finance, HR. It gives information across the organization and integrates through embedded business processes within the software package. These software packages are designed as per the requirement of the organization as per Parr A, Shanks G (2000). According to (Jacob and Bendoly, 2003), ERP must be observed as an important technological infrastructure which can improve the efficiency of all processes and tools that exist in the organization and must not observe as an articraft of technology which helps it in completing tasks or advantageous tool which gives standard output.

As per (Wang and Nah, 2001), ERP contains two frontiers which are supply chain management and e-business which reduces inventory and reduce cycle time. Researchers stated that ERP systems provide promises of reducing the cost and enhanced processes to the organizations which will connect with customers, distributors and suppliers to make them participate in e-business.

Literature Review:

According to Somers and Nelson (2001), the following are the different factors that affect ERP implementation. Top management support, Dedicated resources, Clear goals and objectives, Inter-departmental communication, Architecture choices, Careful package selection, Management of expectations, Change management, Business Process Reengineering (BPR), Interdepartmental co-operation, Data analysis and conversion, Education on new business processes, Project champion, User training, Project management, Project team competence, Vendor partnership, Vendor tools, Vendor support, Minimal customization, Use of consultants are the factors affecting ERP implementation. According to Yu (2005), there are three main stages in ERP implementation pre-implementation, during implementation and post implementation. As per (Dezdar and Sulaiman, 2009), the success of ERP implementation is evaluated with regards to success of the business and project. ERP project success is evaluated in terms of on time delivery, with stipulated budget by attaining goals which are preset. ERP business case success is evaluated in terms of decrease of inventory, decrease of personnel and time to market the products.

As per (Al-Mashari, M., A., Al-Mudimigh, & Zairim M. 2003), The success of ERP implementation depends more on how effective the organization is in communication with all of its stakeholders, project members' knowledge on project enables to perform better. The training which will be given to users of ERP and involvement of users plays a

key role and considered as critical success factors. Users' acceptance materializes when they participate in design and implementation of ERP System which enables them to transform and adopt it.

According to (Wong B. & Tein, D 2004), selection of right software that suits business and requirement of technology in the organization is important task which is key factor in achieving success of ERP System. Environment of the business, limitation of resources and various availability of ERP substitutes make selection of ERP software consumes more time and makes complicated for the users.

Conceptual framework

Research model

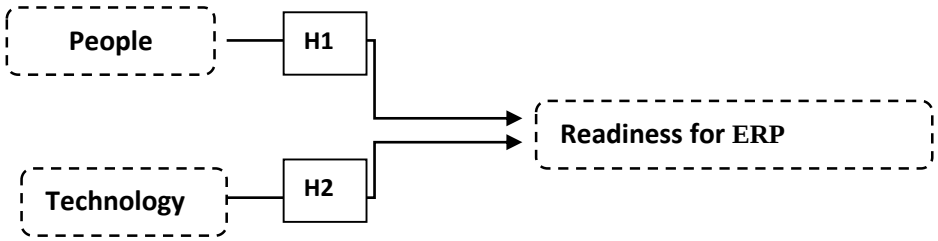

Figure (1)- Research model

Research Hypothesis

H1: People are ready for accepting ERP
H2: Technological factor is ready for accepting ERP

Methodology

The purpose of this research is to investigate the readiness of accepting ERP for start-up businesses in Cyprus. The questionnaire divided into two parts, the first part comprised of demographic questions; starting with participants' age and participants' gender and second part comprised of factors related to people and Technology. A random sampling technique used, the study was carried out in Cyprus. 114 participants were involved in this study. The researcher used five likert scale ranging from strongly disagrees to strongly agree, the questionnaire was adapted from (Aydın & Tasci, 2005).

Results and analysis

Table 1: Demographic analysis

Items	Scales	Frequency	Percent
Age	20-29	20	17.5
	30-39	62	54.4
	40-49	24	21.1
	50-59	8	7.0
Gender	Male	92	80.7
	Female	22	19.3

Table-2: Reliability Statistics

Cronbach's Alpha	N of Items
.759	31

Table (2) shows the reliability analysis for independent factors (people and technology) and dependent factor which is readiness. According to the reliability tests, the researcher found out Cronbach's Alpha for 31 items =.759which are greater than .6 this means that 31 items were reliable for this study.

Table-3: Correlations

		People	Technology	Readiness
Readiness	Pearson Correlation	.929**	.654**	1
	Sig. (2-tailed)	.000	.000	
	N	114	114	114
**. Correlation is significant at the 0.01 level (2-tailed).				

Table (3) shows the correlation between independent factors (people and technology) and dependent factor (Readiness). The value of R for between readiness and people = .929** which indicates that readiness is significantly correlated with people. The value of R for between readiness and technology = .654** which indicates that readiness is significantly correlated with technology.

Table-4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.931[a]	.867	.865	.17154

a. Predictors: (Constant), Technology, People

As seen in the table (4), the value of R square = .865which indicates that 87% of variables have been explained.

Table-5: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.291	2	10.645	361.752	.000[b]
	Residual	3.266	111	.029		
	Total	24.557	113			

a. Dependent Variable: Readiness

b. Predictors: (Constant), Technology, People

Table (5) shows the value of F for an independent factors and a dependent factor is 361.752>1 which indicates there is a significant association between three independent factors and dependent factor.

Table-6: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.111	.161		-.691	.491
	PEOPLE	1.235	.065	.993	19.136	.000
	Technology	-.095	.058	-.085	-1.644	.103

a. Dependent Variable: Readiness

Table (6) shows the coefficients analysis for this study. As seen in the above table the value Beta for people = .993> 0.01, which the first research hypothesis supported, but the value Beta for technology = -.085< 0.01, which the second research hypothesis rejected.

Conclusion

The multiple regression analysis used to analyze the current study, overall the researcher found out that people in Cyprus are ready accepting ERP solutions for start- up businesses, but technological factor seemed to be not viable. The findings of this study revealed that the value Beta for people factor = .993> 0.01, which the first research hypothesis supported which means that people are ready for accepting e-commerce, but the value Beta for technology = -.085< 0.01, which the second research hypothesis rejected which means technological factor is not ready for accepting e-commerce. Companies are concerned about cost factor and technological change which is strategic decision that will change the structure of the organization.

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