

INFLUENTIAL FACTORS OF ERP IMPLEMENTATIONS: A CASE STUDY

L.A.P.H. Fernando¹ and W.M.J.I. Wijayanayake²

¹*Flintec Transducers (Pvt.) Ltd, Sri Lanka;* ²*Department of Industrial Management, University of Kelaniya, Sri Lanka*

Corresponding author: janaka@kln.ac.lk

Enterprise Resource Planning (ERP) implementation projects are very complex, costly and require lots of resources. Research has shown that majority of ERP implementation projects have not achieved their goals and hence classified as failed projects. There are internal reasons as well as external reasons for this failure. Therefore, it is very important to know the factors that affect the failure to take actions to mitigate the risks. However, such research is limited in Sri Lankan context. The objective of this study was to identify the factors that affect failure of ERP implementation projects. The study was based on a case study done on ERP implementation project in selected Sri Lankan firms. Their ERP implementation process took extra time and funds. However, most of the expected outcomes were not achieved and the ERP implementation is considered be a total failure. After thorough literature review a conceptual model has been developed depicting the factors that affect ERP implementation process. To test the validity of the model, data were gathered from company records, interviews and questionnaires circulated among the ERP users and implementation team members in the company.

Results indicate that failure to identify the suitable ERP system for the company and low competence of the implementation team are the main factors that affected the failure of the ERP implementation. Furthermore, it was found that lack of support given by the IT department and resistance to change have some weak positive correlation on the failure of the project. However, interestingly results indicate that lack of support given by the department heads and failure to identify the requirement of business process re-engineering has no impact on the ERP implementation failure. Finally, it can be concluded that organisations should focus on selecting the suitable ERP system and implementation team to minimise possible failure risk.

Keywords: Enterprise resource planning, Implementation failure, Suitable ERP system