Change Management Challenges in Erp Implementation in Apparel Industry

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ABSTRACT

Enterprise Resource Planning applications are implemented in various industries to automate the processes of the organization. The Organizations encounter various issues during implementation within the organization in the form of resistance, conflict, non-cooperation; indulge in activities against the interest of the organization etc., due to various reasons. Many of these issues are caused by internal employees of the organization which could have been averted. These issues are highly sensitive, challenging and it may lead to delay the ERP implementation process or sometimes leads to failure. This paper identifies the major issues and provides solution to the address such same.

1. Introduction

Enterprise Resource Planning provides a complete technological solution to integrate and streamline the organisation processes and ensure a smooth flow of information. It bridges the information gap across the organisation and facilitates to integrate the resources of the business.The ERP provides a solution to eliminate issues related to material management, productivity, customer service, cash flow, finance management, quality, inventory, delivery and so on.

Apparel manufacturing process is as good as any manufacturing processes such as automobile, pharmaceutical, steel manufacturing etc. Apparel Manufacturing has set of processes which are interrelated and share vital source of information from one another.

2. Review of Litreature

Enterprise resource planning (ERP) is an information system that manages, through integration, all aspects of a business including production planning, purchasing, manufacturing, and sales, distribution, accounting, and customer service (Scalle and Cotteleer, 1999)[1.]

Other possible decisions of implementation practices include process standardization (Bingi et al., 1999)[2], package customization (Glass 1998[3]; Hong and Kim, 2002[4]), degree of information sharing and centralization, accessibility to ERP information, and the degree of centralization (Markus et al., 2000[5]). Those are practices believed to be critical the success of implementation (Jacobs and Bendoly, 2003[6]).

Some researchers investigated critical factors such as top management support, sufficient training, proper project management, communication, etc. to the success of ERP implementation (Bingi et al., 1999;[7]Kumar and Hillegersberg, 2000;[8] Griffithet al., 1999;[9] Holland and Light, 1999;[10] Hong and Kim, 2002;[11] Verville and Halingten, 2002;[12] Willcocks and Sykes, 2000[13]). Others studied tactical issues such as process and organizational adaptation, measurement of the benefits, and resistance to change (Glass, 1998;[14]Laughlin, 1999;[15] Motwani et al., 2002;[16] Swan et al., 1999;[17]).

3. NEED FOR THE IDENTIFYING THE CHALLENGES IN ERP IMPLEMENTATION

Organisational Change Management is an inevitable and inseparable aspect of ERP implementation. ERP software is implemented to enhance the overall business performance which influences the daily jobs of individual employees. A change to technology creates an impact in both processes and people. Organisational Change Management Report 2013 published by

Panorama consulting reveals that Changes initially triggers uncertainty, frustration, anxiety thus lead to confusion and Scepticism.

The Organisation needs to communicate with end user, especially those with lower level positions, so as to ease their concerns. Management can circulate a clear communication on the ERP implementation addressing the advantages of an individual as a confidence building exercise which may give users a sense of ownership of the system. The introduction of a new ERP system usually brings emotionally charged changes such as impending layoffs and organizational restructuring; therefore, it is essential for an organisation to have greater involvement from the leadership team, including creating awareness, providing training and improving communication.

"Acceptance" and "Adaptability "are correlated. End user "Adaptability" results in more acceptance. Organisation has to create a "Trust" among the users in order to reduce their concerns. IT skills of the user provides comfortable working environment which results in higher end user acceptance. End users concern is on the raise when they are less comfortable with the system due to marginal IT skills.

It may be difficult to understand configuration of the ERP for a person with relatively strong understanding of technology, primarily due to complexity of the ERP system.

Building the IT skills is the only solution to build give end-users confidence in the acceptance of the new system, but they do not necessarily guarantee a successful implementation.

The understanding of system is essential for an employee that can help them to face new challenges and learn how to make good use of the technology. In order to make the end user understand the technical and functional aspects of the system the organisation has to conduct periodic training to the end users.

Therefore, training is the key to increase user acceptance and alleviate concern.

It is also equally important address end user concerns and enhance end users confidence with their IT skills and understanding of the project.

A study was carried out in 117 Apparel industries in Bangalore, Chennai and Tirupur. A study was conducted in the apparel industry , nearly 200 industries where ERP has implemented with about 50 in Chennai, 100 in Tirupur and 50 in Bangalore. The questionnaire was distributed among these industries and only 117 industries have responded. The response rate is 58.5%. Out of 117 companies 27 industries were from Bangalore, 69 industries from Tirupur and 21 industries from Chennai. In order to understand effective ERP implementation in the Apparel Industry, Data collected from the 117 industries were analysed under broad outlines such as a. ERP Implementation, b. ERP Technical information, c. ERP success factors – Organisational perspective, d. Human Resources perspective, e. Technology Environment, e. Other factors, f. ERP Failure analysis, g. Major CRUX in ERP implementation.

Resistance to Change is an inevitable aspect of ERP implementation. This study revealed that 29% of Tirupur Industries, 27% of Chennai based industries and 11% Bangalore based industries had a major issue with resistance to change. 14% industries form Chennai had a serious conflict with Consultants and Vendors. Similarly 13% industries from Tirupur and 11% industries from Bangalore also had major conflict with consultants and vendors. ERP implementation sometimes leads to internal conflict within the organization 17% Tirupur based industries and 29% Chennai based industries agreed that they had a major internal conflict during ERP implementation. 22% Bangalore based industries and 71% Chennai based industries and 21% Tirupur based industries agreed Dealing with organisational resistance is an important attribute to work with for successful ERP implementation.

33% of Bangalore based industries had significant level of resistance from operator level, 11% from shop floor level and Top Management level each. However there was a moderate resistance from of 11% encountered in Operator Level, Shop floor level and Middle level 22% on the Top Management Level. Minor resistance was reported by 55% industries in operator level, 78% at shop floor level, 88% in Middle level and 68% on Top Management Level in Bangalore.

In Tirupur based industries there was no significant level of resistance from operator level, shop floor level, Middle Level and Top Management level. However there was a moderate resistance from of 4% encountered in Operator Level, 4% in Middle level and 4% on the Top Management Level. Minor resistance was reported by 96% industries in operator level, 100% at shop floor level, 96% in Middle level and 96% on Top Management Level in Tirupur.

In Chennai 14% industries had significant level of resistance from operator level, and no significant resistance from shop floor level, Middle level l and Top Management level. However there was a moderate resistance from of 57% encountered in Operator Level, 14% each from Shop floor level, Middle level and Top Management Level. Minor resistance was reported by 29% industries in operator level, 71% at shop floor level, 85% in Middle level and 85% on Top Management Level in Chennai.

11% of industries from Bangalore encountered issues relating to **Integrating with existing system** with the new ERP software, Integration with other applications which are running in the organisation, Integration with new business software acquired

and Customisation.22% industries encountered issues relating to **Data migration** and security related issues.

34.8% industries from Tirupur encountered issues relating to Integrating with existing system with the new ERP software, 23% encountered issues relating to Integration with other applications which are running in the organistion, 16% encountered issues relating to Integration with new business software acquired and 39% encountered issues relating to **Customisation**. 35% industries encountered issues relating security related issues. Industries faced marginal problems with data migration in Tirupur.

86% of industries from Chennai encountered issues relating to Integrating with existing system with the new ERP software, Integration with other applications which are running in the organiston, Integration with new business software acquired, Customisation. Data migration and security related issues.

33% of the Bangalore based industries and 28% of the Tirupur based industries and 14% of Chennai based industries spent less than 5% of the ERP software **cost on Training**. Similarly 22% of the Bangalore based industries and 28% of the Tirupur based industries and 29% of Chennai based industries spent 5 to 10 % of the ERP software cost on Training. 22% of the Bangalore based industries and 29% of Chennai based industries spent 11 to 15% of the ERP software cost on Training. 32% of the Tirupur based industries and 14% of Chennai based industries spent **16 to 20% of the ERP software cost on Training**.

33% Bangalore based industries, 59% Tirupur based industries and 71% Chennai based industries had a **complete Cooperation and support** of the staff and managers. Similarly 44% Bangalore based industries, 41% Tirupur based industries and 14% Chennai based industries enjoyed moderate support of the staff and managers. However 22% Bangalore based industries and 14% Chennai based industries enjoyed moderately lesser support from the staff and managers.

Study reveals that 56% of the Bangalore based industries and 68% of Tirupur based industries and 71% of the Chennai based industries noticed significant impact on the employees performance after Implementing ERP software. 33% of the Bangalore based industries and 32% of Tirupur based industries and 29% of the Chennai based industries noticed Moderate impact on the employees performance after Implementing ERP software. 11% of the Bangalore based industries noticed less significant impact on the **employees performance** after Implementing ERP software.

End user certification is mandatory as many of the change management related issues start with the conflict between the end user and the implementation team. End of the day software is developed to cater the end user requirement. Implementation cycles is complete only when the end user certifies that the process developed has fulfilled the functional requirements of the process.

4. Conclusions

Resistance in ERP implementation is inevitable. Resistance comes from various quarters in an organization from Operator Level to Shop floor Level to Middle Level and sometimes to the Top Level (Manager / senior management). In order to stall the development process the

Noncooperation and participation is another version of resistance. In team work individuals try and opt out of the work or they do not participate because these individuals do not want the task to be completed. This results in individuals working against interest of the organization and its goals.

People reject change because they do not understand. In other words, in order to increase user acceptance, organisation should ensure that the end users are confident with their IT skills, their understanding of the ERP project, and their ability to adapt to the new system.

In order to address the change management issues organisation has to clearly define roles and responsibilities of the individuals with accountability.

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