

Briefly discuss how multinational companies use erp systems to process transactio...

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HOW MULTINATIONAL COMPANIES USE ERP SYSTEMS Introduction Every typical modern day multinational company is made up of many different management and functional divisions and roles. Meanwhile, the Holden Leadership Center (2009) observed that the overall gain of the organization depends on the collective success of all the isolated divisions and roles. This means that there must always be an efficient way in which the multinational companies can have a way of enhancing the integration and harnessing of all their separate management divisions and roles. It is in this direction that technological solutions such as the enterprise resource planning (ERP) have always been used to collect, store, manage and interpret data from different functional divisions and roles of the organization (Daneva and Wieringa, 2009).

Processing transactions with ERP

Processing transactions within the organisation with the use of the ERP has been known to involve three major types of services which are consulting, customisation and support (Ceiton Technologies, 2013). Through these three processes, it is possible to integrate transactions in the areas of transactional database, management portal, search, workflow management, external access, and business intelligence system. For multinational companies, the estimated time to complete consulting has been noted to take a year (Daneva and Wieringa, 2009). Customisation has also been noted to involve even more time as it requires that each client will have an implementation process that suit their specific work need. In several multinational companies, processing transactions which are done under the three services mentioned earlier will be undertaken in a cyclical manner involving process

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preparation, configuration, customisation, extensions, and data migration.

Reporting information to stakeholders

In most multinational companies, the use of ERP is directly connected to supply chain management and value chain systems. Meanwhile, these are two business activities that are not performed in isolation but in relation to both internal and external stakeholders (Holden Leadership Center, 2009). Because of this, reporting information from the implementation of ERP has always been a necessity for multinational companies. As an effective way to report information to stakeholders, three major models that come together to form the general model of an ERP system are used. These are workflow automation, electronic mail, and database creation. Under the workflow automation, there is the automation of the company's work activities which is directly reported to the systems of all concerned stakeholders. This is usually backed up with an electronic mail which gives clarification to the organisational processes, after which a database is created to ensure that reference and documentation is promoted (Ceiton Technologies, 2013).

Conclusion

From the discussions above, it can be concluded that the ERP is a technological tool that has come to make transaction processing and information liaising to stakeholders very easy. More to the ease that is provided by integrating different business activities that would have otherwise been done in isolation, using ERP systems also ensure that there is much effectiveness with the whole process of processing transactions and reporting information to stakeholders.

References

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