Implications of Supply Chain Management on the Connection between Business Performance and Enterprise Resource Planning Framework

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Abstract - Enterprise Resource Planning (ERP) and Supply Chain Management (SCM) are the two fundamental Information Technology (IT) investment advancements that businesses are resorting to in the modern age. These are the advancements and options which are known to be essential in literature as a contributing fact to the enhancement of Business Performance (BP). In that regard, the main purpose of this contribution is to evaluate the adoption of ERP and its effects of BP through the option of SCM. This paper presents a novel model that applies enterprise resource planning with the option of SCM to effectively optimize BP in the competitive world. The structural equation framework is thus fundamental for testing of the model and how its fits the level of the four projected research hypotheses. The essential set of data for this analysis was gathered from companies in Malaysia. The findings in this research have been supported using empirical evidences, availability of positive factors of ERP for the option of supply chain ultimately amounts to enhanced BP.

Keyword - Enterprise Resource Planning (ERP); Supply Chain Management (SCM); Business Performance (BP); Information Technology (IT).

1. Introduction
The business ecosystem and its dynamics have a fundamental issue in the modern enterprises. As contrasted to the ancient business ecosystems, enterprises in the modern age have entered a novel competitive edge in the business ecosystem which is complicated if it is not typically competitive. The introduction of Information Technology (IT) has transformed the strategies and roles of business, whereby more focus is given to fundamental strategic inter-linkages among companies in the chain of deliveries and supplies. As such, the success of a company is not just dependent on the personal performance; rather it is also dependent on the complex chain of enterprise engagement in different business roles. It is believed that alongside the continued transformation in the global business ecosystem, the structuring of supply chain is attaining essential significance as core competence. At the same moment another enterprise-driven aspect which is considered as the Enterprise Resource Planning (ERP) is categorically taking the place in the business era. The implementation of ERP frameworks is centred on either the type of pressure being exerted by the business competitors or the demands from partners and customers for the supply chain framework upgrading or the requirement for permutations and reformation in the present legacy frameworks.

Despite the fact that Supply Chain Management (SCM) and ERP initially serve various phenomena and aspects of the business, the requirement to incorporate IT in SCM necessitates the incorporation of ERP. This form of incorporation in business is deemed as essential and a natural process in managerial and strategic consideration for the company to remain competitive in the market. Past research activities have highlighted the significance of the effective management of the supply chain in business. At the moment, there is an enhancement in the necessity for executives and managers to develop and enhance the management of the supply chain and its performance alongside the encouragement of achieving competitive advantage in business, mostly when business relationships and environment with other enterprise partners is becoming a challenge. The complex enterprise ecosystem requires the business to have an agile and responsive SCM, ERP. Irrespective of the considerable number of scholastic analysis focusing on the connection between Business Performance (BP) and competencies of the supply chain or between the performance of ERP and BP, particular researches exclusively perceive and address the possible performance of ERP frameworks as an essential element of SCM as it has not attained its satisfaction level.

The empirical analyses have concentrated significantly on the individualized implication of ERP and SCM on BP. The framework of SCM is founded based on the contribution in the positive performance of the business whereas mixed results have been analysed and recorded.
for the ERP framework, hence suggesting that the implication of ERP on BP is associated with SCM. It is argued that ERP is the foundation of SCM and the incorporation of both of these frameworks will allow the business to reap essential returns on the connection of the supply chain. In that case, this evaluation significantly evaluates the connection between BP, SCM and ERP. In this paper, we will test if there are fundamental indirect or direct contributions of ERP onto BP. We are mostly interested in investigating the indirect implication of ERP onto BP connected by SCM. A considerable connection of ERP on BP connected by SCM indicates the significance of SCM in reconnecting the advantages of enterprises’ investments in IT.

The myriad ERP-equipped corporations have extended the aspect of the framework meant to incorporate their suppliers and customers into the framework meant to produce more e-commerce and e-business services and to develop the supply chain functionalities. Theoretically, it is believed that the capacity of ERP frameworks in the supply chain has inadequately been evaluated. Massive capital amounts have been invested in the acquisition of ERP frameworks; its upgrading and implementation based on the objectives of implementing the framework rarely attained satisfactory level. The analyses done for the frameworks reveal that the effects and significance of the ERP frameworks in improving and enhancing the supply chain performance is not fundamental due to the fact that ERP framework were typically supposed to incorporate the functions of systems of a business. The element makes the designed framework of ERP that is not entirely applicable to many business partners. In that case, it is considered that ERP frameworks are capable of simultaneously facilitating and obstructing the supply chain integration.

There are a lot of literature texts which confirm the availability of fundamental connection between SCM and ERP performance. Moreover, these texts have focussed on the definition of the various modules of ERP and how they can be integrated into SCM for resources, operations, material and planning of control items in business. Based on the previous researches, this paper concentrates on the connection between SCM and ERP evaluation in the Malaysian context. To fulfil the rationale of this paper, hypothesis has been drawn based on the above introductory discussion: H1: The influence of ERP framework on SCM performance is considered positive. Critical focus of this research is also based on the projected path framework and the kind of hypothesis centred on literature assumptions. For this aim, ERP is projected to have a direct and positive implication on SCM. It is also projected that the positive effect of ERP onto BP is connected by SCM. Apart from that, it is projected that ERP might also be affected by BP in a more direct manner. The hypothesized path framework which includes the relationships and constructs has been presented in Figure 1. The projected hypotheses consider SCM as a medicated variable that effects the connection between ERP (initial variable) and BP (results). The connection between BP, SCM and ERP is evaluated in the below section. In that case, the paper is structured as follows: Section 2 provides the literature review of the topic which includes the concepts of ERP, SCM and BP. Section 3, is the research methodology section whereas Section 4 represents the results section. Section 5 is the general discussion of the topic whereas Section 6 concludes the paper and provides future direction of the research.

2. Literature Review

ERP and SCM

As evaluated by the researchers in [1], executives and managers in different industrial sectors mostly in the manufacturing field are focussing on having effective control over the supply chains. To accomplish this purpose, executives and managers, as stipulated in [2], are focussing on the employment of fundamental techniques and methods such as ERP, Total Quality Management (TQM), Just-in-Time (JIT) and Lean Production. Companies with data advantage also includes the fundamental SCM which are likely to have effective control over their business suppliers. With that regard, [3] argues that different companies in many nations are interested in the massive investments in IT in permuting the framework of globalized and domestic market enterprises.

A considerable number of organizations and companies have focused or have fulfilled the application of the ERP framework. This framework is mostly formulated to match the various business procedures such as production planning and order entry throughout the entire company or organization which makes BP to be enhanced optimally [4]. Significant investments in IT framework have allowed businesses to share considerable data volumes and information in the supply chain, hence making actual-time collaboration to be possible among the business partners of the supply chains. This also enhances information, data transmission and processing that is fundamental for synchronous process of making informed decisions and the competencies of SCM.

ERP and BP

The vital aim of investments in the ERP framework is to boost the effectiveness and efficiency of the organization (which also includes non-fiscal performance) and the financial performance of the company. The financial performances are closely connected to the company’s profitability, evaluated by the fiscal assessment such as the ration of investments of the ROI. The segments such as knowledge management, productivity, reliability and customer service among other forms of BP’s affect the company’s ultimate profitability and these fall under the class of non-fiscal performance. In that case, the evaluations of the non-fiscal performance cover the required gaps of the fiscal accounting which are meant to assure unified image performance of the business. The
past few years have witnessed myriad numbers of companies adopting this system of performance evaluation with covers not just the fiscal performance but the non-fiscal performance too.

It is projected that the ERP frameworks would be essential for the effective framework of data and enhances non-fiscal efficiency of the company and the considerable influence on the fiscal performance of the company. Some researches support the obligation of ERP framework in directly enhancing the fiscal performance of a company as a result of the minimal costs of IT infrastructure. In that case, the field research in [5] confirms the various direct influences of ERP frameworks on both financial and non-financial performance. From [6], it is believed that the application of ERP might amount to the accurate price which in turn adds to the effective profit margin and its maintenance. This also minimizes the number of faults projected in invoiced price hence amounting to the enhancements in revenue from the business.

According to researchers in [7], the launching of ERP applications in the organizational sectors can potentially contribute to the creation of the scaled economies that prevent extra headcount sells and costs which includes the administrative and general expenses. This is partly a result of the alterations happening in business structure following the application of the ERP framework. Contrary to that as stipulated in [8], reliable evidences of the considerable merits of IT investments and the fundamental productivity achievements from them have been provided. For instance, based on elaborate case analysis on the implementation of ERP, some of the ERP framework effects have been provided and exerted onto BP of a single business. This longitudinal research gives primary evidence of the causal relationship between the enhancement of the company’s operational adoption and performance of IT. Moreover, this analysis presents the evidence of the timescale connected with the mentioned merits. In [9], there is an examination of the connection between ERP and BP using scholastic experimental methods. In the analysis, about 63 verified analysts and scholars at the business of the fiscal services have been presented in the scholastic hypothetical case analysis.

A critical analysis in [10], represents the initial accomplishments of these analyses and how they comply with the forecasts after they mastered the hypothetical companies that are determined to invest funds in the IT frameworks such as ERP. As a result, confirms positive analysis of earnings. Therefore, it can potentially support hypotheses that focus on the effects of ERP performance implementation which is also considered positive. An integrated theoretical framework projected in [11] indicates that the ERP framework and its implementation have considerable influence on the firm’s process capital of considerable Intellectual Capital (IC). In that regard, the customer capital is influenced by the procedure capital which considerably translates into BP. The researchers in [12] also support the fundamental contribution of ERP onto OP. From the research it was found that positive ERP contribution fundamentally originates from the increased efficiency in data diffusion that allows companies to respond faster and enhance the management of inventories. It is argued that ERP is fundamental to cost reduction obligations and therefore leads to the enhancement in revenues. These amounts of studies by different researchers have attested the presence of possible connection between ERP and BP. Based on the analysis above, it was said that the implementation of the ERP framework in the company is purposed to be followed by more direct effects of the kind of performance in business. In that case, a second hypothesis of our research is found:

H2: The influence of ERP framework on BP will be positive.

**SCM and BP**

From [13], it is defined that SCM is a systemic and strategic coordination among the ancient organizational functions and the strategies within a certain company on one side and the strategies of the organizations within the supply chains from the other part, to effectively enhance the long-term performance of firms and the supply chain in general. During the past few years, SCM has focussed on the sullying customer’s and firm’s interdependence. SCM is fundamental since it encourages supplier firms to work with other companies on the supply chain to boost BP throughout the complete chain. The research of this aspect has attained extensive attention from the experimental and academician practitioners over the past few years. With the enhanced trend towards the form of globalization in modern business fields, the major issue for companies is identifying the effective means to retain and gain their positions in the competitive market irrespective the international and domestic threats and pressure, which they are facing continuously.

The major merit of SCM framework is the enhancement in the downstream and upstream linkages. Other than that, firms have considered the required measurements to incorporate the connection of their external client-company-supplier to the internalized context factor to develop and boost the satisfaction of their clients which also includes the enhancement of the company’s performance and competitiveness. The application of SCM gives the customers and suppliers the closer configuration and coordination opportunities of the business process to enhance the availability of the products in an efficient and effective atmosphere. One of the most essential effects of the effective SCM application is the enhancement of the connection between the downstream clients and the upstream distributors, ultimately amounting to clients’ satisfaction and optimum BP of the firm. A lot of previous research efforts have confirmed the obligation of SCM as a fundamental prompter of BP which are both directly and indirectly via various supply chain strategies and practices.

Moreover, the reviews of earlier research support SCM as a fundamental strategic vision centred on the effective leadership theories, communicating and
generating the connective strategic SCM vision. The formulated vision is therefore provided into the generation of the strategic plans that require internal business procedures which are designed to support and back the satisfaction of customers and reflected onto BP. A considered number of researchers confirm the availability of positive connection between BP and SCM. In that case, an analysis of the influence of SCM on BP signifies this influence which is effective and can be utilized in this research. Thus, a hypothesis of the research is found based on the above discussion: H3: BP will be influenced positively by the SCM.

According to the literature review, SCM is positively influenced by ERP and BP. It is positively affected by ERP. In that case, it can be argued that the possible indirect linkage between BP and ERP is based on the mediation of SCM. In that case, a fourth research hypothesis can be obtained: H4: The connection between ERP and BP will be based on the mediation of SCM. Based on the points evaluated in this research, it can be comprehended that a framework perspective is applied whereby ERP is considered as an essential input. SCM is a critical process, and BP is a crucial output. According to the reviews of literature, this analysis model based on the current research is represented as shown in Figure 1 and Figure 2.
3. Research Methodology
To effectively test the proposed theoretical framework, AMOS’s 16 likelihood program was applied. One of the fundamental elements of the applied structural equation framework approach is not just flexible of its objective interplaying between data and theory, but its capability to fill the gap between empirical and theoretical knowledge for optimal perception of the globe. This form of evaluation allows the creation of the model that is centred on the latent and manifested variable that is termed as an essential property suiting the hypothesized framework well, whereby most of the constructs signify the unobservable abstraction instead of the concrete and empirical phenomena. Apart from that in the structural equation model, multiple group comparison, measurement errors and variable with indicators should be considered. Over the past few decades, SEM has drawn the attention of many business analysts as commonly applied approach utilized in different disciplines such as BP, organizational learning, supply chain, organizational innovation and Knowledge Management (KM).

Data
The period of collecting data was spanned in mid-2010 throughout the year. In the analysis, questionnaires were prepared and distributed among approximately 450 enterprises which were randomly selected and the ones which had applied ERP framework for around two years. The mangers including direct managers, ERP managers and the CEOs were selected as basic informants. About 174 firms were filled and returned, the questionnaires that gave this analysis with the expected 39% response rate, whereby 43% of them were from the service sector and about 57% of them from the manufacturing segment.

Measures
In this paper, we have conducted a detailed analysis of the past research to establish the research variables for the purpose of evaluating and testing hypotheses. We used some theories to evaluate the research constructs. This paper uses the 7-point-Likert scale (one completely disagrees and five completely agrees) with the structure and content. The paper has been purposed to conduct a detailed analysis of the ERP effects and their performances on BP connection by the competencies of SCM. In that case, this research framework covers three fundamental areas: SCM competencies, BP, ERP framework. We utilize the ERP framework, as a considerably independent latent variable, projected to determine the performance of the ERP framework. The ERP measure has been classified into six fundamental dimensions, which include:

- Framework usage (ERP 3): Meant to determine the aspect of the recipient usage of the data systems;
- Users satisfaction (ERP 4): Meant to evaluate the aspect of the recipient response to utilize the output of the data system;
- Personal impact (ERP 5): This is meant to evaluate and determine the degree of the implication of information and data on the recipients’ behaviour; and
- System impact: This is meant to determine the dimension of implication of information and data on the enterprise’s output.

The illustrations of SCM competency, as mediator latent variables have been utilized since the 21st-century logistics system. In this, the three constructs projected for SCM competencies are:

- Operational (SCM 1): This defines the management of the operative orders between the supply chain and the company partners;
- Planning and controls (SCM 2): This represents the data systems meant to support the wide-range operational configuration required to deal with the diversified market segments and the capability to enhance the evaluation framework which are fundamental to simplify the strategies, processes, and;
- Customer relationship (SCM 3): This represents the capacity and capability to maintain and progress shared conceptual structure with the customers and suppliers concerning the enterprise dependency and the rules of collaboration.

The aspect of the firm’s performance, as a considerably dependent latent variable has been adapted widely in research. Three critical elements relevant for BP include:

- Fiscal performance (BP 1): These are the indicators presenting the success of the firm in the business plan;
- Marketing performance (BP 2): This represents the success of the business products and plans in both the present and future business. This construct is evaluated based on three dimensions that contain the development of the products, share of the market and the development of the market;
- Partnership performance (BP 3): This connects to the achievement of the business goals related to the firm’s partners, based on strength, stability, and sustainability of linkages.

4. Results

Measurement Model
The correlation coefficient for every variable of research can be utilized as an evaluation of the fundamental degree of the connection between the evaluated aspects that has been represented in the Table 1 below. The connections
among the measurements are considered to bear positive significance.

Table 1: Connection of the analysis dimension

<table>
<thead>
<tr>
<th>Variables</th>
<th>ERP-1</th>
<th>ERP-2</th>
<th>ERP-3</th>
<th>ERP-4</th>
<th>ERP-5</th>
<th>ERP-6</th>
<th>SCM-1</th>
<th>SCM-2</th>
<th>SCM-3</th>
<th>BP-1</th>
<th>BP-2</th>
<th>BP-3</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERP-1</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ERP-2</td>
<td>0.760</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ERP-3</td>
<td>0.729</td>
<td>0.816</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ERP-4</td>
<td>0.653</td>
<td>0.722</td>
<td>0.702</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ERP-5</td>
<td>0.591</td>
<td>0.654</td>
<td>0.635</td>
<td>0.562</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>ERP-6</td>
<td>0.585</td>
<td>0.647</td>
<td>0.629</td>
<td>0.556</td>
<td>0.503</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SCM-1</td>
<td>0.485</td>
<td>0.536</td>
<td>0.521</td>
<td>0.461</td>
<td>0.417</td>
<td>0.413</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SCM-2</td>
<td>0.488</td>
<td>0.540</td>
<td>0.525</td>
<td>0.464</td>
<td>0.420</td>
<td>0.416</td>
<td>0.719</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SCM-3</td>
<td>0.673</td>
<td>0.450</td>
<td>0.437</td>
<td>0.386</td>
<td>0.350</td>
<td>0.346</td>
<td>0.599</td>
<td>0.603</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>BP-1</td>
<td>0.400</td>
<td>0.443</td>
<td>0.430</td>
<td>0.380</td>
<td>0.344</td>
<td>0.341</td>
<td>0.440</td>
<td>0.443</td>
<td>0.369</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>BP-2</td>
<td>0.423</td>
<td>0.468</td>
<td>0.435</td>
<td>0.402</td>
<td>0.364</td>
<td>0.361</td>
<td>0.465</td>
<td>0.468</td>
<td>0.390</td>
<td>0.894</td>
<td>1.00</td>
<td>-</td>
</tr>
<tr>
<td>BP-3</td>
<td>0.388</td>
<td>0.429</td>
<td>0.417</td>
<td>0.369</td>
<td>0.334</td>
<td>0.330</td>
<td>0.429</td>
<td>0.358</td>
<td>0.819</td>
<td>0.866</td>
<td>1.00</td>
<td>-</td>
</tr>
</tbody>
</table>

Convergent Validity

For the evaluation of the convergent validity of the measurements in this contribution, three fundamental processes were recommended, whereby measured items and reliability, construct reliability and the mean variance are extracted. The evaluation of item reliability of the measures was done based on the factor loaded into the basic constructs. An element load of 0.7 was projected that showed the item level and its validity. Nonetheless, in the current research, the composite reliability replaces the Cronbach’s alpha due to the fact that reliability is projected to be comprehended to the latter. To have more adequate composite form of reliability, the analysts recommends a value of 0.7 or higher. The objective of the third indicator of convergent validity indicated above is the mean variance extracted to evaluate the overall amount of variance connected to the construct in relation to the variance amount which might be attributed to the measuring error. It is projected that when the average variance retrieved is equal or higher than 0.5, the convergent validity is considered enough. As indicated in Table 2 below, the factor loading satisfies the protocols projected by the different experts. This shows the enough convergent validity projected for the evaluation model projecting constructs.

Table 2: Findings for the measuring model

<table>
<thead>
<tr>
<th>Latent variable</th>
<th>Item</th>
<th>Factor loading</th>
<th>Mean variance extracts</th>
<th>Composite reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERP</td>
<td></td>
<td>0.7</td>
<td>0.8</td>
<td></td>
</tr>
<tr>
<td>ERP 1</td>
<td></td>
<td>0.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ERP 2</td>
<td></td>
<td>0.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ERP 3</td>
<td></td>
<td>0.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ERP 4</td>
<td></td>
<td>0.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ERP 5</td>
<td></td>
<td>0.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ERP 6</td>
<td></td>
<td>0.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SCM</td>
<td></td>
<td>0.6</td>
<td>0.9</td>
<td></td>
</tr>
<tr>
<td>SCM 1</td>
<td></td>
<td>0.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SCM 2</td>
<td></td>
<td>0.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SCM 3</td>
<td></td>
<td>0.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BP</td>
<td></td>
<td>0.93</td>
<td>0.78</td>
<td></td>
</tr>
<tr>
<td>BP 1</td>
<td></td>
<td>0.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BP 2</td>
<td></td>
<td>0.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BP 3</td>
<td></td>
<td>0.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Discriminant Validity

The discriminant validity happens whenever the shared variance between two different constructs in the framework happens to be minimal compared to the variance shared between the indicators and their constructs. The evaluation was done based on the comparison of the AVE square root for the constructs with the inter-construct’s connection between the certain constructs and other forms of constructs. This might be considered as an evidence of presence and stronger connection between the indicators and their constructs compared to other forms of constructs, whenever the value of the square root of AVE at the diagonal element in the columns and rows is more than the connection between the different constructs. As shown in Table 3, the AVE square roots have replaced the diagonal segment in the connection matrix. The dimension of the discriminant validity is more apparent and satisfactory for all the constructs.

<table>
<thead>
<tr>
<th></th>
<th>ERP</th>
<th>SCM</th>
<th>BP</th>
</tr>
</thead>
<tbody>
<tr>
<td>ERP</td>
<td>(0.7)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SCM</td>
<td>0.5</td>
<td>(0.7)</td>
<td>-</td>
</tr>
<tr>
<td>BP</td>
<td>0.3</td>
<td>0.3</td>
<td>(0.9)</td>
</tr>
</tbody>
</table>

5. Discussion

The projected framework articulates the fundamental effects of various important variables which were received or ignored marginal attentions by the previous researchers. Critical findings of this analysis and their effects are handled based on the following discussions in this part. The first result of this analysis confirms the availability of the fundamental and positive connection between ERP and BP. This result is connected to the various past researches. The second result is linked to the structural equation framework support which is the impact of ERP onto SCM and is considered positive. In that case, based on the application of the ERP frameworks in the company, SCM capability of that firm will enhance fundamentally. This result is also more consistent with the results found in past researches. Nonetheless, in contrast to their results, we noted that SCM is both indirectly and directly influenced by ERP. The third result gives enough empirical proof to fundamentally support the presence of the connection between SCM and BP. The evidences show that BP was influenced by SCM.

In that case, it can be summarized that the implementation of SCM might amount to the projected remedy. This potential result is consistent with the results found in [14] whereby the analysis indicated that there is direct and positive connection between BP and SCM. In that case, this research stimulates the incorporation of SCM in the general application framework to enhance BP in the companies. The fourth result concerns the major theoretical basis of this analysis. We noted the evidence in support of the fundamental roles of SCM as mediators between BP and ERP. The given empirical proof confirms the presence of the fundamental connection between BP and ERP with more indirect influence significantly compared to the direct effect. In that case, our research shows that the connection between BP and ERP is stimulated by SCM in the aspect that SCM serves as a blacker process and box whereby the input of ERP and its output is more effective and can be attained by firms. A contributing perspective of our research stands from the ideology that a lot of experts and researchers mix BP and ERP, hence ignoring the fundamental objective of SCM in the development of BP.

However, it is fundamental to consider that the results are the connection between BP, SCM and ERP that might be affected by the ERP level implementation and the integration of SCM. According to the research in [15], it was founded that the firms in Japan and Korea have supply chains integrated and the business practices flow in various paths which significantly affect BP. From the analysis, it was argued that the initial stages require total attention that is provided to the supply chain integration, whereas enterprises at later stages have to concentrate on the consistency between the competitive strategies and SCM strategies. The researchers highlighted the significance of identifying the present level of implementation of ERP and SCM in companies.

6. Conclusion and Future Research

The application of the cross-sectional information is retrieved from the questionnaires post different limitation to our work. Firstly, the information retrieved through the survey is normally subjected to self-reporting sampling and bias generalizability. In that case, readers have to consider the precarious generalization that might not be applied to the various national and cultural contexts. It is considered that the future research will not be able to apply longitudinal information and data that will give more dynamics to the analysis and data. Secondly, the final restriction is concerned with the sample size utilized in this research that shows that the assumption to be structured cautiously based on the numbers that are representative. The present analysis shows the fundamental objective of the SCM and its connection between ERP and BP. Dependent on 174 different valid subjects, this analysis applies the path evaluation with more structural equation model mean to evaluate the system of research and the hypotheses. The results support that the ERP framework can be viewed as an essential input to companies with its impact performance with SCM mediation. The direct impact of ERP onto BP is fundamental. In relation to that future research on this
same issue incorporates the moderator variables e.g.,
nationality, culture and industry in the business model.
Other than that, the interconnection among BP and SCM
can be evaluated in detail.

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