

# **ENTERPRISE RESOURCE PLANNING (ERP): ISSUES IN ADOPTION AND DIFFUSION OF TECHNOLOGY IN THE HOSPITALITY INDUSTRY**

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## **ABSTRACT**

Enterprise Resource Planning (ERP) is a generic term used to describe a comprehensive information system designed to integrate all the business processes found in an enterprise. The adoption of an Enterprise Resource Planning system can improve efficiency and productivity in an organization. This is achieved through the integration of information and many times the removal of duplicate information and processes. Some of the players in the ERP arena include SAP, PeopleSoft, Oracle and J.D. Edwards. When implementing an ERP system, there are a many issues to consider that will impact its final cost and pricing. A company needs to consider all options, as a customized process versus a generic one may be a source of competitive advantage.

There are a number of issues that impact the decision to implement an ERP system. The first revolves around the total cost of the ERP system. The main costs involved in implementing an ERP system involve license fees, hardware and software, maintenance contract, support staff, and training. Each of these issues raises a number of questions for example, how important are license fees when choosing a particular type of ERP software in an organization? What factors affect the hotel's choice of investment in hardware and software? The second issue concerns why particular modules, such as Finance and Human Resources, are usually chosen to be implemented first? This question can be further investigated using the theoretical framework of institutional theory and in particular coercive isomorphism. The third issue is whether or not people measure the benefits of ERP and if they do how they measure those benefits. The fourth issue involves the cost savings. A question that arises about cost savings is how do you measure cost savings? Are there any immediate and/or direct cost savings in a division/function or module? A fifth issue that arises in organizations determining whether or not to implement an ERP system is the question of which ERP software type to implement.

What drives the organizations which software to install? A sixth issue that can be further investigated is the topic of "seats" or assigned users when it comes to ERP implementation. For every person that uses the ERP software, the company needs to pay a fee to the manufacturer. Hence, how is someone selected to be an ERP user? Enterprise Resource Planning (ERP) implementation and costing are not an easy process. To understand how organizations are dealing with these issues, four hotels involved in the ERP implementation costing effort will be evaluated. The hotels will be selected based on the stages in the ERP adoption process.

Several one-on-one interviews will be conducted at each of the four hotels in order to obtain information rich data. The reason for conducting many interviews at the site is to compensate for individual opinions which may or may not be those held by the rest of the organization. Responses will be analyzed to determine the organizational norm. These case studies are of exploratory nature.