



A study on impact of 'Enterprise Resource Planning' on profitability and business growth in retail sector with special reference to Big Bazaar at Patna

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Abstract : *In recent years, retail industry has emerged as one of the most dynamic and fast paced industries with several players entering the market. Hence, in this competitive scenario, it becomes very essential for the retailers to make themselves technologically sound so that they may sustain in such stiff competition. Hence, implementation of the software "ERP" acts as rescue for the retailers. This study analyses the impact of ERP on the profitability and business growth of the various retail outlets available at Patna. It reveals the implementation level of the software among the retailers in the*

city and elucidates the benefits enjoyed, as well as issues and challenges faced by them. This study even emphasizes on the fact that many of the retail outlets in Patna, a developing city, are yet to avail of the full-fledged benefits of ERP. Hence, the factors behind it should be looked into to make retail flourish.

Keywords: *Retail, Enterprise Resource Planning, Retail outlets, Profitability.*

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Introduction:

Retail sector has undergone a substantial transformation in the recent years. It contributes around 10% to the country's GDP and generates nearly 8% of employment. Since a decade, retail sector has boomed even in a developing state like Bihar. Now, with increasing Time Poverty among people, demand for Kirana and Mom-and-Pop stores are fading, paving the way for organized retail.

But in order to sustain in this phase of retail evolution, it becomes very essential for the retailers to take proactive steps, so that they may be at par with other vendors in this stiff competition.

Thus, arrives the need of a software- ERP i.e. **“Enterprise Resource Planning”** which attempts to integrate business processes across departments into a single enterprise wide information system.

Although this software was introduced in the year 1990, it is yet to be implemented in many of the retail outlets at Patna. Currently most of the retailers in Patna are unaware of it. Hence, this study has been conducted to identify and analyze the overall position of ERP implementation in retail outlets in the city along with its impact on the business growth and profitability of its adaptor.

This study is based upon the response framework gathered and compiled by exploring various retail outlets available in the city. This study focuses on the area concerning management of finance, supply chain and customer relationship acting as a major determinant for profitability and business growth of an outlet (Tamannasol.net).

Objective:

- To enquire about the implementation of ERP in retail outlets at Patna.
- To identify challenges and issues faced by retail outlets in successful implementation of ERP.
- To find out how ERP has proved beneficial in retail outlets.
- To find out how far ERP is contributing to our economy.

Hypotheses of the Research:

It has been hypothetically assumed that ERP is an important tool for the retail organizations.

- ERP serves as a boon for retail organizations, by increasing its efficiency, effectiveness and profitability.
- The retail outlets at Patna are aware of ERP technology.

- Retail outlets with ERP contribute largely to our economy.

Methodology :

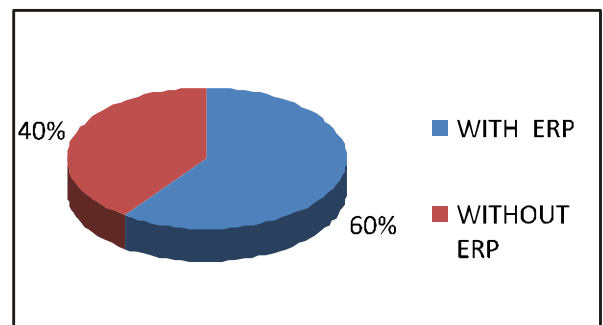
This study was carried out within the city of Patna in context of the retail sector and with special reference to Big Bazaar.

Sources of data : Primary and Secondary data were used.

- **Primary data** is collected by using descriptive research method through questionnaire and semi structured interview.
- **Secondary data** is obtained from internet, company records, newspapers and journals.

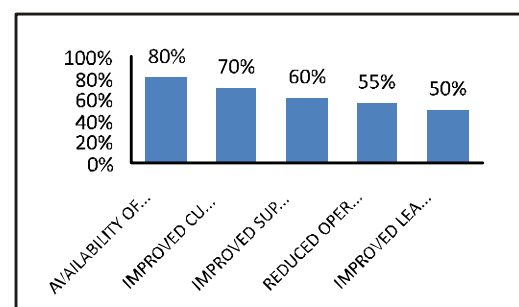
Major Findings of the research:

This research has revealed several findings:-



*Our study revealed that out of five retail outlets at Patna three of them naming Big Bazaar, Reliance Trends and Vishal Mega Mart have adopted the ERP software.

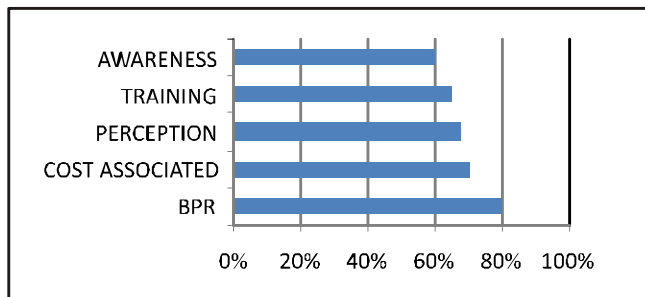
Benefits realized and satisfaction level of employees with adoption of ERP software



*80% employees experienced the benefits of ERP in the form of more availability of information and the rest in the other forms.

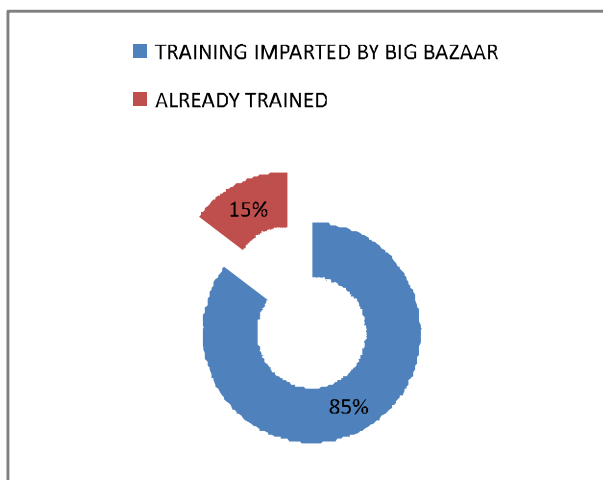
Challenges and issues regarding ERP implementation

To identify the issues and challenges ,an interactive process of personal interview with six knowledgeable individuals (i.e. two ERP suppliers, two operational level user and two managerial users)were conducted.



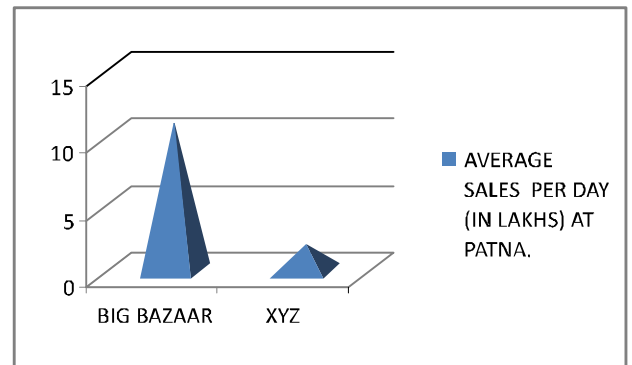
*80% of the knowledgeable individuals feel that major challenges relating to ERP implementation is BPR (business process reengineering).

Step to overcome major challenge



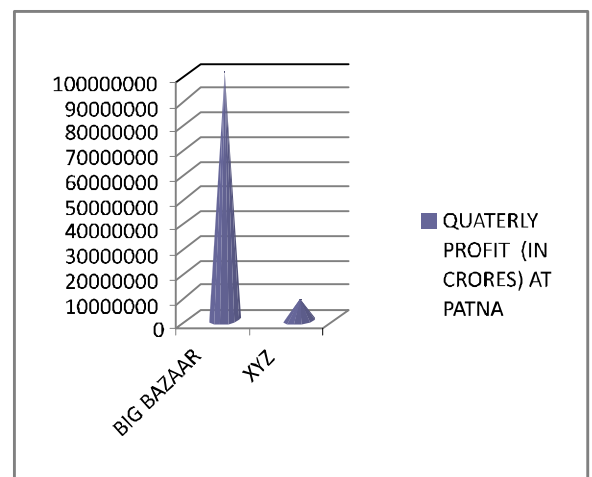
*Around 200 employees of Big Bazaar are using ERP software, 85% of them are trained by the company itself so as to overcome the major challenges and reap the maximum benefit out of the latest technology (futurebazaar.com).

Level of contribution to our economy with the comparative analysis of sales and profit figures



*Average sales per day for Big Bazaar is around Rs.11 lakhs while for XYZ (non ERP outlet) is around Rs. 2 lakhs.

Analysis of Quarterly Profit



*Quarterly profit for Big Bazaar is around Rs.10 crores while for XYZ is Rs.80 lakhs.

Findings regarding profit and sales indicate that with the implementation of ERP software the business grows faster and hence contributing a lot to our economy.

Conclusion :

The conclusion drawn from this research study specifies and highlights the changing scenario in the retail sector with increasing competition and adaptation of new and innovative technologies such as an ERP software.

From this study, the changing outlook of Bihar can be observed. Retail is booming in this state

and is ready for new ventures. However, when being confined to the implementation of the ERP software, it is still lagging behind. The awareness level among the retailers is quite less in context of new technologies.

The entire research study was an eye opener and could be utilized as a basis for the further research and development in this area.

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