APPLICATION OF COGNITIVE MAP MODELS IN ERP SOFTWARE SELECTING PROCESS ON MEDIUM BUSINESS USING SEM (CASE STUDY: BLITAR INDUSTRIAL)

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Abstract

Selection of ERP software can be regarded as one of the stages of decision making which is the most difficult and lengthy when want to apply to an organization / company. The decision makers see that the decision in the selection of this software is very complicated because there are many factors to be considered. In addition, decision makers need to understand what things are most needed to complete the decision making process.

ERP advantages include inventory reduction, reduced energy in total employment, increased service levels, improving control financial, time reduction is needed to obtain information (Wikipedia, 2009), so there are many big companies apply this software to improve their business process. However, this system has not been widely applied to small and medium-sized businesses Viewed from the function and benefits, implementation of ERP system is able to lift medium business conditions that have not been developed. Some ERP vendors are now starting to shift marketing focus towards small and medium enterprises. This indicates that it is not possible if the ERP could not be used by small and medium-sized businesses. However, it takes an adjustment so that the modules in the ERP software can be applied in these sectors.
Cognitive Map model that suggests structuring the decision-making for the selection of the ERP is expected to offer a structural outline and organized the purchase and selection of ERP software. Research began by conducting questionnaires, which was then carried out the processing and testing of the interconnection between all factors in the ERP selection model based on Cognitive Map model, then this model is analyzed using Structural Equation Modeling (SEM) to find the factors that caused the decision variables for selecting ERP software.

**Keyword:** Enterprise Resource Planning, Structural Equation Modeling (SEM), Medium Business