

**EFFECTS OF ENTERPRISE RESOURCE PLANNING ON FINANCIAL
PERFORMANCE OF FINANCIAL INSTITUTIONS IN KENYA**

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DECLARATION

I hereby declare that this research project is my original work; it has not been presented to any other institution of higher learning for academic purposes.

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This project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

I dedicate this research project to my dear Husband Allan, our children being there for me during the period of this study. Also, to my parents Mr. and Mrs. Kangogo who have always encouraged me and helped me understand the value of education and hard work in life.

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I thank the Almighty God for good health and for bringing me this far; His grace has been sufficient. He has given me the opportunity, courage and insight to explore more knowledge to complete this project, I am grateful for his blessings that have brightened my life.

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TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGMENT	iv
LIST OF TABLES	viii
LIST OF ABBREVIATIONS AND ACRONYMS	ix
ABSTRACT	x
CHAPTER ONE:	1
INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Enterprise Resource Planning	2
1.1.2 Financial Performance	3
1.1.3 Enterprise Resource Planning and Financial Performance	4
1.1.4 Financial Institutions in Kenya	5
1.2 Research Problem	7
1.3 Research Objective	9
1.4 Value of the Research	9
CHAPTER TWO	11
LITERATURE REVIEW	11
2.1 Introduction.....	11
2.2 Theoretical Framework.....	11
2.2.1 Technology Acceptance Theory	11
2.2.2 Agency Theory.....	12

2.2.3 Resource-Based Theory	14
2.3 Determinants of Financial Performance	15
2.3.1 Enterprise Resource Planning	15
2.3.2 Firm Size	16
2.3.3 Management Efficiency	17
2.3.4 Capital Adequacy	18
2.4 Empirical Studies	19
2.5 Conceptual Framework	23
2.6 Summary of Literature Review	23
CHAPTER THREE	25
RESEARCH METHODOLOGY	25
3.1 Introduction	25
3.2 Research Design	25
3.3 Population of the Study	26
3.4 Data Collection	26
3.6 Data Analysis and Presentation	26
CHAPTER FOUR	28
DATA ANALYSIS, PRESENTATION AND DISCUSSION	28
4.1 Introduction	28
4.1.1 Response Rate	28
4.2 Demographic Information	29
4.2.1 Respondents Level of Education	29
4.2.2 Duration of Service	30

4.3 Descriptive Statistics.....	31
4.4 Enterprise Resource Planning	32
4.5 Regression Analysis.....	33
4.5.1 Model Summary.....	33
4.5.2 Anova.....	34
4.5.3 Coefficient Analysis.....	35
4.6 Discussion of the Findings.....	36
CHAPTER FIVE	39
SUMMARY, CONCLUSION AND RECOMMENDATIONS	39
5.1 Introduction.....	39
5.2 Summary of Findings.....	39
5.3 Conclusion	41
5.4 Recommendations.....	42
5.5 Recommendation for Further Research	42
5.6 Limitations of the Study.....	43
REFERENCES.....	44
APPENDIX I: RESEARCH QUESTIONNAIRE.....	47

LIST OF TABLES

Table 4.1: Response Rate.....	29
Table 4.2: Level of education	29
Table 4.3: Duration of Service.....	30
Table 4.4: Descriptive Statistics	31
Table 4.5: Enterprise Resource Planning.....	32
Table 4.6: Regression Model Summary.....	33
Table 4.7 : Anova ^a	34
Table 4.8: Regression Coefficients	35

LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA: Analysis of Variance

CAR: Capital Adequacy Ratio

CBK: Central Bank of Kenya

CIR: Cost Income Ratio

ERP: Enterprise Resource Planning

PBT: Profits before Tax

ROA: Return on Assets

ROI: Return on Investments

ROS: Return on Sales

SPSS: Statistical Package for Social Sciences

ABSTRACT

This research investigated the effects of enterprise resource planning on financial performance of Kenyan financial institutions. A descriptive research design was utilized in this study. The research focused on all the 43 licensed commercial banks and 13 microfinance institutions in Kenya. Both secondary and primary data was utilized in this research to acquire the set objective. The quantitative data acquired was evaluated using Statistical Package for Social Sciences (SPSS) version 23 and results were offered in tables. This study applied multiple regressions to define the impacts of ERP on performance of financial institutions in Kenya. From the regression finding, the research ascertained that the four independent variables studied clarified a significant 65.5 percent of performance of financial institution in Kenya while other features and indiscriminate disparities not studied in this study were found to contribute a measly 34.5% of the financial performance of financial institution in Kenya. The research also determined that ERP play a fundamental supporting role in firms and industries, it is responsible for optimum performance in many organizations and supports a spectrum of activities in modern organizations. It permits the realization of financial performance and institution to create an accurate and timely financial data. Predictions from regression revealed that an adoption of enterprise resource planning cause an enhancement in the performance of the financial institutions performance thus enterprise resource planning has significance and positive influence on financial performance of financial establishments. The research also showed that the sizes of financial institutions have significance and positive effect on the institutions' performance, that is, an increase in the size of the financial institutions by one unit causes an expansion of the performance of the institutions. It was also noted that management effectiveness has an important and positive impact on financial institutions performance. This implied that an improvement in management effectiveness would cause an improvement in financial institutions performance. Finally, the research showed a positive and important relation between capital adequacy and performance of financial institutions. This implied that an increase of capital adequacy by the financial institution leads to an increase in performance of financial institutions. This study recommends that all financial institution in Kenya to adopt ERP to improve their efficiency and promote their financial performance. Based on the outcome of this research, the policy makers should determine the need for an ERP System as this would guide the successful adoption and implementation of the system. Future research could also look at core challenges of the ERP usage and how they can be resolved.

CHAPTER ONE:

INTRODUCTION

1.1 Background of the Study

Enterprise resource planning (ERP) is a broad term utilized for management software, which consist of modules like finance, human resource, production, and marketing and facilitates for companies to plan their services and goods (Stevenson, 2011). For Hossein (2014), ERP systems integrate external and internal management information, accounting/finance, manufacturing, customer relationship management, sales, and service in an organization. ERP systems computerize this activity using an incorporated software application. ERP facilitates the flow of information within and outside the organization as it enables management of the connections to outside stakeholders. In this way, it helps in promotion of efficiency, especially for multinational companies.

The study is anchored on technology acceptance theory and agency theory. Technology acceptance theory by Davis in (1989), argues that the people adopt technological application if they deem it useful for them. That is, that there is a propensity for human beings to adopt a technological application if that technologic is perceived to have value or is useful for job performance and it is also easy to use. According to Argenti and Barnes (2009), the theory is the specification of causal association between the design features of a system, seen valuable, ease of use and attitudes towards use of the technology as well as actual behavior (Altaany, 2013). On the other hand, a significant proposition of agency theory is that information systems allow sharing of information leading to restraining of the agent opportunism and

better control by the principal (Jensen & Meckling, 1976). An agent can demonstrate opportunistic behavior in two ways that can be harmful from the viewpoint of the implementer. The first way is the moral hazard, which is the lack of attempt by an agent while the second one is the adverse selection, which is the misrepresentation of capability by the agent.

Over the years, financial institutions in Kenya have begun to use the new technology to achieve both efficacy and effectiveness in their operations. Recently, many companies locally and internally have invested on ERP systems to incorporate all business activities into a single platform. The utilization of ERP systems allows a firm to lower its transaction costs and promote its productivity, financial performance, and customer satisfaction. ERP systems in financial institutions in Kenya have enhanced service delivery and performance of the institutions. Nevertheless, some financial institutions in Kenya have not adopted ERP systems. Therefore, the current study aims at establishing impacts of ERP on financial performance of financial institutions in Kenya.

1.1.1 Enterprise Resource Planning

ERP is a technological word referring to the management software, which consists of modules like marketing, production, human resource, and finance and which allow firms to plan their services and goods. For Otieno (2012), ERP systems incorporate external and internal management of information in a company, accounting/finance, manufacturing, services, management of the relationship between a company and its customers, sale, and manufacturing. ERP systems computerize this activity using an integrated software application. The systems are quite useful in an organization as

they allow sharing of information in an organization and facilitate the connections to outside stakeholders and as a result improve efficiency of a company.

Benjamin (2014), defines ERP systems as a business management software for gathering, interpreting, storing, and managing data from many activities of a business, which include service delivery, manufacturing, costs and development, product planning, inventory management, sales, payment, and shipping. ERP systems gather and share timely and accurate data to managers and so develop their abilities to process and evaluate accounting data. ERP systems proffer a management a unified enterprise outlook of the financial conditions of a company the firm's financial situation every time (Dillon, 2012). Additionally, the integrated systems get rid of barriers between company functions thus making it possible for managers to have unprecedented access to accounting information. The standardized, integrated ERP system and automated environment is likely to improve efficiency in transaction and as a result lower reporting lag.

1.1.2 Financial Performance

Abeyssekera (2010), describes financial performance as how much money related objectives are proficient while yet remaining an essential part of hazard administration in issues funds. Bhattacharyya (2011) found that the organization's financial performance is the viable utilization of assets in an association in doing its everyday tasks and producing income. Monetary performance can appoint to the broad prosperity of a company in a specific timeframe. Financial execution can also be utilized to measure companies in an industry or from different industries for purpose of evaluation. Financial performance is the key target of organizations

especially the for-profit organizations (Yahaya & Lamidi, 2015). The measure of monetary performance is by return on assets and on investments, and market value of a firm (Bradbury, 2006)

As per Dufera (2010), monetary performance is a proportion of the powerful utilization of advantages to create income inside an institution. Financial execution is more on things influencing the money related articulations or reports of an organization specifically. The financial performance examination can include things such as capital used, profit development, resources, and turnover. Financial performance is an essential pointer or proportion of prosperity of some monetary units. For example, it can show whether an organization is meeting its targets and objectives. Shareholders of a firm are for the most part keen on the association's performance in financial matters (Velcu, 2015). The qualities of financial performance of an association incorporate, increasing upper hand, build up the capability of a firm, the pioneers of an organization concentrating on the conservative parts of the establishment, and dependability for future associations (Dufera, 2010).

1.1.3 Enterprise Resource Planning and Financial Performance

Financial Performance is a key indicator of an organization and a factor that influences organizational reputation is at the center of the organization and is one of the principles if not the principle reason for the existence of the organization (Parto, 2016). Hence, profit maximization is at the heart of every organization and as such firms are looking for means of ensuring profitability. Hossein (2014) noted that ERP is among the most significant factors that influence organizational performance in the contemporary business environment. The consideration of ERP systems in

financial performance is indeed in line with several studies including that by Hassan (2013), which consider profitability from internal perspective, at the firm level. Velcu (2015) in a study determined the ERP had a positive effect on several indicators of financial performance including; return on investments (ROI) and return on assets (ROA) profit margin, capital turnover, assets turnover and total costs.

Almgren and Bach (2014), contend that ERP precipitates more profit for the company by enhancing productivity. They further explain that ERP lead to general reduction in the cost of doing business and in so doing increase the profit margin of the firm. According to Chtiou (2010), the most profitable firms and the leading firms in market capitalization have implemented ERP. Altaany (2013) suggested that profitability is one of the basic indicators of ERP performance. This implies an intricate connection between profitability and ERP while some scholars such as Velcu (2015), argued that ERP enhances profitability. On the other hand, Hassan (2013) noted that firms that had successfully implemented ERP systems realized positive ROI, ROA, asset turnover and profit margin. The underlying argument here is that ERP promises sales increases and reduction in operational costs hence profitability for adopting firms.

1.1.4 Financial Institutions in Kenya

Central Bank of Kenya is the main body that controls and regulates financial institutions in Kenya, which includes the commercial banks microfinance institutions and other mortgage Institutions in Kenya who are in pursuit of the necessities of the banking act, and the protocols issued there under. Banking institutions are the central players in the banking system in Kenya. Much focus is given to them when off-site and on-site supervision are being conducted to ensure they follow the set rules and

regulations. According to the CBK (2015), the Kenyan banking sector comprises of 43 banks with a registered total net asset 2.7 trillion Kenya Shillings as at December 31, 2015. There are twenty-six local private commercial banks with 1.7 trillion Kenya Shillings net assets accounting for 61.4% of the total assets. There are fourteen commercial banks owned by foreigners with 900 billion Kenya Shillings and accounted for 34% of the total net assets. The remaining three are local public commercial banks with 100 billion Kenya Shillings, which is 4.6% of the sector's total assets (CBK, 2016).

For Obulutsa and Merriman (2014), the performance of the commercial banks in the past decade has been commendable. This has been after implementation of certain reforms that have been put through in their productivity, efficiency and monetary stability. This has gone on since 1990's. However, bank profits have been unpredictable. In 2008 to 2013, Profits before Tax (PBT) were below 20 percent on standard terms. The PBT of all commercial banks grew by 16.6 percent in 2013 as compared to the figures in 2012 when Profits before Tax grew by 20.6 percent. Regulation, of course, is not without significant costs. Recent financial times in Kenya create an ailing banking sector with the collapse of two major banks and near collapse of another bank.

Commercial Banks are licensed and regulated pursuant to the provisions of the Banking Act (Cap 488) and the Regulations and Prudential Guidelines issued there under. Of 43 licensed commercial banks that currently operating in Kenya, 27 are local, 13 are foreign, and the remaining three are public finance institutions. There are also 13 microfinance institutions. For all the functions to work seamlessly,

an ERP system is required. Without an ERP system, banks would otherwise be unable to effectively compete and stay relevant in the provision of services and products. With the 2012 deposit account holders at 15.8 million persons, turnaround time and products that provide convenience to the customer are pushing banks to employ technological value adding channels to retain customers.

1.2 Research Problem

The need for ensuring financial performance is arguably the reason for adoption of ERP system by firms. In present's competitive business environment, businesses have to reform to gain satisfactory financial improvements. The fastest and mainly effectual way to attain this objective is to bring in ERP to carry out the reform. ERP facilitates integration of all the operational systems of an organization (Maguire, 2010). Furthermore, it allows the streamlining of management structure of a company and establishment of more democratic, flexible, and flatter organizations because it makes it possible to have a real-time access to financial and operational data (Dillon, 2012).

For all the functions to work seamlessly, an ERP system is required. Without an ERP system, financial institutions in Kenya would otherwise be unable to effectively compete and stay relevant in the provision of services and products. With the 2012 deposit account holders at 15.8 million persons, turnaround time and products that provide convenience to the customer are pushing financial institution to employ technological value adding channels to retain customers (Maguire, 2010). These are products such as Mobile banking, internet banking as well as automated clearing allowing for 2-day clearance of cheques. Banks have had to further integrate their

processes by use of robust and stable enterprise systems to maintain their relevance, competitive advantage and reduce costs of service delivery to keep healthy profitability margins (Karimi, 2017).

Studies have been done on financial performance and ERP both locally and internationally. Parto and Sofian (2016), investigated the effects ERP has on financial performance in a developing country. The result shows that each ERP system module influences separately the financial performance pointers. Liu and Miao, (2010) studied the effects of ERP systems on companies' performance by studying the Chinese chemical companies. The results showed no significant improvement in performance during adoption and three-year after adoption and a reduction in performance in the first two years after adoption. Wanyoike (2017) examined the impacts of ERP system on the performance of engineering consultancy companies in Kenya and found out that the respondents thought ERP had a positive outcome for virtually all the aspect of financial performance including the firm's profitability, the rate of ROI.

On the other hand, Karimi (2017) studied the impacts of ERP adoption on the performance of companies in Kenyan transport industry and found that communication has a non-statistically significant relationship with performance. Mjomba and Kavale (2015), studied impacts of ERP on the performance of Kenya power and lighting company and found a number of impacts. The impacts include reduction in the operation costs, efficiency in management, increased profitability, and competitive advantage.

There are identified contextual methodological, conceptual and theoretical gaps. Therefore, the current study aims at filling in the gap by adopting technology acceptance model and agency theory, descriptive research design and questionnaires, establishing how aspects of enterprise resource planning influence financial performance in the context of financial organizations in Kenya. Therefore, the research attempted to answer the question: What are the effects of ERP on financial performance of financial institutions in Kenya?

1.3 Research Objective

To establish the impacts of enterprise resource planning on financial performance of financial institutions in Kenya

1.4 Value of the Research

This research is helpful to the financial institutions in Kenya management as the policies helped them use competitive plans for business growth, value addition, and gaining competitive advantage both locally and regionally. They are also armed with relevant acquaintance on the way to act competitively in the financial sector market by introduction of policies that lead to formidable competition, reduction of the operation costs, offering of better services, and maximize profits address the difficulties faced in the adoption of the policies formed.

The conclusions made in this study are of abundant importance to policy formulators because they can provide insights formulation positive fiscal policies, which are sensitive and relevant to the forces determining ERP penetration in the financial sector in Kenya. This research is helpful to government officials and particularly the financial institutions in Kenya when making policy choices whose general objectives

are to cater for financial sector in the country. This research is also important to academicians. It contributes to the available literature on enterprise resource planning and financial performance field. This study is an incentive for further studies to enhance and outspread the existing study particularly in Kenya. The research results are beneficial to scholars and researchers and as it adds to the existing acquaintance in enterprise resource planning and financial performance area. It also helps other scholars to advance their researches on areas that yet to be explored.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

A literature review on the effects of enterprise resource planning on financial performance from previous studies and the gap closed by this study was presented in this chapter and included the following: a review of theories related to enterprise resource planning and financial performance, research gap, and empirical studies.

2.2 Theoretical Framework

This research was based on the following two theoretical foundations; technology acceptance model and agency theory

2.2.1 Technology Acceptance Theory

Davis came up with the technology acceptance theory in 1989, as an adjustment of the theory of reasoned action with the aim of modeling the acceptance of information systems by users. The objective of the theory is to explain the determinants of computer reception and so it is generally able to explain the behaviors of users of computing technologies and user populations, while being both theoretically and parsimonious justified (Altaany, 2013). Ideally, it is important to have a model that not only make predictions but also explain issues as it enables scholars and researchers to pursue suitable corrective steps (Argenti& Barnes, 2009). Therefore, the key function of the theory is to offer a foundation for establishing the effects of external factors on intentions, internal beliefs, and attitudes. Technology acceptance theory was created with the aim of achieving these objectives by identifying a small

number of basic variables suggested by past researches on affective and cognitive determinants of computer acceptance.

Technology acceptance theory explains that users are motivated by perception usefulness, attitude, and perception of ease of use, which are variables that mainly influence the acceptance of users (Mary, 2008). The theory has limitations if it is applied beyond the workplace because it ignores the social influence on acceptance of technology. Furthermore, there is need for external variables to make the theory consistent when making predictions of system use. There are limitations to the theory when used in a customer context where adoption and utilization of information technologies is not just because of achievement of tasks but also fulfillment of emotional needs because the theory does not address intrinsic motivations (Argenti & Barnes, 2009).

The theory is appropriate to the research because it mentions external variables that are indirectly affecting the attitude of individuals towards adoption of technology by affecting perception of usefulness and perception of ease of use. External variables may include attributes of an individual, factors associated with the job of a user, and social factors. Technology acceptance theory also tries to attain these objectives by determining a small number of basic changes suggested by the financial institutions in Kenya dealing with the affective and cognitive determinants of adoption of technology hence creating influence in strategic change management (Mary, 2008).

2.2.2 Agency Theory

Jensen and Meckling (1976), came up with the agency theory to explain the relations of cooperation based on agency costs, capital structure, and managerial behavior. The

positivist agency theory centers on the relations between managers and owners mostly in public organizations while the principal-agency theory mainly centers on the relations of principal and agent like the relations between sellers and buyers or employers and employees (Jensen & Meckling, 1976). To the principal, the key goal is to increase profits by cooperating whereas the main concern to the agent is to increase compensation obtained (Schaltegger & Burritt, 2010).

Agency theory is concerned with the regular situation when the agent works on behalf of the principal as in the relations between subordinates and managers and between the management and shareholders (Schaltegger & Wagner, 2011). The theory points out that the common supposition of rational self-interest in the situations implies a possible problem of moral hazard as an agent can be motivated to act in ways that are not in the best interest of principal, especially because an agent may have information that a principal does not have. Agency Theory is focused on establishing such problems and lowering information asymmetries while also lowering the potential cost for the concerned parties.

Agency theory has been utilized mainly in this research to examine the behavior of economic participants in the for-profit organizations and many of the insights of the theory can be applied to situations where their need for cooperation to achieve objectives (Sartorius, 2012). Consequently, the theory can be utilized to understand economic choices by Kenyan financial institutions. In this current research, agency theory is used to understand different stakeholders in the Kenyan financial sector and not only those with a direct contractual relationship in the sector. In the context of ERP, it recognizes the responsibility of the management to offer information that

serves the interests of different groups of stakeholder groups and adoption of new technology in the financial institutions.

2.2.3 Resource-Based Theory

Wernerfelt (1984) introduced the resource-based view (RBV), which points out that competitiveness can only be gained by creativity giving high value to consumers. RBV refers to the contention that all organizations are a compilation of distinctive resources and capabilities. The exclusivity of any organization capabilities and resources is the foundation of an organization's strategy and its capability to get above average returns. Resources refer to inputs into a company's production process (Hitt, 2013).

The theory is pertinent to the study because it identifies economic resources that are possibly to be significant in the embracing of ERP. Resource-based theory predicts resources are important to the financial institutions Kenya and their performance (Altaany, 2013). It further details the premise that the economic resources effects are more important to the performance of financial institutions.

The importance of the RBV in this research is that it brings out management of resources that affects performance. Resources in financial institutions include physical, financial, commercial, technological assets, human, and organization utilized by companies to manufacture, develop, and deliver products or services to customers. According to Cocks (2010), they may be categorized as tangible (physical or financial) or intangible (i.e., worker's experiences, skills, knowledge and firm's brand name, reputation, organizational procedures).

2.3 Determinants of Financial Performance

Dufera (2010) claims that financial performance is a subjective measure showing the way a company uses its assets and generate revenues. Financial performance centers on items and issues affecting directly the financial reports or statements of a company. The main determinants of financial performance include enterprise resource planning, firm size, management efficiency and capital adequacy.

2.3.1 Enterprise Resource Planning

ERP systems play a fundamental important supporting role in firms and industries. According to Abugabah and Sanzogni (2010), ERP is hugely responsible of optimum performance industries such as the banking industry. Njihia and Mwirigi (2014) observed further that these systems support a spectrum of activities in modern organizations including sales, billing, marketing, human resource management, quality control and production thus ensuring general performance of the organization through facilitation of these pertinent processes. Motwani (2016), made a similar observation noting that ERPs are of fundamental benefit to firms in terms of facilitating performance.

Financial performance and the analysis of financial performance is also of significant importance to the firm's management as they are interested in determining and understanding the various aspects of financial performance including better financial condition, internal processes among others (Abugabah & Sanzogni, 2010). This implies that ERP systems are important to firms with respect to their ability to facilitate financial performance. ERP systems permit for the realization of financial performance in various ways. According to Njihia and Mwirigi (2014), timely and

accurate financial information are essential for the efficient and smooth direction of a company. Right decisions are made in the right moment when timely and accurate information is offered to the right person.

Currently, there is a wide adoption of ERP systems by different organizations due to the huge transformation in companies caused by customers' demand of lower prices, wider choices, and fast services. The transformation of companies has also been caused by factors such as the need for standardization of processes, globalization, and exceedingly changeable expectations of clients. ERP systems are utilized in both small-medium and large companies to promote efficiency in responding to these challenges. Parto and Sofian, (2016), reported that companies that adopted ERPs a few years ago are performing well today. However, it is noted by Poston and Grabski (2010) that there was no noteworthy improvement linked to residual income, administrative expenses, or amount of sales in every years after the adoption of the ERP systems.

2.3.2 Firm Size

Excess profits are not available for grantee because of the administration policies that determines the size of firms. Tricker (2012), ascertained that there was a direct connection amidst profitability and the magnitude of the organization and is considered among the first scholars who can be credited with observation and argues that larger firms have high profitability. Firm's size reduces the cost of raising the capital for large firms and has direct impact on profitability according to a study conducted by Short, (2009). Dang (2011), also saw similar to Tricker (2012), in his study by drawing an undeviating association between profitability and an

organization's size. Firm's activities have a converse connection with bigger firms and unswerving relationship with minor firm's profit but the transitional size firms get high revenue on investment. Black (2011), also looked into firm size and return by conducting a research on a negative relationship between the two, where he employed the use of a fixed of measure and product mix and while no relationship between dimensions and profitability, so a raising of the magnitude of the firm can achieve a slight cost reduction.

Economic growth is motivated by the presence of small businesses. Yields for any business can be achieved by the market concentrations being controlled in conjunction with other several factors. Davis (2012), found an inverse association between an organization's size and the net return on small business, suggesting that Economic growth is motivated by the presence of small businesses.

2.3.3 Management Efficiency

A company's profitability is determined chiefly by its management efficiency and it is characterized by various financial ratios like growth rate, total asset growth, earnings from the growth rate and interest of the loan. The main contributor to poor management of expenditure is poor profitability (Sufian & Chong, 2009). Managerial efficiency in many of the companies is evaluated based on the operational expense efficiency, which is used in the determination of business performance in much of the available literature. Mathuva (2009) realized that a company needs to reduce its operational cost since the Cost Income Ratio (CIR) of local firm is high when compared to other countries to be competitive globally. Tarus and Omandi, (2013), conducted a study in Kenya among several firms to assess high interest spreads by

finding out what factors are attributed to such an occurrence. The results revealed that overheads are among those factors which when analyzed showed that the main driving factors were the wage costs, which when compared with businesses in the SSA countries were much higher.

It may appear that when looking at expenditure and profits, the connection between them is straightforward. When a firm realizes lower profits it only means that its expenses are high and vice versa, it cannot only be interpreted as so because the more expenses that are incurred by a firm may reflect higher volume of firm's activities and so higher revenues (Dang, 2011). Instances where the relationship between overhead costs and profitability shows a positive correlation can only be witnessed in those markets where businesses have sole market power meaning that they operate in markets with limited competition where the customers are the ones who bear the costs. Mihail (2009) found that overhead costs are passed on to depositors as lower deposit rates and to lenders as higher lending rates because of how the profitability reacts to the impact of the overhead costs in a positive and impactful way in banks.

2.3.4 Capital Adequacy

Nazir (2010), noted that capital, the amount of own fund available to support the firm, influences the level of profitability because it one important factor considered in the operations of a business. Capital acts as a cushion against which inauspicious occasions are covered creates liquidity for the company since deposits suffer most in case there is a run on the firm. A firm with greater firm capital reduces the chance of distress (Diamond, 2009).

Nonetheless, there are disadvantages associated with capital because the liability of a firm faces weak demand, the inexpensive sources of resources. Capital sufficiency is the amount of capital required by the firm to allow them endure the threats such as risks associated with operation, credit and market threats that are uncovered in order to fascinate possible loses and safeguard the assets. The capital adequacy ratio (CAR) is used to determine the sufficiency of capital because it reveals the strengths of the firm on an internal level. It reveals the abilities of a company to shield itself from any losses in case of any situations and is directly proportional to the ability of the firm to shield itself from any such situations that present a crisis (Dang, 2011). Capital adequacy ratio can also be directly correlated to profitability of a firm by the determination of how it can expand upon profitable undertakings though they might be risky (Nazir, 2010).

2.4 Empirical Studies

Parto and Sofian (2016) investigated the effects of ERP on financial performance in a developing country case of Iranian manufacturing firms. The data utilized in this research was gathered using questionnaire in Iranian manufacturing companies that had embraced ERP system. Seventy-nine companies were identified and a questionnaire survey that applied both postal mail and email were used. Structural equation model was used to assess the hypotheses using the multivariate statistical method Partial Least Squares. The finding shows that the adoption of each ERP system module influences separately the financial performance pointers.

On the other hand, Liu and Miao (2010), studied the effects of ERP systems on the performance of a company by performing an empirical evaluation of Chinese

chemical companies. The paper empirically examined the impacts of ERP adoption on the performance of a company using the financial information from fifty Chinese chemical companies that has adopted ERP systems. Descriptive statistics and regression were applied in the data analysis. The outcomes found that no noteworthy performance enhancement during adoption and three years after adoption and a reduction in performance in the first two years after adoption.

Hunton, Lippincott, and Reck (2013), studied ERP systems by contrasting performance of companies that have adopted and those that have not adopted the systems in Russia. The researchers evaluated the longitudinal effect of ERP adoption on the performance of a company by matching 63 companies. Descriptive and inferential statistical tools including mean and one-way Analysis of Variance were applied in the analysis. The study showed that noteworthy differences occur in the current research because the financial performance of non-adopters went down over time while it remained stable for adopters. The study also reported a noteworthy relation between the size of a company and its financial health for ERP adopters with respect to ROA, return on sales (ROS), and ROI. Particularly, the study found a negative (positive) relation between financial health and performance for large (small) companies.

Locally, Nzama (2015), investigated the impacts of ERP systems on the financial performance of sugar companies in Kenya. The target population included 152 licensed business system users of ERP systems in the sugar companies, and the study sample consisted of 48 business system users, 32 of the 48 licensed business system users responded to the survey. However, 27 respondents were usable for the study.

The study adopted a descriptive research and was carried out among three selected sugar millers. The data was evaluated using SPSS version 20. Descriptive and inferential statistical tools including mean and one-way Analysis of Variance (ANOVA) were applied. The outcome was statistically significant with positive linear relations between ERP and financial performance of sugar firms. On the other hand, organizational factors were found to affect moderately the relations between ERP systems and financial performance of sugar companies.

Similarly, Wanyoike (2017), studied the impacts of ERP system on performance of engineering consultancy companies in Kenya. The research utilized a descriptive research design. The population for the research consisted of workers of engineering consultancy companies from which 41 people were sampled for participation in the research. The study results were presented using descriptive statistics while inferential statistics were also used for further evaluation of data. The research used Statistical Package for Social Sciences (SPSS) program version 21 for data analysis. The study showed that most of the participants believed that ERP systems had a positive effect on the financial performance of the company. The study found that the participants thought ERP had a positive outcome for virtually all the aspect of financial performance including the firm's profitability, the rate of ROI, competitive advantage, the operational costs and the firm's market share.

On the same note, Karimi (2017), studied the effects of ERP adoption on the performance of companies in the Kenyan transport industry. The study population was composed of the management staff of small and medium enterprises (SMEs), which were 300 respondents. Qualitative data was gathered using of questionnaires

and evaluated using inferential and descriptive statistics using SPSS. Multiple regression analysis was utilized in the study to establish the relations between adoption of ERP systems and the performance of organization. From the study analysis, communication was found to have a non-statistically important relation with performance.

Samoei (2013), investigated the impacts of the adoption of ERP system on the responsibilities of accountants of Kenyan parastatals. The descriptive research design was utilized in the research and the target population was 300 staff members of Kenyan Parastatals who had a sample size of 30 respondents. The researcher collected the information using questionnaires then assessed using the statistical packages for social sciences (SPSS). The findings of the research showed that success is more likely to be achieved in the adoption of an ERP system when management accountants are involved. The success in the implementation leads to the improvement of decision-making as the right information is accessed on time.

Mjomba and Kavale (2015), studied impacts of ERP on the performance of the Kenya power and lighting company. The researchers used descriptive research design and a sample size of 125 respondents. They collected the data using questionnaires developed by the researcher and administered by research assistant and then evaluated through SPSS software and the outcomes of the research presented in frequencies through figures and tables using ANOVA. The research showed that the organisations experienced management efficiency, lowered operation costs, increased profitability, and competitive advantage. All the factors had immense impact on the performance of the organization.

2.5 Conceptual Framework

A conceptual framework is a diagrammatical presentation of variables in a research. The framework demonstrates the correlation between variables that are dependent and those that are independent (Regoniel, 2015). The independent variables for the study are resource planning, firm size, management efficiency and capital adequacy while the dependent variable is the financial performance.

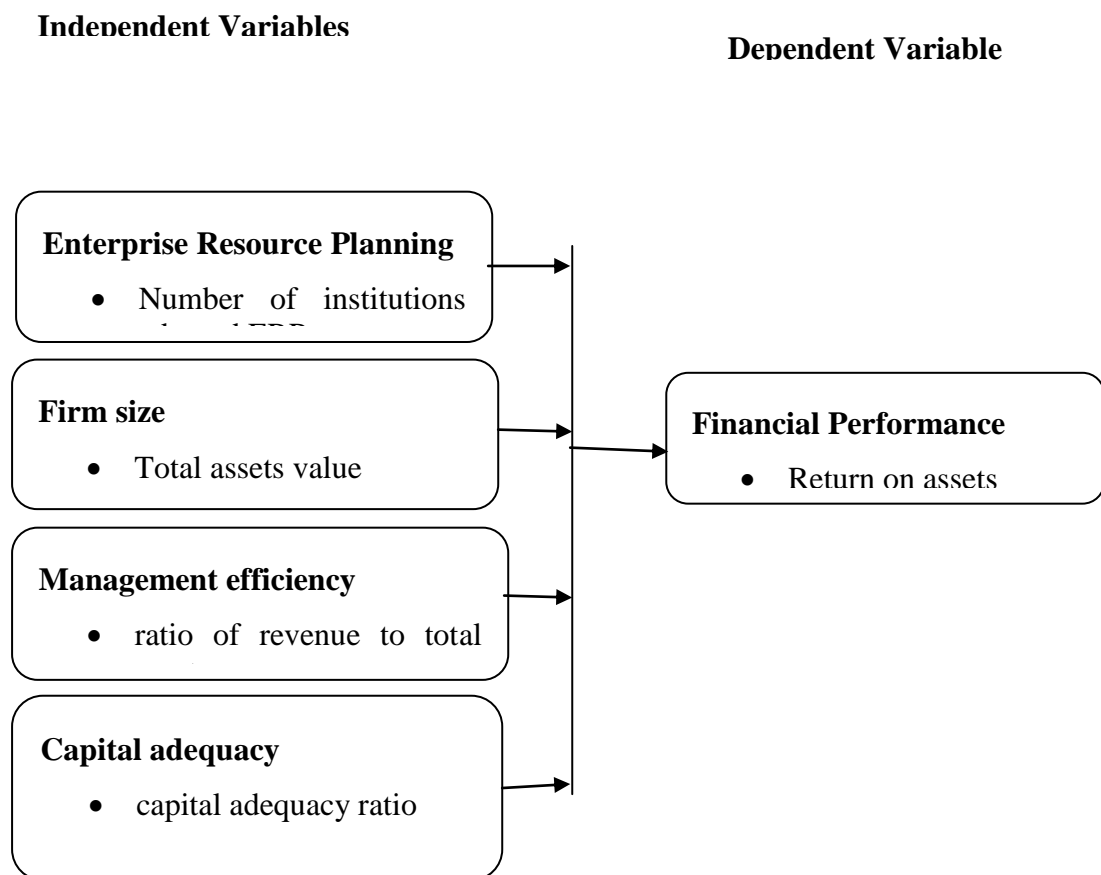


Figure 2.1: Conceptual Framework

2.6 Summary of Literature Review

In summary, the study reviewed technology acceptance model, which its objective is to offer a clarification of the determinants of computer acceptance that is general and

agency theory, which focuses on describing the relations of collaboration, based on agency costs, capital structure, and managerial behavior. Most studies carried out on enterprise resource planning across the globe have focused at various sectors with various variables. Liu and Miao, (2010), studied the effects of ERP systems on a company performance. On the other hand, Parto and Sofian (2016), investigated the effect of ERP on financial performance in a developing country case of Iranian manufacturing firms. Hunton, Lippincott, and Reck (2013), studied ERP systems by contrasting organizational performance of adopters and non-adopters in Russia and realized that noteworthy interaction between the size of a company and financial health for ERP adopters with respect to return on assets.

On the other hand, Nzama (2015) studied the effects of ERP systems on the financial performance of sugar companies in Kenya found that the outcome was statistically significant with a positive linear relations between ERP and financial performance of sugar companies. In the same way, Wanyoike (2017) studied the impacts of ERP system on the performance of engineering consultancy companies in Kenya and found that most of the respondents believed that ERP systems had a positive effect on the financial performance of a company. On the same note, Karimi (2017) studied the effects of ERP adoption on the performance of companies in the Kenyan transport industry and found that communication has a non-statistically noteworthy relation with performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research methodology used when conducting the research. It includes the research design, data analysis, population of the study, data collection, sampling design, and presentation.

3.2 Research Design

A research design was utilized to make sure that collected data is appropriate and adequate in answering questions derived from a given study (Brotherton, 2008). A good research had to produce maximum findings and provide openings for other aspects related to the problem (Kothari, 2004). Context and nature of the research study determines the type of research design the researcher utilized.

The study adopted a descriptive research design in analyzing the effects of ERP on financial performance of financial institutions in Kenya. Descriptive research is on most occasions used as a pre-cursor to other quantitative research designs with an overall outlook on important pointers on which variables are worth measuring quantitatively. Thus, it is justified to have descriptive design as the best option for this study.

3.3 Population of the Study

According to CBK (2017), there are 43 licensed commercial banks and 13 microfinance institutions in Kenya. Therefore, the study focused on all the 56 financial institutions in Kenya for a period of five years 2013-2017.

3.4 Data Collection

The study used secondary and primary information. Primary data was collected by use of questionnaire. Secondary data was gathered from the financial reports, audited annual reports on financial performance information for a period of five years 2013-2017. More data was still gathered from financial institutions website and at the Central Bank of Kenya website and library.

3.6 Data Analysis and Presentation

Data analysis includes various activities, which are performed with the reason for outlining the gathered information and uniting them in such a way, to the point that they answer the research questions (Kothari, 2004). The data gathered was analysed using descriptive and inferential statistics. The research produced both quantitative and qualitative data.

The quantitative information gathered was evaluated utilizing descriptive statistics with the help of Statistical Package for Social Sciences (SPSS) version 23. The results were presented utilizing tables, percentages, and frequencies.

Multiple linear regressions were used to show the correlation between enterprise resource planning, firm size, management efficiency and capital adequacy and the financial performance.

The regression model is illustrated below;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Y = Financial Performance (measured by ROA)

β_0 = Constant

X_1 = Enterprise resource planning (number of institutions that have adopted ERP)

X_2 = Firm size (total assets value)

X_3 = Management efficiency (ratio of revenue to total assets)

X_4 = Capital adequacy (capital adequacy ratio)

β_1 - β_4 are the regression co-efficient or change introduced in Y by each independent variable.

ε is the random error term accounting for all other variables that influence financial performance but not captured in the model.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter is about the presentation and explanation of outcomes of the research. The aim of the study was to determine the effects of enterprise resource planning on financial performance of financial institutions in Kenya. Secondary data and primary data were utilized in this research. The data was evaluated based on the goals of the study and the outcomes were presented as per the diverse objectives.

4.1.1 Response Rate

Fifty-six financial institutions in Kenya were targeted which included 43 licensed commercial banks and 13 microfinance institutions. However, due to time constraint and confidentiality of some institution, the researcher managed to collect data from 49 financial institutions, which constituted 87.5% of the total targeted institution. Therefore, this was regarded as responsive and formed the basis for data analysis. Mugenda (2008), argued that a response rate of 50 percent is enough for evaluation and reporting, a rate of 60 percent is in general good while a response rate exceeding 70 percent is outstanding. Table 4.1 below summarizes the findings.

Table 4.1: Response Rate

Financial Institutions	Number of Targeted	Response Rate
Commercial Banks	43	40 (71.4%)
Microfinance Institutions	13	9 (16.1%)
Total	56	49 (87.5%)

4.2 Demographic Information

This section evaluates the demographic data of the participants. The purpose of doing this was to promote understanding of the background data of the participants and their capabilities to offer appropriate data sought for under this research. This section includes respondent's level of education and period of service.

4.2.1 Respondents Level of Education

Individual level of education is highly associated with problem solving ability and approach to challenges. In this essence, the research requested the respondent to point their highest level of education attained. Results are analyzed in table 4.2.

Table 4.2: Level of education

Education level	Frequency	Percentage
College Diploma	7	14.3
Undergraduate	23	46.9
Masters	19	38.8
Total	49	100.0

All the participants included in this study had a high level of education with the respondents holding lowest level of education being a Diploma. The respondents' high level of education enabled the study to collect accurate and quality data. The results shown that majority (46.9%) held an undergraduate degree and 14.3% held Diplomas.

4.2.2 Duration of Service

The participants were requested to offer information on the length of time (in years) they had worked for their present institution. The outcomes were evaluated and summaries are given in Table 4.3 below.

Table 4.3: Duration of Service

Duration of Service	Frequency	Percentage
Below 2 years	2	4.1
3 to 5 years	9	18.4
6 to 8 years	22	44.9
9 years and above	16	32.7
Total	49	100.00

The research seeks to determine the duration that the participants had served in their current institution. From the quantitative evaluation, over 77.6 percent of the participants had served in their present institution for over five years with only 22.4% serving for less than five years. This means that most of the present had served for a significant period in their present institution and so were able to offer reliable information concerning to this research.

4.3 Descriptive Statistics

Descriptive analysis was done to determine the range, standard deviation, and mean of the both independent and dependent variables. The averages were done for the five years' Secondary data collected from each institution. The average means and standard deviations are shown in the table 4.4.

Table 4.4: Descriptive Statistics

Year	N	Minimum	Maximum	Mean	Std deviation
Firm size	49	9.6029	10.509	9.9854	0.9065
Management efficiency	49	0.1013	0.1751	0.1372	0.0745
Capital adequacy	49	0.0870	0.1177	0.1036	0.0158
ROA	49	0.0214	0.1852	0.0781	0.1030

Source; Research findings, 2018

Table 4.4 depicts ROA of an average of 0.0781 with a minimum of 0.0214 and a maximum of 0.1852. The log average of firm size, which is equivalent to total assets value for the five years, was found to stand at 9.9854, with the largest financial institution having a total asset of log 10.509, which is equivalent to Ksh. 32,322,172,000. Capital adequacy on average was 0.1036 with standard deviation of 0.0158. The financial institution with the least capital adequacy ratio had 0.0870 while the highest assets had 0.1177. Also, on assessing the management efficiency on average the ratio was 0.1372 with a standard deviation of 0.0745. The Management efficiency ratio ranged from 0.1013 to 0.1751.

4.4 Enterprise Resource Planning

The participants were requested to rate their accord level with the statements in table 4.5 relating to enterprise resource planning. They used a scale of 1 to 5 where 1= strongly disagree, 2= disagree, 3= not sure, 4= Agree and 5= strongly Agree. Standard deviation and mean of the scale were calculated and summarized as below.

Table 4.5: Enterprise Resource Planning

Enterprise Resource Planning	Mean	Std. deviation
ERP play a fundamental important supporting role in firms and industries	4.032	0.746
ERP is hugely responsible of optimum performance industries such as the financial institutions	3.935	0.362
Systems support a spectrum of activities in modern organizations including marketing	4.128	0.539
ERP systems permit for the realization of financial performance in various ways	3.894	0.632
The institution creates accurate and timely financial data due to ERP	3.943	0.190

The finding indicated that ERP play a fundamental importance in supporting role in firms and industries (M=4.032, SD=0.746) and ERP is hugely responsible of optimum performance industries such as the financial institutions. The respondents further agreed that the systems supports a spectrum of activities in modern organizations including marketing (4.128, SD=0.539) and it permits for the realization of financial

performance in various ways. Finally, the respondents agreed that their institution creates an accurate and timely financial data due to ERP (M=3.943, SD=0.190). This concur with Njihia and Mwirigi (2014) findings that EPR system supports a spectrum of activities in modern organizations including sales, billing, marketing, human resource management, quality control and production thus ensuring general performance of the organization through facilitation of these pertinent processes.

4.5 Regression Analysis

The study conducted regression analysis to examine whether there exist a relationship between enterprise resource planning and financial performance of financial institutions in Kenya.

4.5.1 Model Summary

The model summary in table 4.6 was utilized to test the presence of a noteworthy variation between dependent variables and independent variables. It was also utilized to assess the amount variation of independent variables on dependent variable.

Table 4.6: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.826983	0.683902	0.655165	2.828352

a. **Predictors:** Enterprise resource planning, Firm size, Management efficiency and Capital adequacy

b. **Dependent variable:** Financial Performance

The adjusted R squared was determined to be of 0.655165 this means that the four independent variables (Enterprise resource planning, Firm size, Management efficiency and Capital adequacy) studied in this research contributes 65.5 percent of Financial Performance while other factors and random variations not evaluated in this research contributes a measly 34.5 percent of the financial institution performance in Kenya.

4.5.2 Anova

Table 4.7 : Anova^a

	Sum of Squares	df	Mean Square	F	Sig.
Regression	813.46	4	203.365	23.7993	.000
Residual	375.98	44	8.545		
Total	1189.44	48			

a. **Predictors:** Enterprise resource planning, Firm size, Management efficiency and Capital adequacy

b. **Dependent variable:** Financial Performance

The ANOVA results in table 4.7 show F-value of 23.7993, which is significant at $0.000 < 0.05$. This means a model fit and involves a match between the regression model and the data, which implies that the utilization of regression analysis in this research was justified.

4.5.3 Coefficient Analysis

From the outcome on table 4.13, $\beta_0 = 5.869$ represented the constant, which predicted value of financial performance of financial institutions in Kenya while Enterprise resource planning, Firm size, Management efficiency and Capital adequacy were held constant at zero (0).

Table 4.8: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	5.869	0.871		6.73823	.000
Enterprise resource planning	0.385	0.123	0.146	3.13008	.003
Firm size	0.334	0.098	0.126	3.40816	.001
Management efficiency	0.273	0.083	0.045	3.28915	.001
Capital adequacy	0.106	0.043	0.142	2.46511	.017

a. **Predictors:** Enterprise resource planning, Firm size, Management efficiency and Capital adequacy

b. **Dependent variable:** Financial Performance

The optimal regression model is therefore:

$$Y = 5.869 + 0.385X_1 + 0.334X_2 + 0.273X_3 + 0.106X_4 + \varepsilon$$

Regression outcomes revealed that enterprise resource planning has significance and positive influence on financial performance of financial institutions as pointed out by $\beta_1=0.385$, $p=.003$. This means that adoption of enterprise resource planning would lead to an increase in the financial institution's performance by $\beta_1=0.385$. Regression results also revealed that the financial institutions size has a significance influence on the institutions' performance as indicated by $\beta_2=0.334$, $p=0.001$. This implies that an increase in the size of the financial institutions by one unit would cause an increase in the institutions' performance by $\beta_2=0.334$.

Further, the research showed that the presence of an important positive relationship between management efficiency and financial institutions performance as pointed out by $\beta_3=0.273$, $p=0.001$. The implication is that an improvement in management efficiency would lead to an increase in financial institutions performance by 0.273. The regression findings further indicated that there existed a significant relationship between capital adequacy and performance of financial institutions as indicated by $\beta_4= 0.106$, $p=0.017<0.05$. This implied that an increase of capital adequacy by a financial institution would led to an increase in performance of financial institutions by $\beta_4= 0.207$. This finding concurs to that of Nzama (2015), that noted statistically significant positive linear relations between ERP and financial performance of sugar firms.

4.6 Discussion of the Findings

From the regression model, the research showed that Enterprise resource planning, Firm size, Management efficiency and Capital adequacy influences the performance of financial institution in Kenya positively. This finding correlates to Nzama (2015),

who noted a positive important linear relation between ERP and financial performance of sugar companies. The four independent variables studied explained a significant 65.5 percent of performance of financial institution in Kenya as represented by Adjusted R squared (0.655165). Other factors and random disparities not studied in this study were found to contribute a measly 34.5% of the financial performance of financial institution in Kenya. Descriptive statistics indicated an average ROA of 0.0781 with minimum of 0.0214 and a maximum of 0.1852. Some financial institution was noted to have more assets of up to log 10.509 which is equivalent to Ksh.32,322,172,000, with majority of financial institution having asset worthy log 9.9854. This implies that most financial institutions are large enough.

The study established that ERP play a fundamental supporting role in firms and industries, it is hugely responsible for optimum performance industries such as the financial institutions. The EPR system supports a spectrum of activities in modern organizations including marketing and it permit the realization of financial performance in various ways. It also enables institution to create an accurate and timely financial data. This was in line with Njihia and Mwirigi (2014) findings that timely and accurate financial information is essential for efficiency and smooth running of an organization. Study also revealed that an adoption of ERP leads to an enhancement of the financial performance of institutions by $\beta_1=0.385$ thus enterprise resource planning has significance and positive influence on financial performance of financial institutions.

Tricker (2012), ascertained that there was a direct connection amidst profitability and the magnitude of the organization and is considered among the first scholars who can

be credited with observation and argues that larger firms have high profitability. Short (2009) added that firm's size reduces the cost of raising the capital and has direct impact on profitability. Similarly, this study established that the financial institutions size has a significance impact on the institutions' performance that is an increase in the size of the financial institutions by one unit would cause to an enhancement in the institutions' performance.

Regression results further showed a significant positive relation between management efficiency and financial institutions performance, which means an improvement in management effectiveness, would lead to an enhancement in the performance of the financial institutions. This finding concurs to study by Mathuva (2009), who observed that for a company to be competitive globally, it needs to reduce its operational cost since the Cost Income Ratio of local firm is high when compared to other countries.

Nazir (2010), noted that capital, the amount of own fund available to support the firm, influences the level of profitability because it one important factor considered in the operations of a business. Nazir (2010), in his study further noted that capital adequacy ratio directly correlated to profitability of a firm. Similarly, this study established a significant relation between capital sufficiency and performance of financial institutions. This implied that an increase of capital adequacy by a financial institution leads to an increase in performance of financial institutions.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter offers a summary of important outcomes of the research, conclusion reached, and proposals recommendations by the researcher. The recommendations and conclusions are centered on dealing with the key goals of the research. This chapter also discusses recommended areas for future research.

5.2 Summary of Findings

This section offers the important outcomes as considered under the goal in this study. The outcome on the demographic information greatly enhanced the reliability of the research findings. The study outcomes indicate that all the participants included in this study had a high level of education with the respondents holding lowest level of education being a Diploma and most respondents and served in their current institution for a considerable period. Therefore, the respondents were able to offer reliable information concerning to this study. This background information improved the reliability of the information provided.

From the regression finding, the research determined that the four independent variables studied explained a significant 65.5 percent of performance of financial institution in Kenya while other factors and random disparities not researched in this study were found to contribute a measly 34.5 percent of the financial performance of financial institution in Kenya. Descriptive statistics indicated an average ROA of

0.0781 with minimum of 0.0214 and a maximum of 0.1852. Some financial institution were noted to have more assets of up to log 10.509 with majority of financial institution having asset worthy log 9.9854. This implied that most financial institutions are large hence need ERP for an easy management.

The study also established that ERP play a fundamental supporting role in firms and industries, it is responsible for optimum performance in many organizations and supports a spectrum of activities in modern organizations. It permits the realization of financial performance and enables institution to create an accurate and timely financial data. Predictions from regression revealed that an adoption of ERP leads to an enhancement in the performance of the financial institutions and thus enterprise resource planning has significance and positive influence on financial performance of financial institutions.

Study also established that financial institutions size has a significance and positive influence on the institutions' performance that is an increase in the size of the financial institutions by one unit lead to an enhancement in the performance the institutions. It was also noted that management efficiency has a significant and positive impact on the performance of financial institutions. This implied that an improvement in management efficiency would results in an enhancement in the performance of the financial institutions. Finally, the research revealed a positive and significant relationship between capital adequacy and performance of financial institutions. This implied that an increase of capital adequacy by the financial institution leads to an increase in performance of financial institutions.

5.3 Conclusion

This research has offered an inclusive review of the impacts of ERP on financial performance of financial institutions in Kenya. Based on the outcomes of the research, the study established that ERP, firm size, management efficiency and capital adequacy have a positive influence on performance of financial institution in Kenya.

The research further concluded that ERP play a fundamental supporting role in firms and industries, it is responsible for optimum performance in many organizations and supports a spectrum of activities in modern organizations. It permits the realization of financial performance and enables institution to create an accurate and timely financial data. Adoption of ERP in an organization results in an enhancement of the performance of the financial institutions and thus enterprise resource planning has significance and positive impact on financial performance of financial institutions.

Finally, the research concludes that the size of a financial institution has a significance and positive influence on the performance of the institutions, that is, an increase in the size of a financial institution by one-unit results in an increase in performance of an institution. Management efficiency has a significant and positive influence on financial institutions performance. This means that an enhancement in management efficiency results in an increase in the performance of financial institutions and an increase of capital adequacy by the financial institution leads to an increase in performance of financial institutions. Thus, a positive and significant relation exists between capital adequacy and performance of financial institutions.

5.4 Recommendations

The study outcomes confirmed that ERP system usage has a considerable effect on the financial performance of the financial institution in Kenya. This means that correct utilization of ERP systems leads to an improvement financial performance. Therefore, this research suggests that all financial institution in Kenya to adopt ERP to improve their efficiency and improve their financial performance. Based on the results of this research, the policy makers should determine the need for an ERP System as this would guide the successful adoption and implementation of the system.

The study also recommends that financial institution in Kenya to expand through ERP implementation, it is very important to note that these organizations should adopt ERP systems to manage information, increase effectiveness in their operation, and gain competitive advantage. The reviewed theoretical and empirical literature showed that as an entity develops and expands through ICT to become more complex in their systems usage. Therefore, it is important to adopt a generic ERP system with all modules incorporated.

5.5 Recommendation for Further Research

This study combined both Commercial banks and microfinances, It would be interesting to evaluate the effect of ERP on performance for micro finance and commercial banks separately.

Future research could also look at core challenges of the ERP usage and how they can be resolved.

A narrower study could be carried out to reveal whether ERP systems have led to improved financial performance in other institutions like universities

5.6 Limitations of the Study

In this research, the researcher faced challenges in obtaining confidential information from the financial institutions because of general perceptions associated with sensitivity of financial information and fear of being punished by the management. To deal with this challenge, the study had sent a transmittal note to financial institution management to inform them the information is collected exclusively for academic objectives.

The study was faced by a challenge of time constraints due to the short data collection period, the study ensured that it has met the deadline by working overtime. Since it is unrealistic to consider all factors that affect financial performance, review was intended to create essential comprehension of the dimension of enterprise resource planning. In the current study, it was proposed that enterprise resource planning had an effect on financial performance. This project implied that not having enterprise resource planning might hinder financial institutions to achieve its financial performance goals.

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APPENDIX I: RESEARCH QUESTIONNAIRE

Section : A: Demographic Information

1. Please indicate the highest level of education attained? (Tick as applicable)
 - a) College Diploma

b) Undergraduate []

c) Master []

d) Others (specify)

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2. Indicate your period of service in this institution

Below 2 years () 3 to 5 years ()

6 to 8 years () 9 years and above ()

Section: B. Determinants of Financial Performance

3. Indicate your level of agreement with the following statements relating to enterprise resource planning. Key Use a scale of 1-5, where (1= strongly disagree, 2= disagree, 3= not sure, 4= Agree and 5= strongly Agree)

Enterprise Resource Planning	1	2	3	4	5
ERP play a fundamental important supporting role in firms and industries					
ERP is hugely responsible of optimum performance industries such as the financial institutions					
Systems support a spectrum of activities in modern organizations including marketing					
ERP systems permit for the realization of financial performance in various ways					

The institution creates accurate and timely financial data due to ERP					
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SECTION C: Secondary Data

Year	2013	2014	2015	2016	2017
Financial performance (return on assets)					
Firm size(total assets value)					
Management efficiency(ratio of revenue to total assets)					
Capital adequacy (capital adequacy ratio)					