

# **EFFECT OF SUCCESSFUL ENTERPRISE RESOURCE PLANNING SYSTEM IMPLEMENTATION ON ORGANIZATIONAL PERFORMANCE: A CASE STUDY OF EAST AFRICAN PORTLAND CEMENT COMPANY, ATHI RIVER**

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## **ABSTRACT**

Recent advancement in information technology in business management has increased the use of Enterprise resource planning (ERP) as one of the most widely implemented business software projects in a variety of organizations and industries. ERP implementation attempts to improve organizational performance ranging from financial, strategic and operational gains. By looking at different intangible variables, the aim of this study was to evaluate the effect of Enterprise resource planning systems on organizational performance specifically focusing on the three levels of the organization these are: Strategic managerial and operational levels. The specific objectives that were looked into were; to examine the effect of ERP system implementation at the tactical level at EAPCC to assess the effect of ERP system implementation at the tactical level at EAPCC, as well as to determine the changes in performance as a result of ERP implementation at EAPCC. The study employed descriptive research design and primary data was collected by use of questionnaires administered through 'drop and pick up later' method at the EAPCC offices in Athi River. Purposive sampling technique was used because this allows a researcher to use cases that have the required information with respect to the objectives. The research site for this study was contained to the EAPCC headquarters in Athi River, Kenya. The rationale behind choosing this as the research site is that EAPCC is one of the leading cement manufacturers that successfully implemented an ERP system in 2010 and got recognition for it by the computer society of Kenya 2011. The target population was made up of 1335 employees and the sample size was 134 respondents. Data was collected from a 10% sample size of the target population as this was deemed adequate since the study was descriptive in nature. The research instruments were self-administered questionnaires. The researcher pretested the data collection instruments using a similar number of respondents; 10 in total (five senior managers and section heads and five other staff). In so doing, reliability and validity of the research instruments was ascertained. These participants were however not included in the actual sample of the study. Once data was collected, it was edited, coded and then analyzed using statistical package for social sciences (SPSS) it was then presented using tables, graphs and pie charts. The findings indicated that ERP implementation affects the tactical level of the organization more than it does the strategic level. At both levels, various indicators were measured as a guide to finding out the effect created by ERP at these different levels and consequently the changes in performance as a result. From the study, the indicators that reported most effect from the system

implementation were: Increased IT infrastructure, better financial reconciliation, reduced administrative delays, cross functional integration as well as top level management communication. Respondents also indicated that interdepartmental performances, employee performance and improved employee tracking were not affected as much as implementation. At the strategic level, it was reported that business innovation was highly supported , availability for decision making, business processing efficiency, cross functional integration as well as monitoring staff performance. Indicators that did not experience much effect included: ability to develop business alliances, improved management control as well as enhanced product differentiation. The researcher anticipates that this study will provide information to future ERP adopters, project managers, general managers and strategists at the different organizational levels as well as to large, mid- sized and small organizations especially in developing nations that have not or are in the process of implementing ERP systems on the effect on investing in these systems.