DETERMINANTS OF ADOPTION OF ENTERPRISE RESOURCE PLANNING SYSTEMS BY LISTED COMPANIES IN KENYA

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DECLARATION

I hereby declare that this report is entirely my own composition. It has not been presented in any University or college for examination purposes. All references made to works of other persons have been duly acknowledged. Permission from the author or examining body should be sought before any part of this work is reproduced.

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This research report has been submitted with regards to the requirements of the award for a Master of Business Administration Degree (Management Information Systems) with my approval as the appointed supervisor.

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ABSTRACT

The adoption of Enterprise Resource Planning systems (ERP's) has many business implications. It has a major strategic implication on the companies listed at the Nairobi Securities Exchange (NSE). The purpose of this study was to determine the factors determining adoption of ERP's among listed companies in Kenya. The specific objectives of this study were: to establish the organization characteristics that determine adoption of ERP's, find out the ERP attributes that contribute to its adoption and to investigate the extent of adoption and use of ERP by listed companies in Kenya. The descriptive research design was used in this study. The sample size was the fifty six (56) companies listed at the NSE. Study data was collected using a questionnaire developed by the researcher and administered with the help of a trained research assistant. The data was analyzed through SPSS version 17 software and results presented in percentages and frequencies through tables and figures. The results also indicated that the size of the firm, number of employees in organizations, employee turnover, location of the, type of ownership of the organization, age of the company, capital structure and familiarity with ERP tools influenced organizations adoption of ERP systems. ERP attributes were also shown by the study to influence its adoption to a great extent in all the companies, the attributes that were found to determine the adoption of ERP systems greatly were complexity of the ERP system, compatibility of ERP, triability, Observability, relevance of the ERP while increased interest within businesses for the adoption of the ERP systems led to the adoption of the system to a very great extent amongst the firms. According to the study results, the ICT environment aspect determined whether firms adopted the ERP systems in the firms or not a considerably great extent these ICT environmental aspects included the hardware, software, people, the government, politics, the environment and innovation. These findings may be relevant to the government in its implementation of the vision 2030 as well as to the companies listed in NSE. All stakeholders and listed companies should put in place ERP systems to aid in their functioning.