

ABSTRACT

Most service companies consider Procurement function to be core to most organizational performance. Gusii Water and Sanitation Company (GWSCO) is one such company that has invested on its procurement function in order to realize its overall performance. One key strategy they adopted was the implementation of Enterprise Resource Planning (ERP). With ERP implemented in GWSCO, it is noted that the company has still not met the customer requirement thereby recording average performance, as 40% of water distributed cannot be accounted for. Furthermore, recent studies indicate that service organizations have adopted ERP in their business operations, however half of them are judged to have fairly performed. This could be attributed to poor handling of Critical Success Factors (CSF) in implementing ERP. With the lack of clarity on implementation experiences and challenges especially in service organization as they seek to implement ERP, there is need to establish the level of influence of ERP implementation on performance of procurement function. The purpose of this study was to analyze ERP factors on procurement performance of GWSCO, Kenya. Specifically, the study sought to establish the level of influence of Systems security, Maintenance cost, Employee resistance to change and training; on procurement performance. This study was guided by a conceptual framework where the dependent variable was procurement performance and independent variable being ERP implementation factors. The study was based on Diffusion of Innovations Theory and the Information Systems Success Model. A correlational design was adopted. Primary data was collected using structured questionnaires. Validity was guided using experts judgment while reliability was tested using test retest method at the index of 0.70. Stratified random sampling was used on a target population of 250 from various departments with a sample 152 of which 146 responses were obtained. Null hypotheses were tested using t test with a confidence level of 95% and a degree of freedom of 145. The four hypotheses were rejected at ($\text{sig}=0.012, p<0.05$) hence at $\alpha =0.05$ it was concluded the four ERP implementation factors had a significance on procurement performance. System security ($t= 19.626, p= 0.000$), maintenance cost ($t= 20.041, p= 0.000$), resistance to change ($t= 19.010, p= 0.000$) and ERP training ($t= 20.834, p= 0.000$). the study concluded that ERP system security ERP maintenance cost, ERP employee resistance to change, ERP employee resistance to change influence procurement performance and ERP training had a significant influence on procurement performance, The study recommend that the organization need to establish an effective modern ERP systems security measures, imparting effective Modern ERP trainings among its employees, and come up with strategies to minimize resistance from employees in order to realize its set objectives that are pro procurement performance platform. The study findings may be important to stakeholders in predicting procurement performance based on ERP implementation factors