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Enterprise Resource Planning and Organizational Performance of Deposit Money Banks in Rivers State, Nigeria, Nigeria

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Abstract: *This study investigated the influence between enterprise resource planning and organizational performance of Deposit Money Banks in Rivers State, Nigeria. The study made use of cross sectional survey research design. The population of the study was 14 Deposit Money Banks in Rivers State, Nigeria. The population was all studied using census approach. 5 managers in each bank in marketing, operations, human resource, asset management and research and planning were used for the study, giving a total of 70 respondents. A total of 70 copies of the questionnaire were distributed to these managers, 62 copies returned and after editing 59 copies were used. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Pearson Product Moment Correlation with the aid of Statistical Package for Social Sciences version 22.0. The findings of the study is that enterprise resource planning have strong influence on the measures of performance; revenue growth and profitability of Deposit Money Banks in Rivers State, Nigeria, Nigeria. The study therefore, recommends that Deposit Money Banks should plan on the development of the human capital through ICT training and requisite ERP development requirements. This will enhance revenue growth and drive profit growth of the banks.*

Key words: *Enterprise Resource Planning, Organizational Performance, Revenue Growth and Profitability*

INTRODUCTION

The banking industry today is ever-changing and dynamic. The strongest challenges confronting banks in Nigeria is to remain focused in businesses, be competitive and attract reasonable share of the market (Euphrasia, Mitha & Emmy, 2019). Thus, the driving force of the banking industry in Nigeria is the development of information and communication technologies which help to improve systemic performance of the baking business. Hence, “using information technology to improve business activities produces a set of resources that competitors cannot easily imitate in the industry (Euphrasia, Mitha & Emmy, 2019). This has led to the automation of enterprise systems as an innovative method which on the one hand accelerates the work processes, and the other hand has been able to centralize, classify and collect data and provide appropriate platform for the day to day tasks. It is hence, imperative to state here that enterprises can only be sustainable if they consciously rely on Information Infrastructure networks for the conduct of their vital operations. That is to say that information technology has now moved further away from the usual independent personal computing (PC) age, when enterprise computer systems barely connect to the internet to rather an era of integration of large scale networks of enterprise computing perpetually through the web (Bestman, 2020).

The effective management of banks in any economy depends on the assemblage of viable resources in the workplace. These resources should be well planned and integrated for the optimal survival and growth of the bank (Mjomba & Kavale, 2015). For the effective management of the banking business, information flows through the functional divisions of the organization such as operations, marketing, customer service, human resources, finance, research and development etc should be integrated, coordinated and carefully planned to provide effective and efficient financial services to the bank’s stakeholders. Enterprise resource planning helps to manage the entire business system in the workplace.

Enterprise resource planning is an information driven system that connect and administer the entire company business processes such as marketing, human resources, finance, operations, research and development etc (Kabir, Muhammad, Ramadan & Hilary, 2017). Hence, enterprise resource planning drive the business process and lead the organization to success. For an institution with large scale operations and division orientation, enterprise resource planning is imperative as it help improve the day to day functioning of an organization (Dusanka, 2010; Helo, 2011). Thus, ERP system help to integrate and coordinate the functional departments of an organization through the mediating influence of computer aided technology (Sadrzadehrafier, Chafreh, Hosseini & Sulaiman, 2013). This brings about sufficient organizational performance.

Organizational performance is the success firms’ record in business, which are measured in financial and non-financial terms. Sometimes, these performance can be negative or positive indicators which are important in business management. Most times, company’s performance can be measured with profit growth, sales revenue growth, return on asset, return on equity, and return on investment. Others are market share, customer retention, shareholders value maximization, productivity, economic value added, etc (Richard, Devinney, Vip, & Johnson, 2009). However, management of most organization periodically take stock of the performance of their firms in relationship to these performance metrics in order to consistently improve on performance.

Measuring enterprise resource planning and organizational performance in the context of quoted deposit money banks in Nigeria was omitted by researchers in the existing body of knowledge. This research intend to fill this gap by investigating the influence of enterprise resource planning on banks performance and the moderating influence of technology on the relationship between enterprise resource planning and organizational performance of Deposit Money Banks in Rivers State, Nigeria, Nigeria.

Furthermore, this study was guided by the following research questions:

i. To what extent does human capital planning influence revenue growth of quoted deposit money banks in Nigeria?
ii. To what extent does human capital planning influence profitability of quoted deposit money banks in Nigeria?

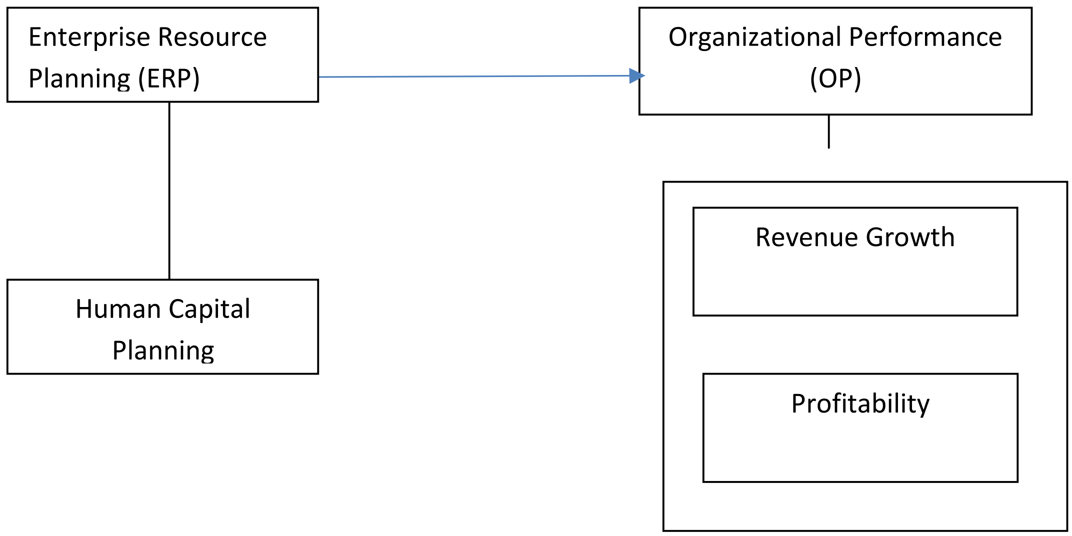

Fig.1 Conceptual Framework for the relationship enterprise resource planning and organizational performance

Source: Desk Research (2020)

LITERATURE REVIEW

Theoretical Foundation

Organizational Control Theory

The construct of control and the application in enterprise resource planning system is employed as a tool of sensitization. In this perspectives control is said to mean enterprise control which can impact and become engendered by the employment of enterprise resource planning system. This theory is credited to Orlikowski's (1991), classification of control through information and communication technology. The direction of this theory is control through the use of technology, this forms part of overall corporate control. The latter in the context of this proposal is explained to mean compliance to the organization's procedures and processes, as well as cost efficient administration of the firm's data.

Company control impact the use of the enterprise resource planning system which include internal company factors' information technology unit over the use of the ERP system or the authority given to staff users in the workplace. It also encompass the need to rely on external authorities such as government legislation, necessitating the execution of the necessary control processes and procedures in the system. "It can also arise from the level of integration of the ERP functionalities" (Mjomba & Kavale, 2015:124).

Organizational control is a result or outcome of enterprise resource planning which use can then cover both behavioural and output control. "Behaviour control can be facilitated with access controls for the use of the system, as well as the panoptic (visibility) features of the ERP system. Output control can then be facilitated with the production of reports from the system" (Mjomba & Kavale, 2015:124).

Enterprise Resource Planning

The business environment is rapidly changing due to globalization and liberalization commerce and trade across the world. This is largely due to information and transportation technologies (Euphrasia, Mitha & Emmy, 2019). Thus, the incorporation of enterprise resource planning in the workplace is imperative for the firm to adapt to the changes of the business space while integrating business functions and information sharing through a unified databases for effective and efficient business decisions.

According to Euphrasia, Mitha & Emmy (2019), enterprise resource planning is the core software program used by organization to connect, integrate and coordinate information across the functional areas of the firm. ERP help the company manage the entire corporation's business process by leveraging shared databases and common use of management reporting tools. "ERP system combine business processes and IT technologies from implementing organizations to facilitate information flow through business function". A most relevant part of enterprise resource planning is integrated which help t improve information communication and workflow across the organization's function; finance, marketing, production, human resources, research and development etc (Ali, 2016; Le & Han, 2016). Hence, the ERP system drives both financial and non-financial of business.

In defining enterprise resource planning in an organizational context, Ali (2016) opined that enterprise resource planning system is a fully integrated corporate or business administration system encompassing the business functions of a company such as production, marketing, logistics, finance, human resources, research and development etc. Enterprise resource planning "organizes and integrates operations processes and information flows to make optimum use of resources such as men, materials, money and machines". ERP is used by companies or institutions to integrate and manage the functional and most important parts of their businesses.

Human Capital Planning

Managing the most important asset in the organization is important in the entire life and existence of the company. Human capital is the most important resource of the firm. This resource has presence in all the functional units of the organization (Zhelyazkov, 2010). Hence, the company management should periodically take stock to train its workforce. This will bring about the performance of the firm.

The enterprise resource planning system in view of the following, optimize human resource processes with a complete, integrated and global human capital management solution system. Companies can maximize the potential of employees. The firm should support innovation, growth and flexibility. The company management can automate talent management, most important personnel or the processes and employee deployment (Kabir et al., 2017). Thus, the creation of a common data base should encompass human capital management were workforce of the functional units of the organization should be integrated, automated into a common data base. This will bring about effectiveness and efficiency in managing the motivation and wellbeing of the organization's workforce.

Organizational Performance

Organizational performance is an important construct to both practitioners and academics in the world of business. Performance of an organization has been offered various conceptual definitions. According to Richard et al., (2009), corporate performance covers three important areas of a company outcomes; financial performance indicators such as profit growth, return on asset, return on investment. It also encompass product market performance such as sales and market share, shareholders value maximization, economic value added (Mjomba & Kavale, 2015). Most organizations in different sectors of operations measure their performance against these financial and non-financial indicators. There are seasons where these indicators will appear positive or negative for an organization. Management of an organization should work to always translate the firm to positive performance in the face of prevailing environmental dynamics.

Organizational performance is the most laudable objective in managing an organization as it serves as a dependent variable for most research interest. "Market competition for customers, input and capital make organizational performance essential to the survival and success of modern business". Organizational performance is the successes or failures recorded by organization in the cause of carrying its business operations. This performance can be checked quarterly, half-yearly and at the end of the financial year (Haddadi & Yaghoobi, 2014). Hence, each company to access the quantum of utility and desirability of their business activities in the face of complex and ever-changing environment. This requires the determination and ranking of the most important key performance indicators. These indices provide important links among strategy, implementation and ultimate superior value creation (Haddadi & Yaghoobi, 2014).

Revenue Growth

A major performance indicator in the organization is sales revenue growth. This is a metrics that measures the revenue growth rate difference of a current period with a corresponding period. This growth rate can be measured yearly, quarterly and half-yearly (Richard et al., 2009). According to Hansen & Mowen (2012), articulated that revenue growth is an increase in revenue that comes into the organization year to year or from time to time in a corresponding period. Organizations that have high revenue profile will require more investments in the various elements of company's asset. Having knowledge of the firm's sales growth, the organization can predict how much profit the management can make (Ratna & Meipita, 2017).

The growth ratio of a company help the institution to maintain its economic position in the market year on year. The indicator used to measure growth is the sales revenue of the firm (Dahlia & Bernadin, 2016). It is the metrics used to show the percentage increase in revenue of the current year compared to the corresponding previous year. When the sales growth rate is high, the better. The faster the revenue growth, the better the funds needed by management to finance the organization.

Profitability

A major factor measuring organizational performance is the concept of profitability. Profitability is the main purpose of a business organization through superior provision of goods and services to the market (Tulsian, 2014). Hence, profit growth analysis is done in the workplace to throw light on the effectiveness and efficiency of the organization. "It should be duly noted that net income figure alone is not very helpful in determining the efficiency and performance of the business firm unless it is related to some other figures such as sales, cost of goods sold, operating expenses, capital invested etc" (Tulsian, 2014:19).

According to Tulsian (2014), the concept of profitability is made up of two constructs namely, profit and ability. Profit is the excess of revenue over expenditure of the company. The ability of a company is the earning power or operating performance. "The profitability may be defined as the ability of a given investment of a company to earn a return from its use". The construct of profitability is a concept that is relative where profit is an absolute connotation. It is good for a company to male profit consistently in order to ensure the going concern of the company. Every organization should strive to make profit for the shareholders of the company.

Human Capital Planning and Organizational Performance

Effective human capital development and management at work improves organizational success. Thus, ERP human capital management system improves business performance outcomes. This is empirically proved by studies. Barki, Oktamis & Pinsonneault (2016), in investigating the impact of ERP dimensions on ERP project outcomes, using the methods of exploration. The study revealed that human capital is the most veritable asset for enterprise performance. Therefore, its integration in the entire organizational functions is a laudable endeavours

The enterprise resource planning lead to organizational success. Ifinedo (2014), studied the measurement of enterprise resource planning system success with the approach of structural equation modeling. The finding of the study is that enterprise resource planning factor; human capital management improves ERP systems projects. Again, in evaluating the key indicators for organizational performance, (Haddadi & Yaghoobi, 2014) reveled with the use of standard analytic hierarchy process questionnaires that human resource significantly improve organizational performance in the context of Iranian telecommunication company.

The study postulates the following hypotheses to be tested:

Ho_1: There is no significant influence of human capital planning on revenue growth of quoted deposit money banks in Rivers State, Nigeria

Ho_2: There is no significant influence of human capital planning on profitability of quoted deposit money banks in Rivers State, Nigeria

METHODOLOGY

The study made use of cross sectional survey research design. The population of the study was 14 Deposit Money Banks in Rivers State, Nigeria. The population was all studied using census approach. 5 managers in each bank in marketing, operations, human resource, asset management and research and planning were used for the study, giving a total of 70 respondents. A total of 70 copies of the questionnaire were distributed to these managers, 62 copies returned and after editing 59 copies were used. The reliability of the instrument was achieved by the use of the Cronbach Alpha coefficient with all the items scoring above 0.70. The hypotheses were tested using the Pearson Product Moment Correlation with the aid of Statistical Package for Social Sciences version 22.0.

DATA ANALYSIS AND RESULTS

Bivariate Analysis

The Pearson product moment correlation is calculated using the SPSS 22.0 version to establish the relationship among the empirical referents of the predictor variable and the measures of the criterion variable.

Table 1 Model Summary of Human Capital Planning on Revenue Growth

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.558[a]	.311	.235	1.51677

a. Predictors: (Constant), Human Capital Planning

Source: SPSS Output, Version 22.0

Table 1 illustrates the model summary for human capital planning and revenue growth. From the product we have a regression coefficient of 0.558 which indicates a strong influence of human capital planning on revenue growth of quoted deposit money banks in Nigeria. However, the coefficient of determination (R2) is 0.311 and 0.235 adjusted. This implies, 24% of the changes or variations in revenue growth was due to human capital planning. The remaining 76% changes or variations in revenue growth were due to externalities which the regression model did not account for.

Table 2 ANOVA of Human Capital Planning on Revenue Growth

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.356	1	9.356	4.067	.035[b]
	Residual	20.705	9	2.301		
	Total	30.062	10			

a. Dependent Variable: Revenue Growth

b. Predictors: (Constant), Human Capital Planning

Source: SPSS Output, Version 22.0

From the ANOVA table, we have a probability value of 0.035 which is less than the critical value of 0.05. Thus, null hypothesis is rejected and the alternate hypothesis accepted at 0.05 level of confidence. Hence, there is significant influence of human capital planning on revenue growth of quoted deposit money banks in Rivers State, Nigeria.

Table 3 Coefficients of Human Capital Planning on Revenue Growth

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	34.479	20.262		1.702	.123
	Human Capital Planning	2.071	1.027	.558	2.017	.025

a. Dependent Variable: Revenue Growth

Source: SPSS Output, Version 22.0

From table 3, the coefficient output indicates a standardized coefficient of 0.558 and a corresponding probability value of 0.035 which is less than the critical value of 0.05. Hence, we reject the null hypothesis and accept the alternate or research hypothesis which states, there is significant influence of human capital planning on revenue growth of quoted deposit money banks in Rivers State, Nigeria.

Influence of Human Capital Planning on Profitability

Table 4 Model Summary of Human Capital Planning on Profitability

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.531[a]	.282	.202	2.15859

a. Predictors: (Constant), Human Capital Planning

Source: SPSS Output, Version 22.0

Table 4 indicates the regression coefficient (R) of 0.531 measuring the strength of influence of human capital planning on profitability. Thus, human capital planning has positive and strong influence on profitability of quoted deposit money banks in Rivers State, Nigeria. Again, the coefficient of determination is 0.282 and 0.202 adjusted. This means, 20% of the changes or variations in profitability is due to human capital planning. However, the remaining 80% changes in profitability were due to stochastic variables or external factors which the regression model did not account for.

Table 5 ANOVA of Human Capital Planning on Profitability

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16.450	1	16.450	3.530	.043[b]
	Residual	41.935	9	4.659		
	Total	58.385	10			

a. Dependent Variable: Profitability

b. Predictors: (Constant), Human Capital Planning

Source: SPSS Output, Version 22.0

From table 5 we have an ANOVA output, which indicates a probability value of 0.043 which is less than the critical value of 0.05. We therefore reject the null hypothesis and accept the alternate hypothesis which states; there is significant influence of human capital planning on profitability of quoted deposit money banks in Rivers State, Nigeria.

Table 6 Coefficient of Human Capital Planning on Profitability

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	47.304	28.836		1.640	.135
	Human Capital Planning	2.746	1.461	.531	1.879	.093

a. Dependent Variable: Profitability

Source: SPSS Output, Version 22.0

Table 6 shows the coefficient output. From, the model, we have a standardized coefficient of 0.531 and a corresponding probability (p) value of 0.043. We therefore, reject the null hypothesis and accept the alternate hypothesis which states; there is significant influence of human capital planning on profitability of quoted deposit money banks in Rivers State, Nigeria.

DISCUSSION OF FINDINGS

The results from the test of hypotheses revealed that there is a significant positive relationship between enterprise resource planning and organizational performance of quoted deposit money banks in Nigeria. The above findings is enhanced with the study of Sadrzadehrafier et al ((2013), the scholars studied the benefits of ERP implementation for proper functioning of a system. It was discovered that ERP system implementation help improve the functioning of the workplace. This is also in line with Barki, Oktamis & Pinsonneault (2016), the scholars examined the relationship between the dimensions of ERP system and ERP project outcomes. The study employed quantitative research approach. The result of the study indicates that, ERP system implementation enhance ERP project outcomes.

The findings of this empirical works is validated with the works of Ifenedo (2006) the author evaluated ERP system and business performance. They employed structural equation modeling (SEM) and the result of the study is that ERP system highly supports manufacturing, financial services, retail and wholesale services and telecommunication. Again Barki, Oktamis & Pinsoneault (2016), with the help of exploratory research design, the authors discovered that human capital is the most veritable asset for enterprise performance. This is also supported with Ifinedo (2014), the scholar evaluated the association between enterprise resource planning and organizational success. The study made use of structural equation modeling, it was revealed that, human capital management system improves ERP system projects.

CONCLUSION AND RECOMMENDATIONS

This study investigated the influence of enterprise resource planning on organizational performance and the moderating influence on the relationship. The dimension of enterprise resource planning; human capital planning influence the measures of organizational performance; revenue growth and profitability of Deposit Money Banks in Rivers State, Nigeria, Nigeria. Therefore, investment and implementation of enterprise resource planning at work will bring about banks performance; revenue growth and profitability. Investment in information and communication technology will improve on ERP system implementation and bring about banks performance; revenue growth and profitability.

The study thus recommends that Deposit Money Banks should plan on the development of the human capital through ICT training and requisite ERP development requirements. This will enhance revenue growth and drive profit growth of the banks.

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