
Lydia Jemutai Tuitoek & Kimani E. Maina
1 MBA Student, Jomo Kenyatta University of Agriculture and Technology
2 Lecturer, Jomo Kenyatta University of Agriculture and Technology

Type of the Paper: Research Paper.
Type of Review: Peer Reviewed.
Indexed in: worldwide web.
Google Scholar Citation: IJFAE

How to Cite this Paper:

International Journal of Finance, Accounting and Economics (IJFAE)
A Refereed International Journal of OIRC JOURNALS.
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Lydia Jemutai Tuitoek & Kimani E. Maina

MBA Student, Jomo Kenyatta University of Agriculture and Technology

Lecturer Jomo Kenyatta University of Agriculture and Technology

Abstract

An enterprise resource planning is software that integrates several sections in an institution as a separated functional area and each functional area includes a set of business processes with flowing data into a central database. Universities in Kenya are embracing the use of enterprise resource planning in their financial operations. The study seeks to determine the effect of fixed assets reporting on quality of financial reports of public universities in Uasin Gishu County, Kenya. The research was guided by the fixed assets theory. Descriptive survey research design was used. The study used simple random sampling technique in choosing the sample size from the accessible population and used the Yamane formula to arrive at the sample size which was 92 respondents from the public universities in Uasin Gishu County, Kenya. A pilot study was conducted in order to test the validity and reliability of the research questionnaire. Content validity was used as a validity test while reliability was tested using Cronbach’s alpha coefficient. Questionnaires were used to collect primary data. Data was analyzed using both descriptive and inferential statistics. Data gathered from the questionnaires administered were analyzed using SPSS. The outputs were presented in form of statistical diagrams, tables and graphs. The study used multiple linear regression and correlation analysis to show the relationship between the variables. Findings revealed that fixed assets reporting ($\beta=0.250; p<0.05$), positively and significantly influence quality of financial reports. The study therefore concludes that quality of financial reports can be improved by timely reporting of expenditure and complete recognition of fixed assets. This study recommends that the institution have more internal audit reviews to appraise and check on the strength of the instituted controls within the system. The study will be important to higher learning institutions since it will be able to come up with more effective measures of improving the quality of financial reports through ERP system.

1.0 Introduction

Enterprise Resource Planning (ERP) applications are software suites that help organizations integrate their information flow and business processes. They typically support the different departments and functions in the organization by using a single database that collects and stores data in real time (Davenport, 2011). If ERP systems are fully realized in an institution, it reduces cycle time, enables faster information transactions, facilitate better financial management, lay groundwork for e-commerce, and make tacit knowledge explicit. Noudoostbeni et al., (2010) points out that ERP is one of the main business system that help organizations to manage their resources in the effective way. Under the circumstances, ERP system has become the necessary tool in application of information technology (IT). According to Shuhaimi et al., (2016) ERP systems are important in the monitoring of organizational process and performance. It facilitates the monitoring of budgeting and planning functions to ensure that costs do not exceed the budget. Fixed Assets are all assets which cannot easily be converted into cash and which are usually held for a long period of time, including land, buildings, motor
Vehicle, computers & appliances, furniture & fittings, plant & equipment and even library books (Kheru, 2013). An asset is an economic resource owned by an entity that generates benefits or service which will flow to the entity and whose costs of fair value can be measured (Yuriy et al., 2016). In reporting of fixed assets in universities attention is made on the depreciation, disposal and revaluation which occurred in a given financial period. Depreciation is a non-cash expense that reduces the value of an asset as a result of wear and tear, age or obsolescence. Disposal is the sale, transfer of ownership or destruction of surplus or obsolete assets whereas revaluation is the upward or downward adjustment of the net book value of a fixed asset to account for major changes in the fair market value of the asset (UON, 2015).

According to International Accounting Standards Board, the essential principle of assessing the financial reporting quality is related to the faithfulness of the objectives and quality of disclosed information in organization financial reports. These qualitative characteristics enhance the facilitation of assessing the usefulness of financial reports, which will also lead to a high level of quality (Siriyama et al., 2017). To achieve this level, financial reports must be faithfully represented, comparable, verifiable, timely, and understandable. Thus, the emphasis is on having transparent financial reports, and not having misleading financial reports to users (Gajevszky, 2015). Usefulness of accounting information depends on the prevailing needs at a specified time and how it can be used to solve the particular problems and to fulfil this; it must be reported within the confines of inherent qualities (Koros, 2016). The central concept of financial accounting quality is that some accounting information is better and more reliable than other accounting information in relation to its characteristic of communicating what it purports to communicate (Kirubel, 2016). That is why; accounting quality is of great interest to several types of users involved in the financial reporting chain. Financial reports contain information needed by investors and other users to enable them make informed economic decisions (Gajevszky, 2015). Quality financial reports are vital for users who require them not only for investments but also for decisions of economic nature. The usefulness of financial reports are confirmed when they can embody the economic realities of the organization in terms of relevance, reliability, comparability and presented in a form that can be easily understood (IASB, 2015).

Financial reporting is a means of portraying financial accountability, in order for an organization to review the financial activities of the past year and make plans for the future (Sugut, 2014). Accounting quality is derived from IASB framework where attributes such as timeliness, accuracy, completeness and comparability are the principal elements. The board creates an impression financial statements with these attributes can justifiably be considered to be of good quality (IASB, 2015). Accounting quality is the extent to which financial statements depicts actual economic situation that is prevailing (Chen et al., 2010). It is imperative that financial reporting should essentially supply high quality financial reports about economic entities that would reveal more information and be of prime benefit to decision makers.

ERP is a software, a concept, a system or a package that integrate multiple modules as a separated functional area and each functional area includes a set of business processes with flowing data into a central database. This database could be uploaded locally or into the cloud. It is possible to be implemented on small, medium, or big institutions. In the new era, ERP becomes an essential part in management of multiple fields including higher education sector (Althonayan, 2013). The advantages of using an ERP appear in enhancing information accessing and management processes, in addition to have the ability to plan and manage the organization as well as upgrade services for students, staffs and also employees. Ideally, Implementation of ERP system in higher education is an indicator to a new technology revolution in that country and it’s valuable for higher education institutions instead of legacy administration and management systems (Abdellatif, 2014).

Studies show that in German universities belong to an organizational and cultural subset of organizations with special requirements regarding stakeholders, business demands, and legislative influences. Public universities in Germany are under the pressure of adapting to legislative, organizational, and financial changes. Implementing a new IT system offers universities possibilities of reorganization, restructuring, streamlining, and financial optimization in addition to a technological upgrade of legacy IT systems to an ERP system (Thomas, 2010). An ERP implementation is not only highly visible, but also an organizational and political project. Each group of stakeholders may follow their own agenda during the analysis, development, and implementation of a university-special ERP system, and can foster or hinder the success of the project.
In Australia universities have been and undergoing major changes. Universities have been under more pressures as a result of increasing number of students and increased government pressures to reform their structures, lower their costs and achieve greater administrative efficiency. The introduction of the ERP in higher education in Australia has resulted in yet a further layer of change in universities to replace old administrative and management systems with new ones (Beekhuizen, 2012). The Australian government has pressured universities into acting more like businesses, as the level of funding has significantly reduced (Nielsen, 2012). However, one of the reasons that universities have adopted ERP systems is to improve performance and learning services, and also to become more efficient in their operations in part to deal with the range of other changes they have been facing (Fisher 2016). Consequently, universities began to implement ERP systems to replace old and outdated systems with more efficient ones (Cornford, 2011). ERP systems have become a standard feature of most Australian higher education institutions.

The pervasiveness of information and communication technologies (ICTs) and the need to automate organizational processes have led to innovations in higher educational institutions in South Africa. The academic sector has joined the business, finance, and manufacturing enterprises to leverage the power of ICT to gain differentiation and competitive advantages (Karande et al., 2012). The higher educational institutions in South Africa have introduced enterprise resource planning (ERP) systems to automate and integrate their business processes, including recruitment, admission, financial aid, student records, and most academic and administrative services (Ghuman et al., 2012). The concept of ERP entails gaining the knowledge of the best business practices and applying these practices to improve or completely replace existing legacy practice (Ram et al., 2013).

In Ghana ERP refers to the use of commercial solutions for both administrative and academic purposes. Typical administrative functions may include human resources, accounting, payroll, and billing. Academic functions include recruitment, admissions, registration, and all aspects of student records (Ram & Wu, 2013). Among the top reasons why universities adopt ERP solutions are improved student service, transformed enterprise processes, modernized computer systems, improved administration, maintaining competitiveness and increased operating efficiency (Maheshwari et al., 2011). Modern universities have challenges of similar magnitude as corporate organizations. Some commonly identified ones are difficulty in accessing information from paper files, improper means of exchanging information between various departments, lack of interconnection between departments, difficulty in keeping the records of students and staff error free and up-to-date, wastage of hundreds of hours by staff each month manually entering information or performing administrative tasks that could be handled automatically such as evaluations and generating results, lack of accuracy in maintaining the financial records such as fees, salary and expenses, lack of automation in calculating fee balances or finding fee defaulters, lack of automation for computing the staff’s salary, lack of easy means or quick way to access old records (Frimpon, 2012).

The implementation of ERP systems in Ethiopian universities is an enormously complex undertaking. It is a high-risk project that needs to be managed and planned properly because it can affect nearly every aspect of organizational performance and functioning. Many organizations do not achieve success in their ERP implementation projects (Shannak, 2016). The study explores CSF for ERP implementation in Ethiopia and how they affect the organizations. It provides interesting results by identifying the factors that actually have an impact on the successful implementation of ERP and how it affects organizations in Ethiopia. To ensure successful implementation, organizations must learn how to identify the critical issues that affect the implementation process and know how to address them effectively to ensure that the promised benefits can be realized and potential failures can be avoided (Alemu et al., 2017).

Kenyan Perspective of ERP on Quality of Financial Reports
ERP systems have found widespread usage in both public and private universities across Kenya. To keep up with the management demands in the 21st century as observed by Nyandiere et al., (2012) universities have turned to ERPs to replace their legacy systems. Though initial implementation was observed in manufacturing industries, universities in Kenya have taken up the systems to provide institutional-wide automation for their processes. This has aided them automate their core business areas in student administration, finance, staffing, client management among others. On implementation, these systems are anticipated to provide increased efficiency and effectiveness of processes, reduce overhead costs in ICT; improve decision making, improve resource management as well as building business innovation while
supporting strategic change (Sullivan & Bozeman, 2010). Kenyan universities, as other business entities, are implementing various information systems to facilitate their operations. The authors have also established that there are no significant differences in information systems needs among Kenyan universities, but there are significant differences in strengths and weaknesses among the private and public universities in the capabilities of systems they have implemented (Sullivan, 2010). Despite fears especially on delays in projects implementation and system costs, Kenyan universities are in a position to implement ERPs to facilitate their operations. However, the universities need to allocate more funds to systems implementation if they have to successfully implement enterprise systems which generally require more resources than ordinary software applications (Nyandiere et al., 2012).

1.2 Statement of the Problem
An ERP system is associated with a number of benefits like speed of carrying out routine transactions, timeliness, quick analysis, accuracy and reporting of financial information. Tadjer (2010) emphasizes that ERP systems are one database, one application and a unified interface across the entire institution. ERP systems offer unique benefits to the organizations implementing them. They do this by improving the quality of financial reports through the provision of complete and timely information (Hunton et al., 2013). According to Auditor General’s report of 2016 it is evident that quality of financial reports of universities does not meet the expected standards. Despite ERPs promise to benefit the institution, quality of financial reports are still poor even with the existence of a well-established ERP system, instances of delay, inaccurate reporting, wrong posting and wrong balances have continued to occur due to inadequate knowledge of ERP system by the accounting staff. Poor quality of financial reports leads to generation of misleading information which will not be useful in decision making by the users. This will pose liquidity challenges to the universities which lead to stalled development projects, delays in payment of suppliers and staff and even some being declared insolvent.

Soliman & Karia (2015) did a research on higher education competitive advantage ERP systems and recommends the way forward for decision makers regarding the dominance of a factor or a set of factors during the implementation of ERP systems. Kalem & Olugbara, (2014) did a study on identifying critical success factors the case of ERP systems in higher education and recommends that future work should consider using longitudinal surveys to account for continuing technological developments. A study by Wang’ombe & Kyalo (2012) on evaluation of enterprise resource planning systems implementation experiences for selected public universities in Kenya recommends that increased investments towards improvement in institutional connectivity, blending of internal and external skilled expertise to drive implementation initiatives is required. These studies showed contradicting findings. Most studies conducted did not discuss the effect of ERP system on quality of financial reports in higher learning institutions. Therefore this study was undertaken to determine the effect of ERP system on quality of financial reports of public universities in Uasin Gishu County, Kenya.

1.3 Objective of the Study

General objectives
The objective was to establish the effect of fixed assets reporting on quality of financial reports of public universities in Uasin Gishu County, Kenya.

1.4 Research Hypotheses

H0: There is no statistically significant relationship between fixed assets reporting and quality of financial reports of public universities in Uasin Gishu County, Kenya

2.0 LITERATURE REVIEW

Theoretical Framework

Fixed Assets Theory
Fixed assets theory was developed by Johnson in 1958. It was formalized by Edwards, and popularized by Hathaway in 1960. The theory asserts that resources are stuck in fixed assets resulting in persistently low returns during the quarter century following World War II. It further suggests that over commitment of resources to these fixed assets, leads to persistently low rates of return (Mark & Pasour, 1981). The irrelevance of historical acquisition costs for current allocative decisions does not mean that such costs are irrelevant for income statement, statement of financial position and net worth calculations. The theory assumes that a firm with one or more fixed assets implies over commitment of resources in the sense that the value of marginal product for each of the fixed assets is less than its acquisition price. This is because the value of marginal product of the resource lies between respective acquisition and salvage prices, quantities of resources applied are fixed and no adjustment would be initiated (Caves & Porter, 1976). Producers continue to use amounts of inputs purchased earlier when higher product prices were anticipated. Capital losses are incurred whenever an asset and the services it
generates are priced on an internal opportunity cost or shadow price basis which does not cover original acquisition cost adjusted for depreciation (Akerlof & Stigle, 1970). The theory is applied in fixed asset reporting in that historical acquisition cost of an asset is necessary to be identified and reported in order to obtain the right value of depreciation. Current acquisition costs are relevant for determining which assets are fixed and which ones are not. The critique of this theory is that it does not encourage organizations to have more fixed assets but basically more fixed assets is an indication of financial stability.

Empirical Review

Effect of Fixed Assets Reporting on Quality of Financial Reports

Yuriy et al., (2016) conducted a study on methodological aspects of depreciation as an economic category in Russia. The paper highlights the main aspects of the consideration of depreciation effect, discussed elements of the methodology, which manifest themselves in the formation of the classification of bases, principles and amortization functions. Paying attention to the relationship of the most important categories wear and depreciation. Foundations of wear classification were obtained. The work could be structured terminologically, organize the diversity of points of view presented in the economic literature. In the future, attention should be paid to the methodological elaboration of the reproductive process; procedures of reflecting the depreciation fund to accounting system. However the paper focuses only on one measure of fixed assets.

According to Joana (2010) in her study on the impairment of tangible fixed assets in the Portuguese organizations, the purpose of this project was to understand the practices of organizations regarding recognition, measurement and disclosure of impairment of tangible fixed assets. The research assumed the point of view of financial statements users. It contributes to provide a database of information and an insight of the practices of the Portuguese organizations about impairment of tangible fixed assets. The findings suggest that these companies do not provide satisfying information about impairments, in the sense that, in many organizations, they do not provide information that is understandable and do not meet all the requirements of IAS 36. However the research could have been conducted in higher learning institutions to find out the disclosure of fixed assets in their financial reports.

In a study conducted by Jingliang (2015) on approaches of improving university assets management efficiency a case of Chinese universities, the author tries to find the problems and conclude some useful counter measures, in the hope of providing certain references for university assets management sectors and improving the assets management efficiency. The findings were that University assets management is a daily work of universities, as well as a long-term hard work. It is significant for the long-term development of China’s education cause and ensuring the completeness of university assets. They believe that as long as the university dedicates to university assets management, they can certainly achieve the appreciation of university assets and ensure their contribution to the university development. There is no attempt in this study to address the recognition of fixed assets in the financial reports of universities in China.

Kheru (2013) conducted an investigation into the accounting treatment of property, plant and equipment at public higher education institutions in South Africa. Based on the International Financial Reporting Standards, this study used a mixed-methods research approach to collect data regarding the accounting treatment of PPE at the 23 public higher education institutions in South Africa. Analysis of results indicated that some institutions apply different useful lives for the same asset classes others use threshold amounts for the recording and depreciating of assets some use the same value for the recording and depreciating of assets while others record at one value but depreciate at a higher value and depreciate PPE at different rates as they apply varying useful life to different asset classes. Given that the activities or business of educational institutions are similar in nature, this study recommends that public higher education institutions need to apply consistent recording of assets in terms of their useful life as the useful life of an asset has direct correlation with the surplus or deficit of an institution. However the researcher majored on one type of fixed asset which will not reveal the quality of financial reports.

Conceptual Framework

A conceptual framework is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Smyth, 2014). Conceptual frameworks are used to explain how the independent variables affect the dependent variable. The relationship between independent variables and the dependent variable is of profound importance.
3.0 Research Methodology

3.0.1 Research Design
Research design is the overall plan for obtaining answers to the questions being studied and for handling some of the difficulties encountered during the research process. The study adopted descriptive survey research design. According to Mugenda and Mugenda (2013) descriptive research design is a scientific method that involves observation and description of behavior of a subject without influencing it in any way.

3.0.2 Population of the Study
A population refers to the entire group of persons or elements that have at least one thing in common. The target population is the total number of subjects targeted by the study (Denzil & Lincoln, 2014). Accessible population is a subset of the target population. It is the part of target population which the researcher can actually access. The accessible population was the accountants of public universities in Uasin Gishu County as at 31st January 2018. The unit of analysis for the study was the public universities in Uasin Gishu County.

3.0.3 Sampling Frame
The sampling frame describes a list of all population units from which the sample size was selected (Schindler, 2013). It is a physical representation of the target population and comprises of all the units that are potential members of a sample (Kothari, 2014). Sample frame defines all sets of elements in the population that adequately represents the entire group enabling a researcher to give an accurate picture of the entire population as a whole, putting the aspects of interest of the study into consideration (Orodho, 2012). For the purpose of this study, the sampling frame included the senior accountants and accountants.

3.0.4 Sampling Technique and Sample Size
Sampling is the process by which a relatively small number of individuals, objects or events are selected and analyzed to find out a feature of the entire population (Woods, 2015). The sampling plan describes the sampling unit, sampling frame, sampling procedures and the sample size for the study. The study used simple random sampling technique in choosing the sample size from the accessible population. According to Mugenda (2013) a large population requires a formula to come up with the sample. Determining a final population for a large population is assumed to be normally distributed at a confidence interval of 95% thus giving a margin of error of 5%. A sample is the smallest subset of a population that adequately represents the entire group (Saunders et al., 2012). The study used the Yamane (1967) formula to arrive at the sample size. The selection formula is as follows:
\[ n = \frac{N}{(1+N(e)^2)} \] …Equation 3.1
Where:

- \( n \) represents Sample size,
- \( N \) represents population size and
- \( e \) represents margin of error

Hence the sample size will be as follows;

\[ n = 120(1+120*0.05^2) = 92 \]

<table>
<thead>
<tr>
<th>Stratum</th>
<th>Frequency</th>
<th>Sample Size</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountants-Moi University</td>
<td>92</td>
<td>71</td>
<td>77%</td>
</tr>
<tr>
<td>Accountants-University of Eldoret</td>
<td>28</td>
<td>21</td>
<td>23%</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>92</td>
<td>100%</td>
</tr>
</tbody>
</table>

Data Collection Instruments

The questionnaire was the selected instrument or tool for data collection for the study. A questionnaire is defined as a measuring tool whose main purpose is to communicate to the researcher what is required and to elicit desired response in terms of empirical data from respondents in order to achieve the desired objectives. According to Kothari (2012) structured questionnaires are best suited for descriptive study as it is easily applied and requires less skill. The questionnaire was administered to each member of the sample population. The questionnaire was developed with reference to the research objectives aimed at answering the research questions. The questionnaire had close-ended questions. The close-ended questions provided more structured responses to facilitate tangible recommendations. The closed-ended questions was used to test the rating of various attributes and this helped in reducing the number of related responses in order to obtain more varied responses.

Pre-Testing of Research Instruments

According to Cooper and Schindler (2013), a pilot test is conducted to detect weaknesses in the design and instrumentation and provides a proxy data for selection of probability sample. A pilot study was conducted to test the validity and reliability of research questionnaire. It involved 10% of the size of sample population hence 10 questionnaires were used in pilot test.

Validity of the Research Instrument

According to Robison (2015), validity is the degree to which results obtained from the analysis of the data actually represents the phenomena under study. This was achieved by pre testing the instrument which was used to identify and change any ambiguous, awkward, or ineffective questions and technique as stated by (Cooper & Schindler, 2013). Content validity of research questionnaire was enhanced by requesting industry experts and the supervisor to express an opinion on the terminologies used in the questionnaire.

3.7.2 Reliability of the Research Instruments

Reliability is the consistency with which a research instrument measures the content area it is intended to measure. The coefficient ranges from minimum (0.00) to maximum positive (1.00). A higher value shows a more reliable generated scale. A cronbach alpha coefficient was used where a value of 0.7 was the benchmark of deciding whether the instrument is reliable. A coefficient above or equal to 0.7 is considered sufficient for most cases (Sreevidya & Sunitha, 2011).

Data Collection Procedures

After testing the validity and reliability of the research questionnaire, the researcher sought the consent of Jomo Kenyatta University of Agriculture & Technology and the management of the public universities in Uasin Gishu County. The research questionnaires were then administered on the sampled respondents by the researcher in person or by research assistants.

Data Processing and Analysis

Data preparation was carried by editing, sorting, coding, transforming and modelling data with the aim of identifying and highlighting useful information that was used to support the decision making process (Barako, 2010). Analysis was through descriptive and inferential statistics. Descriptive statistics included use of mean, standard deviations, variance and frequencies. Inferential statistics included use of regression and correlation analysis. The study conducted a correlation analysis to establish the strength of the relationship between the independent and the dependent variable. Regression analysis helps in generating equation that describes the statistics relationship between one or more predictor variables and the response variable.
Multiple regressions were done to analyze effect of ERP system on quality of financial reports of public universities in Uasin Gishu County. The tool of analysis was Statistical Package for Social Sciences (SPSS version 25). The results were presented using tables, pie charts and graphs to give a clear picture of the research findings. The following multiple regression equation was used:

\[ Y = \beta_0 + \beta_1 X_1 + \varepsilon \]

Equation 3.1

Where \( Y \) represents quality of financial reports
\( \beta_0 \) represents the y-intercept
\( \beta_1 \) represents coefficients of independent variables
\( X_1 \) represents fixed assets reporting
\( \varepsilon \) represents random error term

**4.0 Findings and Discussions**

**Response Rate**

A total of 92 questionnaires were administered to the respondents. All the questionnaires were successfully filled and collected from the respondents. Self-administered way of administering questionnaires was used. This represented 100% response rate as per Table 4.1. A response rate of 50% is adequate for analysis and reporting, a rate of 60% is good and a response rate of 70% and over is excellent (Mugenda & Mugenda, 2013). Hence in this study the response rate was excellent.

**Table 4.1: Response Rate of Respondents**

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>92</td>
<td>100</td>
</tr>
<tr>
<td>Unreturned</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>100</td>
</tr>
</tbody>
</table>

**Reliability Test Results**

The cronbach’s alpha was computed in terms of the average inter-correlations among the items measuring the concepts. The rule of thumb for cronbach’s alpha is that the closer the alpha is to 1 the higher the reliability (Mugenda & Mugenda, 2013). A value of above 0.7 is recommended. Cronbach’s alpha is the most commonly used coefficient of internal consistency and stability. Cronbach’s alpha was used to measure reliability. The higher the coefficient, the more reliable is the test.

**Table 4.2: Reliability of the Research Questionnaire**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s Alpha</th>
<th>No of Items</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets Reporting</td>
<td>0.808</td>
<td>4</td>
<td>Reliable</td>
</tr>
<tr>
<td>Quality of Financial Reports</td>
<td>0.871</td>
<td>5</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

The results indicated that budgeting had the highest Cronbach’s alpha coefficient (0.875). Quality of financial reports had the second highest Cronbach’s alpha coefficient (0.871). Revenue reporting had the third highest Cronbach’s alpha coefficient (0.835). Fixed assets reporting had the second lowest Cronbach’s alpha coefficient (0.808). Expenditure reporting had the lowest Cronbach’s alpha coefficient (0.754). This implies that the research questionnaire meets the threshold as all the constructs had Cronbach’s alpha coefficients greater than 0.7.

**Background Information**

This section presents personal details of the respondents. It includes gender, age, duration in the institution and the academic qualification. It is necessary for the determination of whether the individuals in a particular study are a representative sample of the target population and testing appropriateness of a respondent in answering the questions for generalisation.

**Distribution of Respondents by Gender**

The study evaluated how accounting staff were distributed according to their gender. The results of the analysis are presented in Table 4.3.
It was established that 53(57.6%) of the respondents were male whereas 39(42.4%) were female. This shows that the sampled respondents were fairly balanced in terms of gender, however the findings implies that the gender of the respondents could not have significantly influenced decision making.

**Table 4.3: Gender of Respondents**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>53</td>
<td>57.6</td>
</tr>
<tr>
<td>Female</td>
<td>39</td>
<td>42.4</td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>100</td>
</tr>
</tbody>
</table>

Distribution of Respondents by Age Category

The study examined the distribution of accounting staff based on their age categories. The results of the analysis are presented in Table 4.4.

**Table 4.4: Age Category**

<table>
<thead>
<tr>
<th>Age Category</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 25 years</td>
<td>6</td>
<td>6.5</td>
</tr>
<tr>
<td>26-30 years</td>
<td>8</td>
<td>8.7</td>
</tr>
<tr>
<td>31-35 years</td>
<td>13</td>
<td>14.1</td>
</tr>
<tr>
<td>35-40 years</td>
<td>24</td>
<td>26.1</td>
</tr>
<tr>
<td>41-45 years</td>
<td>18</td>
<td>19.6</td>
</tr>
<tr>
<td>46-50 years</td>
<td>13</td>
<td>14.1</td>
</tr>
<tr>
<td>Above 50 years</td>
<td>10</td>
<td>10.9</td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>100</td>
</tr>
</tbody>
</table>

The findings showed that 24(26.1%) were aged between 35-40 years being the highest frequency. Respondents between 41-45 years were 18(19.6%) while those between 31-35 and 46-50 years were 13(14.1%). It was further noted that 10(10.9%) respondents were above 50 years and respondents between 26-30 years were 8(8.7%) while 6(6.5%) were in the age category of below 25 years which was the lowest frequency. This implies that the age of the respondents may not have significantly influenced the quality of the financial reports.

Distribution of Respondents by Duration in the Institution

The respondents were requested to indicate the period in which they had served in the institution. The findings are shown in Table 4.5.

**Table 4.5: Duration in the Institution**

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5 years</td>
<td>9</td>
<td>9.8</td>
</tr>
<tr>
<td>6-10 years</td>
<td>24</td>
<td>26.1</td>
</tr>
<tr>
<td>11-15 years</td>
<td>26</td>
<td>28.3</td>
</tr>
<tr>
<td>16-20 years</td>
<td>20</td>
<td>21.7</td>
</tr>
<tr>
<td>Above 20 years</td>
<td>13</td>
<td>14.1</td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>100</td>
</tr>
</tbody>
</table>

From the findings 26(28.3%) of the respondents indicated that they have worked in the institution for a period between 11-15 years, 24(26.1%) of the respondents indicated that they have worked in the institution for a period between 6-10 years, 20(21.7%) of the respondents indicated that they’ve served for a period between 16-20 years, 13(14.1%) of the respondents have worked for a period above 20 years and 9(9.8%) indicated that they have worked in the institution for a period between 0-5 years. The findings showed that highest representation of the respondents had been in the institution for a period between 11 to 15 years which means that they are conversant with the operations of the institution and thus more knowledge and skills contributing to quality of financial reports.
Distribution of Respondents by Academic Qualification

The study sought to ascertain the educational levels of sampled respondents. The results are shown in Table 4.6

<table>
<thead>
<tr>
<th>Academic Qualification</th>
<th>Frequency</th>
<th>Percentage %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>4</td>
<td>4.3</td>
</tr>
<tr>
<td>Diploma</td>
<td>6</td>
<td>6.5</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>64</td>
<td>69.6</td>
</tr>
<tr>
<td>Masters</td>
<td>18</td>
<td>19.6</td>
</tr>
<tr>
<td>Ph.D</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>100</td>
</tr>
</tbody>
</table>

From the results 64(69.6%) of the respondents indicated that they had under graduate degrees, 18(19.6%) had master’s degrees, 6(6.5%) had college diplomas, 4(4.3%) had certificates and 0(0%) had Ph.D. With the majority of respondents having degrees, it is expected that they have adequate knowledge of ERP system. This is an indication that the results obtained from the respondents can be relied upon.

Descriptive Findings and Discussions

Descriptive statistics are used to describe the basic features of the data in a study. They provide simple summaries about the sample and the measures. Together with simple graphics analysis, they form the basis of virtually every quantitative analysis of data (Kothari, 2014). This part presents the results of the study in form of tables and it also presents the descriptive analysis based on each variable. The respondents were asked to indicate whether they agree or disagree on the statements based on a Likert scale of 1 to 5 where 1=Strongly Disagree, 2=Disagree, 3 =Neutral, 4=Agree, 5 =Strongly Agree. The results of the study were presented as per the objectives of the study. The statistics used were minimum, maximum, mean and standard deviation.

**Fixed Assets Reporting**

The study sought the views of the respondent’s on fixed assets reporting. The results are presented in Table 4.7.

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accurate valuation of Depreciation affects quality of financial reporting</td>
<td>92</td>
<td>3</td>
<td>5</td>
<td>4.413</td>
<td>0.800</td>
</tr>
<tr>
<td>Complete recognition of Disposed assets affects quality of financial reporting</td>
<td>92</td>
<td>3</td>
<td>5</td>
<td>4.098</td>
<td>0.950</td>
</tr>
<tr>
<td>Timely Revaluation of assets affects quality of financial reporting</td>
<td>92</td>
<td>3</td>
<td>5</td>
<td>4.413</td>
<td>0.800</td>
</tr>
<tr>
<td>Effective and efficient recognition of Acquired assets affects the quality of financial reporting</td>
<td>92</td>
<td>1</td>
<td>5</td>
<td>4.217</td>
<td>1.248</td>
</tr>
</tbody>
</table>

From the findings the respondents agreed that accurate valuation of depreciation and timely revaluation of assets significantly affects quality of financial reporting (mean = 4.413; std dev = 0.800). The respondents also agreed that effective and efficient recognition of acquired assets affects the quality of financial reporting (mean = 4.217; std dev = 1.248). It was also noted that complete recognition of disposed assets affects quality of financial reporting (mean = 4.098; std dev = 0.950). The findings of the study concurred with the earlier study by Jingliang (2015) who revealed that there is a positive relationship between fixed assets reporting and quality of financial reports. This implies that accurate valuation of depreciation, complete recognition of disposals and quality of financial reports are positively related.

**Quality of Financial Reports**

The research sought to determine from the respondents the extent to which they agree with the listed statements about the quality of financial reports. The results are presented in Table 4.8.

Table 4.8: Descriptive Statistics for Quality of Financial Reports
The study established that respondents were in agreement that the adoption of ERP system leads to generation of complete financial reports and that also ERP system has enabled comparability of financial reports from previous financial years (mean = 4.120; std dev = 1.299). It was also noted that implementation of ERP system leads to timely generation of financial reports (mean = 4.022; std dev = 1.266). The respondents agreed that the use of ERP system has enabled generation of accurate financial reports (mean = 4.000; std dev = 1.099). The respondents were unsure whether ERP system has facilitated effective and efficient generation of financial reports (mean = 3.913; std dev = 0.834). The findings are in agreement with Wang’ombe & Kyalo (2012) who noted that quality and functional attributes of implemented ERP systems have a significant influence on the quality of financial reports generated by Kenyan universities. This implies that ERP system has a significant effect on quality of financial reports.

**Inferential Analysis**

After the descriptive analysis, inferential analysis was conducted using correlation and multiple regression analysis to determine the extent and direction of the relationship between budgeting, revenue reporting, expenditure reporting and fixed assets reporting on quality of financial reports of public universities in Uasin Gishu County.

**Correlation between Fixed Assets and Quality of Financial Reports**

The study sought to find out the relationship between fixed assets reporting and quality of financial reports. The correlation analysis results are presented in Table 4.9.

### Table 4.9: Fixed Assets Reporting Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>Quality of financial reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets Reporting</td>
<td>Pearson Correlation 0.981</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed) 0.000</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.05 level (2-tailed).**

The results revealed that there was a strong positive correlation between fixed assets reporting and quality of financial reports (r=0.981; p<0.05. This implies that fixed assets reporting significantly influence quality of financial reports.

**Multiple Regression Analysis**

The study determined combined effect of budgeting, revenue reporting, expenditure reporting and fixed assets reporting on quality of financial reports. The correlation analysis results are presented in Table 4.9.

### Table 4.10: Multiple Regression Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std.Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.982*</td>
<td>.965</td>
<td>.963</td>
<td>0.18254</td>
</tr>
</tbody>
</table>

a. Predictors:(Constant), Budgeting, Revenue, Expenditure and fixed assets reporting
b. Dependent Variable: Quality of Financial Reports

Model summary is used to analyze the variation of dependent variable due to the changes of independent variables. The study analyzed the variations of quality of financial reports due to the
changes of fixed assets reporting ($R^2=0.965$). This implies that there was 96.5% variation of quality of financial reports. The remaining 3.5% imply that there are other factors that affect quality of financial reports which were not discussed in the study. From the findings, the study noted that there was a strong positive relationship between the study variables.

Assessing the Fit of the Multiple Regression Model
The study sought to know whether the multiple regression model was fit for the data. The analysis of variance (ANOVA) was used to determine whether the data used in the study is significant. The results are presented in Table 4.11.

Table 4.11: Results of ANOVA

<table>
<thead>
<tr>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>79.870</td>
<td>4</td>
<td>19.967</td>
<td>599.258</td>
</tr>
<tr>
<td>Residual</td>
<td>2.899</td>
<td>87</td>
<td>0.033</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>82.769</td>
<td>91</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Quality of Financial Reports
b. Predictors: (Constant), budgeting, Revenue, Expenditure & Fixed Assets

From the ANOVA statistics, the processed data had a significance level of 0.000. This shows that the data is ideal for making conclusions on the population’s parameter as the value of significance (p-value) is less than 5% ($F=599.258; p<0.05$). This implies that budgeting, revenue reporting, expenditure reporting and fixed assets reporting significantly affect the quality of financial reports.

Table 4.12: Evaluating Individual Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.366</td>
<td>0.181</td>
</tr>
<tr>
<td>Fixed Assets Reporting</td>
<td>0.250</td>
<td>0.318</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Quality of Financial Reports
b. Predictors: (Constant), budgeting, Revenue, Expenditure & Fixed Assets

The findings indicates that budgeting is a significant predictor of quality of financial reports ($t=2.084; p=0.05$). Therefore the study rejected the null hypothesis that budgeting has no significant effect on quality of financial reports at a significance level of 5%. It was concluded that budgeting has significant relationship with quality of financial reports of public universities in Uasin Gishu County, Kenya. The study findings concur with Mehdi (2014) who established that there was a statistically significant and positive relationship between the budgeting and quality of financial reports. This implies that budgeting has significant positive relationship with quality of financial reports.

The study found out that fixed assets reporting is significantly predicts quality of financial reports ($t=3.926; p=0.05$). The study rejected the null hypothesis that fixed assets reporting have no significant effect on quality of financial reports of public universities in Uasin Gishu County, Kenya at a significance level of 5%. The study is in agreement with Jingliang (2015) who established that there was a statistically significant and positive relationship between fixed assets reporting and quality of financial reports. This implies that fixed assets reporting had significant positive relationship with quality of financial reports. From the outcomes of the t-test of individual regression coefficients, it was clear that all the independent variables and the constant would be included in the regression equation as they were significant ($p<0.05$).

Regression Model
The study evaluated the t-test of statistical significance of each individual regression coefficient. The findings are presented in Table 4.12.

The findings indicates that budgeting is a significant predictor of quality of financial reports ($t=2.084; p=0.05$). Therefore the study rejected the null hypothesis that budgeting has no significant effect on quality of financial reports at a significance level of 5%. It was concluded that budgeting has significant relationship with quality of financial reports. This implies that budgeting has significant positive relationship with quality of financial reports. From the outcomes of the t-test of individual regression coefficients, it was clear that all the independent variables and the constant would be included in the regression equation as they were significant ($p<0.05$).

Regression Model
The study evaluated the t-test of statistical significance of each individual regression coefficient. The findings are presented in Table 4.12.

The study evaluated the t-test of statistical significance of each individual regression coefficient. The findings are presented in Table 4.12.

The regression function shown in Equation 4.1 was used to explain results of regression analysis.

$$Y = 1.366 + 0.250X_4$$

Equation 4.1

It was also noted that improving fixed assets reporting by 1 unit enhances quality of financial reports by 0.250 units. Results in equation 4.1 above also indicate that if institutions don’t implement quality of financial reports, results will be constant at 1.366 units. Out of the four factors analyzed, revenue reporting was the most important in

Tuitoek and Kimani (2018)
generating 1 unit of quality financial reports. Therefore higher learning institutions ought to focus on revenue reporting to enhance quality of financial reports. The findings from the multiple regression analysis are in agreement with the prepositions of the theories that this study was anchored on. Fixed assets theory advocates for more which should be accurately reported in order to enhance the quality of financial reports.

5.0 Summary, Conclusion and Recommendations

Summary of Findings
The study sought to determine the effect of enterprise resource planning on quality of financial reports of public universities in Uasin Gishu County, Kenya. The summary of the study findings presented herein followed the research objectives formulated in chapter one of the study. The study noted that accurate valuation of depreciation and complete recognition of disposed assets affects quality of financial reports. It was found out that timely revaluation of assets and effective methods of recognizing acquired assets affects the quality of financial reports. The study established that there was a statistically significant relationship between fixed assets reporting and quality of financial reports and that if complete recognition of fixed assets is done, financial reports will be of great quality. Findings on effect of fixed assets on quality of financial reports support fixed assets theory which advocates for accurate recognition of fixed assets.

The study revealed that implementation of ERP system has led to timely generation of financial reports. It was established that the use of ERP system in the institution has enabled generation of accurate financial reports. It was also noted that the adoption of ERP system has led to generation of complete financial reports and that ERP system has enabled comparability of financial reports from previous financial years. The study also revealed that ERP system has facilitated effective and efficient generation of financial reports. It was established that the measures of ERP system investigated significantly influenced the quality of financial reports.

Conclusions of the Study
The study concludes that quality of financial reports can be improved by complete recognition of fixed assets. The study therefore concluded that budgeting is positively related to quality of financial reports. Fixed asset reporting affects quality of financial reporting. Accurate valuation of depreciation affects quality of financial reports. Complete recognition of disposed assets affects the quality of financial reports. Timely revaluation of fixed assets in the institution affects quality of financial reports. Effective and efficient recognition of acquired assets affects quality of financial reports. The study concluded that fixed asset reporting has a positive and significant effect on quality of financial reports.

Recommendations of the Study
Based on the findings, analysis, discussions and conclusions the study made the following recommendations for the purposes of practice and policy formulation regarding the effect of ERP system on quality of financial reports.
This study also recommends that the institution have more internal audit reviews to appraise and check on the strength of the instituted controls within the system. The ERP system is prone to fraud in cases where physical cash is involved, without internal audit reviews, there may arise cases of teaming and lading which may pass unnoticed leading to generation of incorrect financial reports. The study recommends that the government makes it mandatory for all public universities to use an ERP system in all their operations, this will lead to generation of high quality financial reports. Financial reports of high quality are useful for better planning and budgeting to the government.

Recommendations on Theories
There are a number of recommendations with regards to practical application of the theories that this study was anchored on. The study also recommends that fixed assets theory principles be applied as it advocates for institutions to acquire more assets.

Suggestion For Further Research Studies
The study recommends further research on a number of areas:
The influence of ERP system on the financial performance of public universities in Kenya
The effect of international financial reporting standards on financial statements of public organizations in Kenya

References


