© IIJP 2025 | Volume 1, Issue 2, pp. 56-68| ISSN: 2636-4484

THE EFFECT OF ENTERPRISE RESOURCE PLANNING (ERP) USAGE ON SME PROFITABILITY IN SOUTHWESTERN NIGERIA

Joseph Dada Olowo[1] & Olatunji Kolapo (Ph.D)

[1]Department of Sociology, Lead City University, Oyo State, Ibadan
olowo.joseph@lcu.edu.ng; olowojoseph70@gmail.com

[2]Department of Sociology, Lead City University, Oyo State, Ibadan.
kolapo.tunji@lcu.edu.ng; tunjikolapo@yahoo.com

ARTICLE INFO
Article No.: 004
Accepted Date: 23/04/2025
Published Date: 21/05/2025
Type: Research

:

ABSTRACT

Small and Medium Enterprises (SMEs) play a crucial role in fostering economic growth, job creation, and poverty reduction worldwide. Despite contributing approximately 46.31% to Nigeria's GDP and employing over 60 million people, SMEs in the country face challenges such as technological disruptions, and shifting consumer preferences. To mitigate these challenges, adopting (Enterprise Resources Planning) ERP System has emerged as a critical strategy. This study investigated the effect of Enterprise Resource Planning (ERP) usage on the profitability of Small and Medium Enterprises (SMEs) in Southwestern Nigeria. A descriptive cross-sectional design was adopted. The population comprised 1,390 owners, managers, and junior staff from seven selected companies: Rom Oil Ltd, Nampak Nigeria Ltd, Premier Feeds Mills Ltd, Belloxi Ltd, Drury Industries, Comestar Company Ltd, and Sunsteel Industries Ltd. A sample of 310 respondents was selected using the Taro Yamane sampling technique. Data were collected through a structured four-point Likert-scale questionnaire and analyzed using mean scores for the research questions and ANOVA for hypothesis testing. The findings showed that ERP usage had a significant positive effect on profitability, with a p-value of 0.000. Respondents agreed that ERP systems improved profit margins, financial performance, cash flow management, and sales target achievement. However, the study also revealed implementation challenges, including high costs, inadequate staff training, technical difficulties, poor IT infrastructure, and employee resistance to change. These challenges hindered the full benefits of ERP adoption. The study concluded that while ERP systems significantly enhanced SME profitability, their successful implementation required overcoming key organizational and technical barriers. The study recommended employee training, proper budgeting for ERP-related expenses, and improved IT infrastructure supported by change management strategies.

Keywords:, Enterprise Resource Planning (ERP), Small Medium Enterprises (SME) Profitability

INTRODUCTION

In today's global business environment, Small and Medium Enterprises (SMEs) profitability has become a topical issue of concern. This is because SMES play vital roles as the backbone for economies of many nations and drivers of employment creation. SMEs create 60% of manufacturing jobs and contribute not less than 50% of average GDP in high and low income nations. SMEs play critical roles in reducing poverty and fostering economic development (Oyekunle, Adebola, Patra, & Muchie 2020). According to a World Bank (2021) study, SMEs also account for more than 90% of all businesses worldwide and accounts for about seven out of ten employment opportunities. Therefore, as a result of the value that SMEs contribute to the nation and sub nations, scholars have now begun to show a lot of interest in the study of SMEs profitability and how they can enhance this profitability.

However, some SMEs still go extinct without being profitable after some few months or few years. Information from the Nigerian Association of Small and Medium Enterprises (NASME) shows that over 600,000 micro, small and medium enterprises (MSMEs) have shut down in Nigeria in the last one year, due to unfavorable business environments and other socioeconomic challenges. Despite their critical role, many SMEs in Nigeria fail within the first five years due to technological, economic, and policy-related challenges (Etim et al., 2022). This high failure rate contributes to national unemployment and poverty. This is evidenced in the high rate of unemployment, poverty and low standard of living. According to Odutola, Oyekola, and Ajayi (2021), many of these SMEs close shop few years after opening, while some retain a stagnant growth. In this case, these SMEs cannot be said to have made significant contribution, to the national economy or have achieved any level of profitability

In line with these challenges faced by SMEs in their strife to be profitable, several business strategies and technologies have been introduced to drive the competitiveness and resilience of these firms especially in an evolving economy like Nigeria. One of this is ERPs (Enterprise Resources Planning) Software. This is why Khalil et al (2022) averred that Business Owners/Managers can rely on Enterprise Resource Planning (ERP) which is a business management software system designed to manage and streamline an organization's business functions, processes and workflows, from finance, HR, manufacturing, supply chain, services, procurement, and others. Hence, ERPs utilization has a potential to support more efficient and effective decision-making process which will impact on the profitability of SMEs.

Statement of the Problem

Despite the increasing adoption of Enterprise Resource Planning (ERP) systems by Small and Medium Enterprises (SMEs) in Southwestern Nigeria, many businesses still struggle to achieve significant improvements in profitability, raising concerns about the effectiveness of ERP usage in this context. While ERP systems are designed to streamline operations, enhance decision-making, and improve financial performance, the actual impact on SMEs' profitability remains unclear due to challenges such as high implementation costs, limited technical expertise, poor user adaptation, and inadequate customization to local business needs. This gap between expected outcomes and real-world results highlights the need to investigate the extent to which ERP systems influence profitability among SMEs in the region, thereby providing insights for more strategic and effective use of ERP technologies in similar economic environments.

Aim and Objectives of the Study

The broad objective of this study is to examine the effects of Enterprise Resource Planning (ERP) usage on SME profitability in Southwestern Nigeria. The specific objectives are:

© IIJP 2025 | Volume 1, Issue 2, pp. 56-68| ISSN: 2636-4484

1. To examine the effect of Enterprise Resources Planning System (ERP) system usage on the profitability of selected SMEs in Southwestern Nigeria.
2. To examine the challenges of Enterprise Resource Planning (ERP) system adoption among Small and Medium Enterprises (SMEs) in Southwestern Nigeria.

Research Questions

1. What is the effect of Enterprise Resource Planning (ERP) system usage on the profitability of selected SMEs in Southwestern Nigeria?
2. What are the challenges facing the adoption of Enterprise Resource Planning (ERP) systems among Small and Medium Enterprises (SMEs) in Southwestern Nigeria?

Hypothesis

The study is guided by the following null hypothesis:

H_01:- SME's that utilizes ERP as an ICT business management tool will not positively and significantly influence level of profitability.

LITERATURE REVIEW

Conceptual Framework of Study

Independent Variable → Dependent Variable

Enterprise Resources Planning System (ERP) Usage → **Profitability**

Enterprise Resource Planning (ERP)

Enterprise Resource Planning (ERP) is a type of software system that helps organizations integrate and manage core business processes in real-time. ERP systems unify data from various departments such as finance, human resources, inventory, procurement, and customer service into a single system. According to Oracle (2023). An ERP system uses software, hardware and network components essential for operating enterprise resource planning to help streamline business processes such as procurement, finance, supply chain, operations, ERP systems eliminate the burden of each department in an organization having to ask for heavy information from other departments all the time. With the ERP system in place, each department will have its system customized for their specific tasks but will be able to access other systems through one ap plication.

ERP systems are especially valuable for businesses that aim to improve data accuracy and streamline operations. The system allows for consistent information sharing across departments, leading to better decision-making and increased operational efficiency. As highlighted by Strutner (2022). ERP primary advantage is that it can provide a financial management platform where it combines various financial tools such as pay ment processing, accounting, fixed asset management and revenue recognition. The system integrates these important components and provides a clear view of a company's financial state in real time.

In the evolving business environment, ERP has transitioned from being a tool exclusive to large organizations to being accessible to smaller enterprises due to advancements in cloud-based solutions. This shift is particularly relevant in developing economies where cost constraints have traditionally hindered adoption. As noted by McCue, (2022; the adoption of ERP systems affords Small firms access to critical intelligence, such as inventory levels, sales data, customer information, and supply chain data, which enables retail businesses to make informed decisions quickly, identify issues before they occur, and increase overall productivity.

Enterprise Resource Planning (ERP)systems can be defined as a computer-based integrated system designed to process company transactions and facilitate integrated planning, real-time production activities, and fast consumer response. An ERP system can provide material resource planning. It is an information system that integrates and automates all departments within a company, such as finance, human resources, logistics, etc., as well as helps the total management of company resources that have an integrated function in one system (Aremu, Shahzad, & Hassan 2018). Additionally, in utilizing Oliverio et al (2023) definition, ERP system by design collects, stores, manages, processes, and interprets the data generated and enables them to be accessed in real time. Effective ERP systems today are the primary tools which employees use to perform daily business activities. ERP and business process improve systems integrating corporate data, especially inventory management.

Small and Medium Enterprises (SMEs)

Small and Medium Enterprises (SMEs) are widely recognized as key drivers of economic growth, innovation, and employment generation across both developed and developing economies. They account for the majority of business establishments globally and are instrumental in poverty alleviation and wealth creation. According to Oyekunle et al (2020) SMEs create 60% of manufacturing jobs and contribute no less than 50% of average GDP in high-income nations and in low-income nations, SMEs play a critical role in reducing poverty and fostering economic development

Despite their critical role in the economy, SMEs often face substantial challenges, including limited access to finance, poor infrastructure, low technological adoption, and a lack of skilled manpower. These limitations affect their productivity and growth potential. According to Etim et al (2023) argue that the survival and growth of SMEs in Nigeria are constrained by internal weaknesses, restricted access to financing, equity and payments services. Access to financial services can consequently stimulate employment creation, raise income, reduce vulnerability and increase investments in human capital and external environmental factors, which necessitate targeted interventions such as the adoption of technology-based solutions like ERP.

In Southwestern Nigeria, SMEs operate in diverse sectors including manufacturing, retail, agriculture, and services. Their impact on regional development is considerable, yet many are still reliant on manual and inefficient processes. The adoption of digital tools like ERP can provide a significant leap in operational capabilities. As emphasized by Adetowubo-King et al (2023), the ability of SMEs to adapt to technological changes is critical to sustaining competitive advantage in the increasingly dynamic Nigerian market environment.

Profitability

Profitability is a core measure of a business's financial health and performance, reflecting the ability to generate earnings relative to revenue, operational costs, or assets. Profitability metrics, such as net profit margin, return on assets, and return on equity, are essential for evaluating how effectively a business uses its resources. According to Olayinka (2022, profitability is not only a function of income generation but also of cost management, strategic investments, and operational efficiency.

Several factors influence profitability, including market conditions, pricing strategies, innovation, customer satisfaction, and internal process optimization. Technological adoption, such as the use of ERP systems, plays a vital role in improving these areas by enhancing information flow and decision-making. Molina-Castillo (2022) found that businesses that implement ERP systems effectively often experience improved financial performance due to better inventory management, reduced operational errors, and timely financial reporting. These systems also facilitate sharing information across organizational units, which, in turn, helps with decision-making, due to the fact that they offer a wide, reliable and consistent view about the processes and activities in the organization in a short time

In the context of SMEs, profitability remains a critical concern due to their often limited capital base and vulnerability to market fluctuations. Many SMEs struggle with maintaining profitability due to high operating costs and poor resource allocation. According to Eniola and Entebang (2015), improving SME profitability in Nigeria requires not only financial support but also the integration of technology-driven systems that improve efficiency and reduce waste. This places ERP as a potentially transformative tool for boosting the profitability of SMEs.

Effect of Enterprise Resource Planning (ERP) Usage on SME Profitability

The adoption of ERP systems by SMEs can have a substantial impact on their profitability by streamlining operations, reducing costs, and enhancing productivity. ERP provides real-time data access, reduces redundancy in operations, and supports better decision-making, all of which contribute to financial gains. According to Estébanez,(2021), ERP systems can improve cost control and operational efficiency among SMEs, leading to increased profitability in the long term.

However, the impact of ERP on profitability is highly dependent on how well the system is implemented and utilized. Poor customization, lack of user training, and resistance to change can hinder the potential benefits. Zaied and Mohmed (2020). highlight that successful ERP implementation in SMEs requires proper planning, clear objectives, and employee involvement. When these factors are in place, ERP can help SMEs reduce operational bottlenecks and improve customer service, which in turn enhances profitability.

In the Nigerian context, particularly in the Southwest region, the effect of ERP on SME profitability is becoming increasingly noticeable as more businesses turn to digital solutions to remain competitive. According to Onwe and Ifeanyi (2020), ERP implementation in Nigerian SMEs has led to improved inventory management, customer relationship management, and financial reporting—all of which positively influence profitability. However, challenges such as high implementation costs and lack of IT expertise remain significant barriers that must be addressed to fully harness the benefits of ERP in improving SME profitability. Furthermore, Aremu et al (2018) evaluated the effects of ERP system deployment on the link between medium sized company profitability, organizational structure, and technological advances in Southwestern Nigeria. Data were gathered from Small and medium-sized firms in Southwestern Nigeria. Structural equation modeling was employed to analysed the data collected. Results showed that ERP software usage impacted SMES profitability, organisational structure, technological advances.

Theoretical Framework

The Dynamic Capability Theory (DCT), proposed by Teece in 2007, serves as a relevant theoretical framework for understanding the relationship between Enterprise Resource Planning (ERP) usage and SME profitability in Southwestern Nigeria. DCT posits that a firm's ability to integrate, build, and reconfigure internal and external competencies in response to rapidly changing environments is essential for achieving and sustaining superior performance. In this context, ERP systems represent a strategic resource that can significantly enhance SMEs' operational efficiency, information management, and decision-making capabilities. However, the mere adoption of ERP is insufficient; its successful deployment and the resulting profitability depend on the firm's dynamic capabilities—its ability to adapt its organizational structure, processes, and human capital to fully exploit the technology. The theory emphasizes that competitive advantage and profitability from ERP systems can only be realized when supported by unique, non-replicable routines, skills, and complementary assets, such as training, leadership commitment, and innovative culture. DCT thus aligns with the study's focus on examining how ERP usage contributes to profitability, not merely as a technological input, but as a function of continuous adaptation, learning, and innovation within SMEs. This framework also helps explain why some SMEs thrive while others lag despite similar technological investments, underscoring the role of strategic flexibility and resourcefulness. Therefore, DCT will guide this study in assessing the extent to which SMEs' ability to adapt and evolve through ERP usage influences their financial outcomes and long-term competitiveness in a dynamic business environment.

METHODOLOGY

This research adopted a descriptive cross-sectional design. The population of the study consisted of 1,390Owners /Mangers and Junior Staff of SMEs from 7 companies in Southwestern Nigeria. These companies include Rom Oil Ltd, Nampak Nigeria Ltd, Premier Feeds Mills Ltd, Belloxi Ltd, Drury Industries and Comestar Company Ltd, Sunsteel Industries Ltd. The sample of the study consisted of 310 respondents. The sampling technique used for selecting the sample was Taro Yamane. The instrument for data collection was a structured questionnaire of four-point modified Likert scale consisting of SA, A, D and SD. The method of data was mean score for answering the research questions and ANOVA for testing hypotheses.

RESULTS AND DISCUSSION

Presentation of Data

Table 1: Descriptive Analysis of the Responses on Profitability

	Profitability	SA	A	D	SD	Mean
1	The ERP system has contributed to an increase in our company's profit margins.	176 (58.3%)	91 (30.1%)	22 (7.3%)	13 (4.3%)	3.42
2	The ERP system has improved our company's overall financial performance.	135 (44.7%)	142 (47.0%)	14 (4.6%)	11 (3.6%)	3.33
3	The ERP system has helped in effectively managing our company's cash flow.	190 (62.9%)	97 (32.1%)	12 (4.0%)	3 (1.0%)	3.57
4	ERP has enabled us to make more profitable business decisions.	229 (75.8%)	59 (19.5%)	10 (3.3%)	4 (1.3%)	3.70
5	ERP has contributed to achieving our sales targets.	146 (48.3%)	102 (33.8%)	47 (15.6%)	7 (2.3%)	3.28

Table 1 presents the descriptive statistics on how ERP systems influence profitability within the organizations surveyed. A large proportion of respondents strongly agreed or agreed that ERP systems positively affect profitability indicators. Specifically, 88.4% (SA + A) affirmed that ERP has contributed to an increase in profit margins (Mean = 3.42), while 91.7% agreed it improved overall financial performance (Mean = 3.33). The strongest consensus emerged on ERP's role in enabling profitable business decisions, with 95.3% agreeing or strongly agreeing (Mean = 3.70), the highest mean in the table. Similarly, 95% of respondents agreed that ERP helps manage cash flow effectively (Mean = 3.57), suggesting operational improvements. Though slightly lower, 82.1% still agreed that ERP supports achieving sales targets (Mean = 3.28). Overall, the results suggest that ERP implementation has been perceived positively in terms of enhancing profitability, with high mean scores across all items, indicating strong agreement among respondents.

Table 2: ERP Adoption Challenges

ERP Adoption Challenges	SA	A	D	SD	Mean
1 The high cost of implementing ERP systems is a major barrier for our company.	188 (60.6%)	89 (28.7%)	23 (7.4%)	10 (3.3%)	3.47
2 Lack of adequate staff training hinders the effective use of ERP systems.	172 (55.5%)	96 (31.0%)	29 (9.4%)	13 (4.2%)	3.38
3 Technical difficulties and system complexity make ERP adoption challenging.	140 (45.2%)	121 (39.0%)	32 (10.3%)	17 (5.5%)	3.24
4 Poor IT infrastructure limits the efficiency of ERP systems in our organization.	154 (49.7%)	113 (36.5%)	28 (9.0%)	15 (4.8%)	3.31
5 Resistance to change from staff affects successful ERP implementation.	167 (53.9%)	99 (31.9%)	31 (10.0%)	13 (4.2%)	3.35

Table 2 outlines the challenges faced by organizations in adopting ERP systems, with a focus on barriers to effective implementation. The majority of respondents identified high implementation costs as the most significant barrier, with 89.3% agreeing or strongly agreeing (Mean = 3.47). Lack of adequate staff training was also widely recognized, with 86.5% in agreement (Mean = 3.38), pointing to human resource gaps in ERP utilization. Technical difficulties and system complexity were affirmed by 84.2% (Mean = 3.24), and 86.2% acknowledged poor IT infrastructure as a limiting factor (Mean = 3.31). Additionally, 85.8% of respondents noted that resistance to change from staff negatively affects ERP adoption (Mean = 3.35). These findings indicate that while ERP systems offer clear financial benefits, their successful adoption is hindered by cost, training deficits, technological constraints, and organizational culture challenges. Addressing these barriers is crucial for maximizing the benefits of ERP systems.

Test of Hypotheses

H_o1: SME's that utilizes ERP as an ICT business management tool will not positively and significantly influence level of profitability.

The null hypothesis was tested using simple linear regression analysis to assess the relationship between ERP usage and profitability in selected SMEs in Southwest Nigeria. In this analysis, the dependent variable, profitability, was regressed on the independent variable, ERP usage. The data for ERP usage was generated by summing responses from all relevant items, while profitability was derived by aggregating responses from the items used to measure this variable. The regression analysis results is presented in Table 3,

Table 3: Summary of Regression Analysis for Effect of ERP Usage on Profitability of Selected SMEs in South West Nigeria

Model		**F(df)**	**ANOVA Sig**
R	0.714[a]		
R Square	0.510	312.627(1,300)	0.000
Adjusted R Square	0.509		
Coefficients	**Unstandardized Coefficients**	**t**	**Sig**
(Constant)	5.621	8.461	0.000
Enterprise Resource Planning System (ERP	0.724	17.681	0.000

a. Dependent Variable: Profitability

b. Predictors: (Constant), Enterprise Resource Planning System (ERP)

Source: Researcher's Field Survey Results, 2024

The result from Table 3, indicates a positive and statistically significant effect of Enterprise Resource Planning (ERP) usage on the profitability of selected SMEs in Southwest Nigeria. The coefficient of determination (R^2) is 0.510, which means that ERP usage accounts for 51.0% of the variance in profitability, while the remaining 49.0% is influenced by other factors not examined in this study. The results of the ANOVA test further confirm the model's significance, with an F-value of 312.627 (df = 1, 300) and a p-value of 0.000, which is statistically significant at a 95% confidence level. This indicates that ERP usage has a significant effect on the profitability of SMEs in Southwest Nigeria.

Moreover, the regression coefficients show that ERP usage has a positive and significant impact on profitability. Specifically, the unstandardized coefficient for ERP is 0.724, with a t-value of 17.681 and a p-value of 0.000. This suggests that a unit increase in ERP usage will lead to a 0.724 increase in the profitability of SMEs, holding all other factors constant.

The regression model can be restated as follows:

Profitability = 5.621 + 0.724 * ERP

On the basis of the R^2 value (0.510), F-statistic (312.627), and p-value (0.000), the null hypothesis, which states that ERP usage has no significant effect on the profitability of SMEs, is rejected. This conclusion implies that ERP usage significantly influences the profitability of SMEs in Southwest Nigeria.

Discussion of Findings

The findings from the present study indicate that ERP systems significantly contribute to the profitability of organizations. High levels of agreement among respondents suggest that ERP systems enhance financial performance by improving profit margins, cash flow management, and decision-making processes. This aligns with the findings of , Onwe and Ifeanyi (20200 who observed that ERP implementation positively impacts organizational performance by integrating business processes, thereby enhancing operational efficiency and financial outcomes. In the current study, the high mean scores—particularly for decision-making (3.70) and cash flow management (3.57)—demonstrate strong support for ERP's role in improving strategic and financial performance.

Despite these benefits, the study also reveals substantial challenges that impede effective ERP implementation. Chief among these are high implementation costs, lack of staff training, and technical complexity, all of which received high levels of agreement from respondents. These barriers reflect findings by Amade et al (2022), who noted that inadequate training and high costs are common obstacles that reduce the effectiveness of ERP systems in developing countries. Resistance to change and poor IT infrastructure also emerged as notable issues, underscoring the need for organizations to not only invest in ERP technology but also in change management and capacity building. Therefore, while ERP systems offer clear profitability benefits, addressing implementation challenges is essential for organizations to fully realize these gains.

The hypothesis that SMEs utilizing Enterprise Resource Planning (ERP) systems will not positively and significantly influence their level of profitability was rejected based on the study's findings. The results revealed a strong positive relationship between ERP usage and profitability, with a coefficient of determination (R^2) of 0.510, indicating that ERP accounts for 51% of the variance in profitability among selected SMEs in Southwest Nigeria. This relationship was further supported by the ANOVA results (F = 312.627, p = 0.000), confirming the statistical significance of the model. The regression analysis showed an unstandardized coefficient of 0.724, meaning that for every unit increase in ERP usage, SME profitability increases by 0.724 units, with the regression model expressed as Profitability = 5.621 + 0.724 * ERP. These findings are consistent with Weeramanthri et al. (2021), who found that ERP positively impacts innovation and profitability among SMEs in Sri Lanka, and with Oladimeji (2023), who demonstrated that ERP adoption significantly enhances firm profitability in Nigeria by improving communication, organizational structure, and technological adaptability. Overall, the results underscore the vital role of ERP in driving business performance and operational efficiency in SMEs.

The results of this study is also in line with our Dynamic Capability Theory, which identifies critical factors such as top management support and organizational readiness as important antecedents to successful ERP adoption. These factors are likely to influence how effectively ERP systems can improve profitability in SMEs. (Lutfi et al 2022). This theory is therefore applicable to this study because there will be increased profitability if the manager is able to deploy appropriate talents and take essential measures based on the prevalent circumstance.

SUMMARY OF FINDINGS

The study examined the impact of ERP (Enterprise Resource Planning) systems on organizational profitability and the challenges encountered during ERP implementation. The findings revealed that ERP systems significantly enhance organizational profitability, as evidenced by high levels of agreement among respondents on indicators such as improved profit margins, better financial performance, effective cash flow management, more profitable business decisions, and achievement of sales targets. These results suggest that ERP systems are widely perceived to be valuable tools in improving financial outcomes and operational efficiency.

However, the study also identified several challenges that hinder effective ERP adoption. These include the high cost of implementation, insufficient staff training, technical complexities, inadequate IT infrastructure, and resistance to change from employees. Each of these barriers received strong agreement from respondents, highlighting critical areas organizations must address to fully benefit from ERP systems. Overall, the study concludes that while ERP systems positively impact profitability, their successful implementation depends on overcoming key organizational, technical, and financial challenges.

The results showed a significant positive relationship with profitability, with a p-value of 0.000. This led to the rejection of the null hypothesis, indicating that ERP usage positively and significantly influences SME profitability.

Conclusion

In conclusion, the study demonstrates that ERP systems play a significant role in enhancing organizational profitability by improving financial performance, decision-making, cash flow management, and sales outcomes. However, despite these clear benefits, successful implementation is often hindered by substantial challenges such as high costs, lack of adequate staff training, technical complexity, poor IT infrastructure, and resistance to change. Therefore, for organizations to fully realize the advantages of ERP systems, it is essential to address these barriers through strategic planning, sufficient resource allocation, capacity building, and effective change management initiatives.

Recommendations:

Based on the findings of this study, the following recommendations are made:

1. Organizations should prioritize continuous training and capacity building for employees to enhance their understanding and effective use of ERP systems. This will minimize operational errors, improve user adoption, and ensure optimal utilization of the system's features.
2. Given the high costs identified as a major barrier, companies should plan and budget appropriately for ERP projects. This includes not only the initial purchase and installation but also maintenance, upgrades, and support services.
3. Organizations must strengthen their IT infrastructure to support ERP systems and implement structured change management strategies to address employee resistance. This includes involving staff early in the process, communicating benefits clearly, and providing technical support during and after implementation.

Limitations of the Study and Suggestion for Further Studies

The limitation of this study is that the performance of SMEs was viewed from only one spectrum which is profitability. The performance spectrum of SMEs are however more than the one used in this study. Thus, there is a need for further research to unravel the influence of ERP on several other dimensions of SME's performance such as customer service, job satisfaction, motivation inventory management, and a lot of others. Findings from such study can provide all-encompassing empirical evidence to describe the causality between ERP and performance of SMEs in a comprehensive context.

Another limitation of this study as identified is that it relied on a quantitative methodology. This might have narrowed the empirical insights generated. It could have also shut out deep insights of the phenomena if an in-depth survey of the respondents was undertaken. It is therefore recommended that further research should apply qualitative methodologies in order to unravel deep insights into how ERP actually impacts the performance of SMEs in Nigeria.

REFERENCES

Adetowubo-King, S. A., Oladipo, O. T., & Olatoye, A. O. (2023). Strengthening the Impact of Technological Changes on the Performance of Small and Medium Enterprises in Lagos State, Nigeria: Strengthening the Impact of Technological Changes on the Performance of Small and Medium Enterprises. *Covenant Journal of Business and Social Sciences*, 16-16.

Amade, B., Ogbonna, A. C., & Nkeleme, E. I. (2022). An investigation of the factors affecting successful enterprise resource planning (ERP) implementation in Nigeria. *Journal of Construction in Developing Countries*, *27*(1), 41-63.

Aremu, A Shahzad, A & Hassan. S. 2018 *Factors affecting enterprise resource planning adoption on firms' performance among medium-sized enterprises*. International Journal of Supply Chain Management, 7. 308-315.

Eniola, A. A., & Entebang, H. (2015). SME firm performance—Financial innovation and challenges. *Procedia - Social and Behavioral Sciences,* 195, 334–342. https://doi.org/10.1016/j.sbspro.2015.06.361

Estébanez, R. P. (2021). Assessing the Benefits of an ERP Implementation in SMEs. An Approach from the Accountant´ s Perspective. *Scientific Annals of Economics and Business*, *68*(1), 63-73.

Etim, G. S., James, E. E., Ekong, J. E., & Jemil, D. O. (2023). Information and communication technologies (ICT) and performance of micro, small and medium enterprises (MSMEs) in Nigeria. *African Journal of Economics and Sustainable Development*, *6*(3), 89-112.

Etim, O. E., Akpan, J. W., Augustine, B. I., & Michael, E. E. (2022). Small business mortality and survival strategies in Nigeria. *International Journal of Applied Business and Management Sciences*, *3*(2), 121-160.

Khalil A. Woujoud, H Abdelli, M.A. Baccouche, I & Nasr. H.E. 2022. The impact of digital technologies on SMEs' resilience during the COVID-19 pandemic. In Management and Information Technology in the Digital Era (Vol. 29, pp. 111-126). *Emerald Publishing Limited.* https://doi.org/10.1108/S1877-636120220000029008

Lutfi,A. Alshira'h, A.F Alshirah, M.H. Al-Okaily, M. Alqudah, H. Saad, M Ibrahim, N & Abdelmaksoud. O (2022).*"Antecedents and Impacts of Enterprise Resource Planning System Adoption among Jordanian SMEs."* Sustainability 14, no. 6: 3508. https://doi.org/10.3390/su14063508

McCue, I. (2022, February 11). 15 Benefits of ERP for Businesses in 2022. Oracle NetSuite. https://www.netsuite.com/portal/resource/articles/erp/erp-benefits.shtml

Molina-Castillo, F. J. (2022). The role of ERP in business model innovation: Impetus or impediment. *Digital Business*, 2(2), 100024.

Odutola, O.A, Oyekola, O.O, & Ajayi, J.O. 2021. *Fiscal Policy and SMEs Sustainability: Post-Covid19 Era in Nigeria*. Journal of Business and Management (IOSR-JBM) Volume 23, Issue 9. Ser. III, PP 07-11

Oladimeji, A. (2023). Developing an ERP adoption framework for the retail industry of a developing country: case study of a Nigerian company.

Olayinka, A. A. (2022). Financial statement analysis as a tool for investment decisions and assessment of companies' performance. *International Journal of Financial, Accounting, and Management*, *4*(1), 49-66.

Oliverio, M.B.M Panes, D.E.T Vinluan, T.M.C Intal, G.L. & Balan. A.K. 2023. *Business process reengineering and ERP system implementation plan for a manufacturing company: A case study*. Journal of Namibian Studies: History Politics Culture, 35,4622–4643. https://doi.org/10.59670/jns.v35i.4569

Onwe, O. J., & Ifeanyi, E. C. (2020). Impact of enterprise resource planning (ERP) on business performance of SMEs in Nigeria. *International Journal of Business and Management Invention*, 9(5), 1–8.

Oracle. 2023. What is ERP. Available at: https://www.oracle.com/erp/what-is-erp/. Accessed 15.5.2023.

Oyekunle A, Adebola O, Patra S.K , & Muchie M.(2020) "SMEs in Sustainable Development: Their Role in Poverty Reduction and Employment Generation in Sub-Saharan Africa." *African Journal of Science, Technology, Innovation and Development* 12 (4), 405–19. https://doi.org/10.1080/20421338.2019.1656428

Strutner, S. 2022. Financial Management Explained: Scope, Objective, and Importance. Available at: https://www.netsuite.com/portal/resource/articles/financial-management/financial-management.shtml. Accessed 13.3.2023.

Teece. D.J. (2007) *Explicating dynamic capabilities: the nature and micro foundations of (sustainable) enterprise performance*. Strategic management journal, 28(13), 2007, 1319-1350.

Weeramanthri, W.A.D.K.E. Gunawardana, K.D. & Kulathunga, K.M.S.D. (2021)"Impact of ICT Usage on SMEs' Innovations in Western Province of Sri Lanka." International Journal of Governance and Public Policy Analysis 4, no. 1: 91–104.

World Bank, (2021) Small & Medium Enterprises (SMEs) Finance. Improving SMEs' Access to Finance and Finding Innovative solutions to Unlock Sources of Capital, 2021, https://www.worldbank.org/en/topic/smefinance

Zaied, A. N. H., & Mohmed, S. (2020). ERP implementation road map for small and medium size enterprises (SMEs). *Journal of Intelligent Systems and Internet of Things*, *2*(1), 14-25.