

**THE INFLUENCE OF KNOWLEDGE MANAGEMENT
PRACTICES ON PERFORMANCE OF SELECTED
GLOBAL AUDIT FIRMS IN KENYA**

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DECLARATION

This research project is my original work and has not been presented for a degree in any other University.

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This research project has been submitted for examination with my approval as the University Supervisor

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DEDICATION

This research project is dedicated to my husband Antony Ng'ang'a, my sons Matu and Tunai, for their relentless support throughout my study period. God bless you abundantly.

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ABBREVIATIONS AND ACRONYMS

BAT	British America Tobacco
EPZ	Export Processing Zone
EY	Ernst & Young
ICPAK	Institute of Certified Public Accountants of Kenya
KM	Knowledge Management
KMS	Knowledge Management Strategies
PwC	PricewaterhouseCoopers
RBV	Resource-Based View
SC	Social Capital
KBV	Knowledge Based View

ABSTRACT

The business environment within which firms operate has been very unstable. The political anxieties, competition from new entrants. Adoption of urgent measures has helped control these challenges as this industry is of much importance to the country's economy. Audit firms respond to competition in different ways. KBV has identified that advanced knowledge is a key ingredient to enhancing productivity of audit firms. Despite knowledge being recognized as an important asset many audit firms are not doing enough to effectively manage this important asset for competitive advantage. There has been limited knowledge on empirical evidence on the influence of knowledge management practices on performance of Kenyan auditing firms, hence the research gap. There are convincing reasons for organizations such as audit firms to adopt knowledge management practices, to enhance their performance, in the wake of declining tourist number in Kenya. This study sought to examine the influence of knowledge management practices on Kenyan auditing firms. The study adopted a descriptive cross-sectional design, which is used when a certain problem has been specially described and when the researcher is explained for the problem by the respondents. It aimed at examining the influence of knowledge management practices on selected Kenyan audit firms. The target population was the 156 personnel of (4) four audit firms (EY, PricewaterhouseCoopers, KPMG and Deloitte & Touché), who are management staff stationed at their Head Offices in Nairobi. This research problem was studied using census survey. Questionnaires were used to collect mainly quantitative and qualitative information. Quantitative data gathered was analyzed using descriptive statistic such as percentages, averages, standard deviations and frequencies. Bar charts, graphs and pie charts depicted the information. A regression model was used to depict the connection between the various variables. The study found that knowledge identification, knowledge acquisition, knowledge sharing and knowledge application significantly affected the performance of audit firms in Kenya. The study also revealed that knowledge identification, knowledge acquisition, knowledge sharing and knowledge application had positive significant effect on performance. There is need for the management of audit firms to improve on their knowledge transfer as the study found positive association between performance of audit firms in Kenya and transfer of knowledge. There is need for the management of audit firms to improve their strategies for knowledge application strategies.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Knowledge management is deemed as a benefit to marketing-oriented companies considering its diversification across other disciplines: Tan, (2011) states that knowledge should be accentuated. According to Rajender and Kumar, (2012), information and knowledge being re-used minimizes clarity of past projects and prevents cost wastage in rectifying challenges. Eminence of solutions during the construction phase of a construction project is hence improved.

By the resource profile of a company, enactment is driven whereas The RBV states that superior performance source according to Wernerfelt, (1984) is embedded in the possession and deployment of distinctive resources that are difficult to imitate. In accordance with knowledge-based theory of the firm, knowledge is an important resource for the organization. Because of their KMS, the KBV illustrates that firms can differentiate themselves whereas according to Janz and Prasarnphanich, (2003), for an organization to remain competitive in the turbulent environment, there is need for them to align their action and goals as stated in the theory of organization learning.

Audit firms in Kenya are influenced by both the external and internal environment such regulatory changes, socio-cultural changes, technological changes, economic challenges, systems and structures and inadequate resources. Audit firms engage in knowledge management because of the numerous benefits that KM brings in enhancing business performance (Wong, Yee, Ling, Lin & Leong, 2012). For a company to be assimilated into a knowledge-based economy is usually turned into a critical stage by the adoption and implementation of KM practices among audit firms. For audit firms to increase

learning and improve performance, they need to capture, share and use productive knowledge within their companies. New strategic imperative of organizations is progressively being acknowledged as Knowledge. Changing of operating environment according to Aosa (2002), is leading to the renovation of the business landscape. For adaptation of the changing business environment, strategy will be therefore vital. The study hence tried to establish the influence of knowledge management practices on performance of selected audit firms in Kenya.

1.1.1 Knowledge Management Notion

The new era of technological application is KM; incorporated in decision-making, critical planning etc. Knowledge according to Sher and Lee, (2004) is hence slowly next to labor, land and capital becoming the most important factor of production. The essence of competitive advantage according to Liu and Wei, (2009) is providing various abilities, which promote uniqueness to various companies such as Knowledge-based assets or resources. Dalkir (2005), states that a strategic approach is needed to ensure that they utilise the company's knowledge base, and also some of their individual skills, competences, thoughts, and ideas to establish a more effective company is represented by Knowledge management.

Knowledge management processes include knowledge identification, creation, acquiring of knowledge, transferring this knowledge, sharing this knowledge, and exploitation and they could affect companies by: creating knowledge, which will in turn contribute to improved firm's performance. Similarly, as noted by Mohrman, Finegold and Mohrman, (2003) a firm's performance can be improved when the organisation creates and uses knowledge and knowledge development moreover as noted by Marques and Simon,

(2006) transfer and protection improve firm's performance. There is a significant relationship between KM processes and organization performance as stated by Salina and Wan Fadzilah (2008).

KM processes as used by David and Yusoff (2010) included acquiring of knowledge and applying this knowledge, to increase social capital and having the company's performance improved. Knowledge is the most strategically significant resource of the firm as considered by the KBV theory. This opinion is made up of knowledge-holding employees considers a firm to be a distributed knowledge system. Moreover it maintains a firm's role to be coordination of the employees' work so that the knowledge and value for the firm is created (David & Yusoff, 2010; Spender, 1996).

According to Takeuchi and Nonaka, (2004), for the organisation to acquire, store and utilise knowledge for problem solving, dynamic learning etc., there has to be the aid of knowledge management practices. Moreover according to Lang, (2004), KM is able to curb decay and loss from intellectual assets. So as to sustain competitive advantage, knowledge assets should be maintained and managed. Knowledge management hence poses a strategic issue for companies (Curado, 2008; Stam, 2007; Warner & Witzed, 2004).

1.1.2 Knowledge Management Practices

Firms acquiring, applying and storing their own intellectual capital is referred to as Knowledge management (Wickramasinghe, 2003). Liew (2007) argues that knowledge management encompasses creation of knowledge, sharing of knowledge and its application, in order for an organization to maintain its value and competitiveness. Kakabadse and Kouzmin (2001), Levine and Moreland (1999) all recognize that an

important factor for organization's success and competitiveness is creating and transferring of knowledge. An organization must develop efficient means for creating knowledge, transferring knowledge for him/ her to achieve and maintain a competitive advantage. Successful organizations as stated by Jashapara, (2004) are those that adopt knowledge management practices in a strategic manner. The exploitation and development of knowledge assets in order to fulfill an organization's objectives is linked to knowledge management.

According to Zack, McKeen & Singh, (2009), observable organizational activities related to knowledge management are knowledge management activities. Various knowledge management practices have led to the implementation of formal approaches to knowledge management hence influencing the application of organizational knowledge. From KM, stand point KM practices and organizational performance are related as put up by previous studies. A study conducted by Suzana and Kasim (2010) on the role played by knowledge management practices in enhancing firm performance. The study found that levels of knowledge management practices were essential in identifying and improving organizational performance.

Knowledge management practices take different forms therefore, it is necessary to take a flexible approach in describing and classifying them. Six categories as conducted by Earl (2001) entail leadership, knowledge capture and acquisition, training and mentoring, policies and strategies, communication and incentives. Coombs and Hull (1998) describes approach which are both formal and informal practices; written and unwritten; fully knowledge-centered or only partially knowledge-centered and so on. These routines are involved directly in knowledge application resulting to an organization's being able to transform its operations and explore new opportunities.

1.1.3 Organizational Performance

Ongeti (2014) has explained that a company's performance relates to efficiency, effectiveness, financial stability as well as relevance of the firm. The ability of an organization to achieve its goals by using resources efficiently and effectively is Organizational performance. Effectiveness means providing a product or a service that meets customers' needs while efficiency is about how the organization uses resources to achieve organizational objectives. According to Ekawati (2014), corporate performance measures commonly used include the productivity of the organization, organizational effectiveness and industry rating. He has provided the case of General Electric to illustrate these measures, which uses profitability, market position, productivity, product leadership, personnel development, employees' attitude and social responsibility as measures of performance.

Gittell (2005) on his part has explained key success factors in organizational performance, which include leadership, culture strategy and coordination. Another tool of measuring performance is the balanced scorecard. It also entails rules that give top administrators an understandable assessment of business. Business rules that explain results of actions already taken are considered. These financial measures have operational measures that deal with customer satisfaction, internal processes and the organization's innovation and improvement activities. For managers to be able to view performance in several areas simultaneously one has to consider the complexity of managing an organization. According to Kaplan and Norton, (2012) it entails looking at business from the following dimensions: internal processes; Innovation and learning and financial perspective.

1.1.4 Audit Firms in Kenya

There are a number of audit firms in Kenya but only a few of them have extended their operations internationally. According to ICPAK the number of registered audit firms operating in Nairobi, Kenya as at September 2015 was 619. Out of these, only a few have extended their operations internationally. These audit firms include Ernst & Young, PricewaterhouseCoopers, KPMG and Deloitte & Touché , which are both local and international, oriented.

These firms are registered as local partnerships and operate under the mandate of Institute of Certified Public Accountants of Kenya. They are subject to international quality performance reviews from the global network to ensure optimum performance and manage reputational risk. Four international accounting firms dominate the accounting profession in Kenya, which includes about 50 publicly traded companies listed on NSE. Local and expatriate actively participate in various committees of the accountants' professional body.

The evolution of external auditing (checking the book of accounts to aid in the authority process of companies) is affected by volume of transactions; information technology etc. and their auditors. As stated by Marx, (2011) the company collapsing, failing in business and deceitful financial reports of the late 1990s and early 2000s led to a very hard time and chaos and crisis for the auditing sector. A further result was the government, regulators and the auditing sector itself coming in between which in turn has given rise to various new laws, regulations and standards that govern financial reporting and the auditing thereof. Some challenges faced include regulation and standards, new legislations. Emphasis on corporate strategy is being caused by increased competition.

Four (4) auditing firms are in control of Kenya's auditing industry. These firms in addition have global roots. The difference in their strategies development and implementation is that the Big 4 has global standards. Local audit firms on the other hand, independently develop and implement their own strategies.

1.2 Research Problem

The business environment within which firms operate has been very unstable. The political anxieties, competition from new entrants, etc. as stated by Leggatt and Martin, (2003) are challenges greatly affecting its growth. Adoption of urgent measures has helped control these challenges as this industry is of much importance to the country's economy. However, they have been the cause of downfall for some companies, which were unable to be resilient. The operating environment changes, which in turn will cause a change in the business landscape, will need coming up with effective strategies (Aosa, 2002).

Audit firms respond to competition in different ways. KBV has identified that what audit firms need to improve the industry is advanced knowledge as stated by Malik and Malik, (2008). Despite knowledge being recognized as an important asset many audit firms are not doing enough to effectively manage this important asset for competitive advantage (Gan, Ryan & Gururajan, 2006). Furthermore, effective knowledge management can help audit firms to improve internal processes, customer services and products (Rono, 2011). Audit firms can effectively use knowledge management to enhance their competitiveness. Newman (2009) views KM as a discipline sought to enhance how individuals and companies by maintaining the present and future value of knowledge assets.

A number of empirical studies done in Kenya include Cheruiyot, Jagongo and Owino (2012) who studied KM on Kenyan manufacturing enterprises, the study found that manufacturing enterprise were using KM to gain competitive advantage, which results in superior performance. Nyawade (2005) carried out a case study of BAT Kenya on Employee Perception of Knowledge Management Practices and established that employees perceived knowledge management practices to be restrictive and prohibitive of employee creativity and innovation. Osano (2007) studied KM among Kenyan public companies. Likewise, Muriangi (2008) surveyed knowledge management structures amongst Internet Service Providers in Kenya. The study found that Knowledge management improves performance of employees on their duties in organization; enhances employee competence in the organization; while Wangari (2009) studied how critical success factors and KMS at EPZ limited and the study established that knowledge management practices were critical success factor, which influenced performance. Asava (2009) studied KM for competitive advantage Kenyan commercial banks, the study found that knowledge management affects employee performance in the bank and improve banks competitiveness.

There has been limited knowledge on empirical evidence on how knowledge management practices influence the performance of Kenyan auditing firms, hence the research gap. There are convincing reasons for organizations such as audit firms to adopt knowledge management practices, to enhance their performance, in the wake of declining tourist number in Kenya. With the identification of the critical role that knowledge management plays, how does knowledge management practices influence performance of selected audit firms in Kenya?

1.3 Research Objective

The objective of the study was to establish the influence of knowledge management practices on performance of selected audit firms in Kenya.

1.4 Value of the Study

A foundation was set for illustrating KM practices on selected audit firms in Kenya. The study would be vital for policy invention in Kenyan Auditing Sector. This study ultimately facilitated utilization of knowledge resources effectively in Kenyan auditing firms resulting to enhanced performance.

It would also be beneficial to other policy makers. Knowledge is vital in building and sustaining competitive advantage in the auditing sector and would be enhanced by the results of this study. If well implemented, this knowledge would improve Kenyan auditing firms by far.

The findings of the study would also be beneficial to scholars if it was added to the knowledge in the field of competitive strategy. The results of the study would highlight the how implementing knowledge resources affects organization's performance. In addition, the study would act as future reference in KM and how organizations operate.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section brings into perspective past studies related to review of literature relevant to the study. It mainly focuses on various theories underpinning the study these theories include RBV of the firm, KBV of the firm and organization learning theory), organization performance and KM practices and performance. The main literature sources of information were theoretical literature, books, research papers, and academic publications printed as well as internet sources.

2.2 Theoretical Foundation

Under this section, existing theories on knowledge management practices and organizational performance were discussed. The link between these theories and this study were also addressed. The theories argued about include the resource-based theory, knowledge based theory and organization learning theory.

2.2.1 Resource-Based View of the Firm

This theory emerged in 1980s and 1990s, and it aided to achieving competitive advantage. Wenerfelt's book (1984) suggests that the firm's resource profile determines performance while having resources difficult to imitate influences the source of superior performance. According to Barney, (1991) Possession of certain key resources and effectiveness in deploying these resources in chosen markets can aid firms in achieving sustained competition as proposed by RBV. It is further stipulated that attributes of a firm's assets and their rare, valuable capabilities influence the company's competitive advantage and performance.

According to Baker and Sinkula, (2005) the RBV of the firm proposes that firm specific resources and capabilities affects firm performance. Key RBV determinants as stated by Grant (1991) are levels of resilience, replicability, limpidity and transferability, Amit, and Schoemaker (1993) argue that complementarity, shortage, non-tradability, exclusivity, limited substitutability, appropriability, resilience and similarity in planned industry factors constitute key firm resources. According to Day (1994), intangible assets for example market orientation, managing of knowledge and learning of an organization gives firms a chance to initiate abilities that improve competitive advantage causing improved market performance. This theory was used to establish how utilising knowledge management resources will improve audit firms in Kenya.

2.2.2 Knowledge Based View of the Firm

Wernerfelt (1984) initialized this theory; he stated that knowledge is the most strategically significant resource of a firm. As argued by Wernerfelt (1984) the major determinants of firm competitiveness and superior company performance are varied knowledge foundations and competences among the company's since knowledge-based competencies are usually difficult to be copied and socially complex. Knowledge as stated by Wernerfelt 1984 is entrenched and inbuilt in many entities like organizational culture and identity, policies, routines, documents, systems, and employees. This perception originally promoted by Penrose (1959) lays its foundation from the resource-based view of the firm and encompasses from there. It originates from the strategic management literature, and was later expounded by others.

In spite of RBV of the firm recognizing what knowledge does in companies will help enhance competitive advantage, advocates of KBV claim that the resource-based perspective is not that much far-fetched from RBV. Specifically, knowledge is accorded a broad resource rather than one that has special characteristics by RBV. Thus, it does not make a distinction of the various types of knowledge-based capabilities. Information technologies as stated by Alavi and Leidner (2001) can be vital in the Knowledge Based View of the firm because information systems can be used to synthesize, enhance, and expedite large-scale intra- and inter-firm knowledge management. On context to their knowledge management strategies KBV shows that companies can distinguish themselves.

2.2.3 Learning Organization Theory

Organization learning theory was pioneered by Easterby-Smith, Crossan and Nicolini (2000), an organization that assists in learning its members and constantly improves itself is called a learning organization. It is developed when modern organizations face challenges. The main characteristics for a company to have sustainable competitive advantage in a turbulent business environment are business personal competencies, organization culture, teamwork and system thinking. This concept motivates a more interconnected way of thinking from companies. Organizations as stated by Serenko, Bontis and Hardie, (2007) should emulate communities by making employees be committed hence work harder.

Learning organization as stated by Janz and Prasarnphanich, (2003) states that, organizations should reconsider their goals and actions so as to become competitive in a changing environment hence achieve their set goals. In spite of this a company has to

make a sound decision for learning to occur by changing actions in accordance to the changing situation. Hence one has to link the action to the result and remember the result. It is similar to psychology and cognitive research to a very great extent because learning begins at a discrete level. But once information is shared, stored in a way that is transmittable and accessible and used as a goal by the organization as stated by Cha, Pingry and Thatcher, (2008), then does it become learning organization and once the information is shared then does it become organizational learning.

2.3 Knowledge Management Practices in Organizations

Nonaka and Takeuchi (1995) conducted research over the years on Japanese companies, and were convinced that knowledge creation is a significant source of the company's global competitiveness. The phenomenon of organizational knowledge creation in Japanese companies was a contrast to the Western tradition of information processing. Nonaka and Takeuchi (1995) emphasized that Japanese companies were able to create knowledge through the knowledge conversion process. Earl's (2001) research on knowledge management practices in Canada grouped knowledge management activities by stating them as training, mentorship, policies and strategies, leadership etc. This study found most knowledge practitioners to be assigned the responsibility for knowledge management practices to managers. The research also found that using knowledge from other industries' was common and identified this as the absorptive capacity within organizations. Training and mentoring were also identified as practices on how organizations develop their workers' knowledge, transfer their workers' knowledge and retain workers' knowledge.

A study on KM practices in Kenya by Mosoti and Masheka (2010) investigated both profits and non-profit organizations. They found that the prevalence of KM was dependent on companies' sizes with indicating that small and micro size organizations ignored knowledge management practice implementation. This study further found that technology played a role in the capture and the sharing of knowledge but organizations were not fully using knowledge management owing culture, leadership and strategy limitations.

In the study capitalizing on knowledge management for non-profits, Zurbuchen (1998) found that knowledge management is still developing. The study indicates that non-profit organizations should tailor knowledge management practices to fit their organizations and that there is no one right solution for every organization. The findings to this investigation found that KM tries to move people from information to expertise. There is need for the organization to re-examine the current communication tools and pattern in order to successfully implement knowledge management practices.

Wiig (2002) indicated that the key objective of knowledge management was to develop and maintain the ability of employees to perform knowledge-intensive tasks. It is important to continuously engage employees in continuous learning in order for organizations to maintain their competitive edge. However, new training programs need to be developed to build personal expertise for the knowledge-based organizations. Application of both formal and informal training programs have been found to enhance the developed of skills in the workplace. The case of Buckman Lab by Pan and Scarbrough (1998) indicate that knowledge management practices have been successfully

used over the years. The study discovered the relationship of organizational effectiveness and the effectiveness of the people. A well-entrenched knowledge management approach geared towards widespread information technology and improved employee skills was found to be the basis for organization's productivity.

2.4 Organizational Performance

Organization performance is the measure of how well organizations do their jobs and their achievements through their vision and fulfillment of their set goals and objectives that may be financial and/or non- financial that is a measure of organization's actual output or results against its intended outputs. It is the measure of how efficient and effective an organization is and how well it achieves its objectives (Stoner Stoner, Freeman & Gilbert, 2003). Organization performance is a concept based on the idea of a company being a voluntary relationship of productive assets such as human, physical, and capital resources to achieve a common goal. Mbithi (2014) defines firm's performance as the attainment of high levels of outcomes, financial performance and service delivery to customers by improving competencies and involving employee's enthusiasm. The organizational performance has been conceptualized from two perspectives; financial perspective and the non-financial perspectives. The traditional means of measuring the organizational performance was through the financial measurements only (Gitau, 2014).

The organization performance approach examines indicators the firm financial indicators only. New performance measurement frameworks that accommodate both the financial and non-financial measurements have been introduced. This includes the balanced score card, integrated performance measurement, shareholder model and the performance

management framework. Some scholars have advocated for a mixture of the financial and non-financial performance measures. This mixture recommended organizational performance as stated by Mwandebe, (2009) in his study used profitability as the only financial measure of performance. Firm market share, productivity, leadership, corporate social responsibility, staff development and one financial and seven nonfinancial metrics namely Profitability, Market share, Productivity, Product leadership, Public responsibility, Personnel development, Employee attitudes and Balance between short-range and long-range objectives.

2.5 Knowledge Management Practices and Organization Performance

There has been an increasing interest as stated by Peteraf, (1993) in organizational knowledge as the source of competitive advantage in the last two decades. It is believed to have emerged with RBV. According to Grant, (1997), the addition of knowledge as stated by strategists as a primary asset and RBV extension to one that is knowledge based. Knowledge is acquired both internally and externally. According to Kaser, Acharya, Rao and Kodepaka, (2002) research and development is internal knowledge acquisition's major source. In spite of that, distributing knowledge in the company where it can be of help is one of the difficult tasks knowledge activists face. According to Hamal, (2001) building knowledge within a firm effectively is dependent on how a company takes in newly acquired knowledge from many sources and then breaks it into its existing knowledge base.

According to Danskin (2005), Companies ought to survey formerly published research work so as to acquire external knowledge, this assists in achieving vital understanding of a product; bench marking will reduce making future mistakes, plan agreements for getting knowledge resources needed for their business (Grant, 1997). External knowledge can be got from the company's customers and distributors. Maximizing the company's knowledge and returns from its knowledge assets is knowledge management's overall process. Innovation and constant creation and deliverance of high quality products can be brought about by instilling knowledge to people. Knowledge as stated by Choo *et. al.*, (2002) is needed by companies to develop high quality products; knowledge on customers and competitors is also needed to establish good market location and effective service.

Improved yield from the company, improved effectiveness from the company and devising a way to capture best practices, enhancing how you make decision, improving the company's innovation and a source of competitiveness and improving performance are some of goals and outcomes of a company with effective knowledge management. The company being able to come up by either improved processes or improved products and services connects the effect of KMS on performance as stated by Soo *et al.* (2002). According to Kaser *et. al.*, (2002), innovation is highly enhanced once the amount and quality of knowledge sharing among firms is considered. Exchange of party formed ideas brings about new knowledge, which pushes product and process innovation hence triggering new insights.

2.6 Summary of Empirical Studies and Empirical Gap

This chapter has reviewed the existing literature on the influence of KM practices on performance of selected Kenyan audit firms, in specific it review the theoretical foundation, knowledge management, organization performance and knowledge management practices and organization performance.

Numerous studies have been done on knowledge management. These studies give related outcomes, which depict knowledge management affects, the state of these companies being studied. Despite the assumed link, it is still possible for KM to negatively affect organizational performance. Getting to know the extent to which KM affects business performance has been limited because of previous studies dealing with KM in a general manner as KM as a concept is deemed complex. This made the study critically examine the influence of knowledge management practices on selected Kenyan audit firms.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The third chapter outlined the procedure that governed the study. Focus was on the description of research design, the population targeted, collection of data and information data.

3.2 Research Design

This study adopted a cross sectional survey design which is directed at identifying the number of a given feature, such as a specific exposure. A research design as stated by Creswell (2003), is a plan or outline that is used to aid in finding answers to research problems whereas Dooley (2007) notes that a research design is the buildup of a research that holds the elements of the research project together. This design allows researchers to compare many different variables at the same time.

The study adopted a descriptive cross-sectional design, which as stated by Kothari (2004), is used when a certain problem has been specially described and when the researcher is explained for the problem by the respondents. These designs as stated by Ngechu, (2004) are also correct in studies that are descriptive in nature and concluding results. The design intended for this study studied a lone number of respondents at a single point in time. It aimed at examining the influence of knowledge management practices on selected Kenyan audit firms.

3.3 Population of the Study

A group of individuals, events or objects having common observable characteristic is called a population as stated by Mugenda and Mugenda, (2009). The target population of this study was the management staff of big four audit firms in Kenya, they include: Ernst & Young (EY), PricewaterhouseCoopers (PwC), KPMG and Deloitte & Touché . These selected audit firms dominate Kenyan-auditing industry and have global upbringing (ICPAK, 2015). They are the auditors of practically every Kenyan public trading company.

This definition assumed that the population is not homogeneous. The population of this study comprised of 156 employees of (4) four audit firms (EY, PricewaterhouseCoopers, KPMG and Deloitte & Touché) at their Head Offices in Nairobi. This research problem was studied through the use of a census survey.

Table 3.1: Population of the Study

Classification	Respondents	Percent
Senior management	26	16.7
Supervisor	48	30.8
Junior staffs	82	52.6
Total	156	100

Source, HRM Records (2016)

3.4 Data Collection

According to Ngechu, (2004) the nature of the research title, the research design, research objectives, expected data and results, influences how one chooses a tool and device. Reason being specific data is collected using a specific tool and instrument. Donald (2006) states the two main data sources from respondents were primary through the questionnaire and published report inform of secondary data. Data collected directly from the respondents is Primary data. Questionnaires were used to collect mainly quantitative and qualitative information.

Collecting and summarizing published data is what Secondary data entails. The questionnaire entailed semi-structured questions. The open ended questions provided more clarified responses to give a good basis for recommendations. They were also used to rate various summarizing attributes which aided in obtaining of more varied responses by reducing related responses. On the other hand, added information not yet taken was provided by open-ended questions. To enhance data effectiveness the questionnaire was structured and examined too few population members to enhance more improvements.

3.5 Data Analysis

Quantitative data gathered was determined through expository statistics through SPSS (Version 22) descriptive statistic such as percentages, averages, standard deviations and frequencies. Bar charts, graphs and pie charts depicted the information. Counting responses, percentage computing of varying responses, expressing, and elucidating the data in line with the study objectives depicted information. This study was concerned with examining the influence of knowledge management practices on performance of selected audit firms in Kenya. A multiple regression analysis was used to depict the connection between the various variables. The equation was as shown:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Y is = Performance of audit firms, α = Constant terms, β_1 =Beta co-efficient, X_1 = KI, Knowledge identification, X_2 = Acquiring of knowledge, X_3 = Applying of knowledge, X_4 =Sharing of knowledge and ε = Error term.

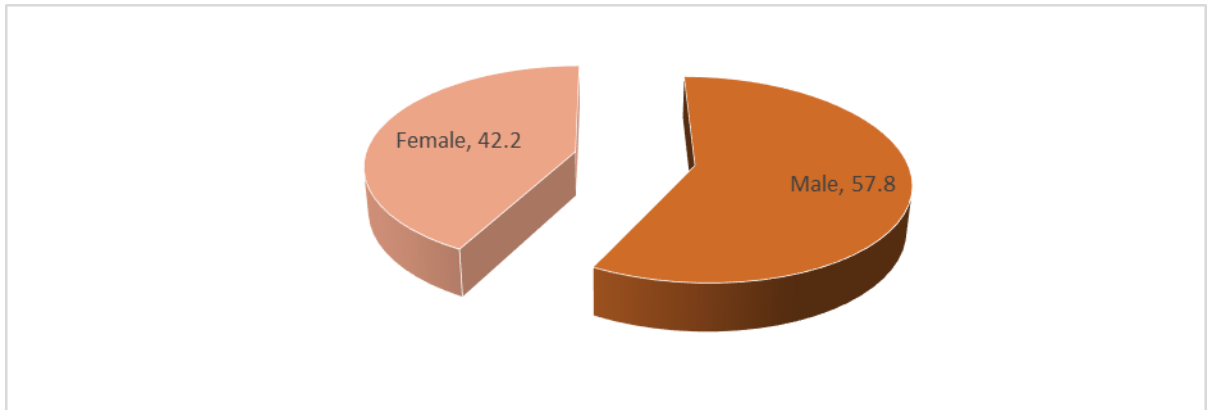
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND FINDINGS

4.1 Introduction

Results of the analyzed information got through questionnaire and research discussion was steered by the study objectives and was divided into three main sections. The first section was all about descriptive statistics about background information of the respondents. The second section is all about the discussion of research findings. The third section is all about numerous regression analyses. Finally the discussion of research findings. A sample size of 156 respondents had been targeted and out of all that, only 135 filled in and returned their questionnaires giving a response rate of 86.53%. It was considered excellent for the conclusions of the study.

4.2 Background Information

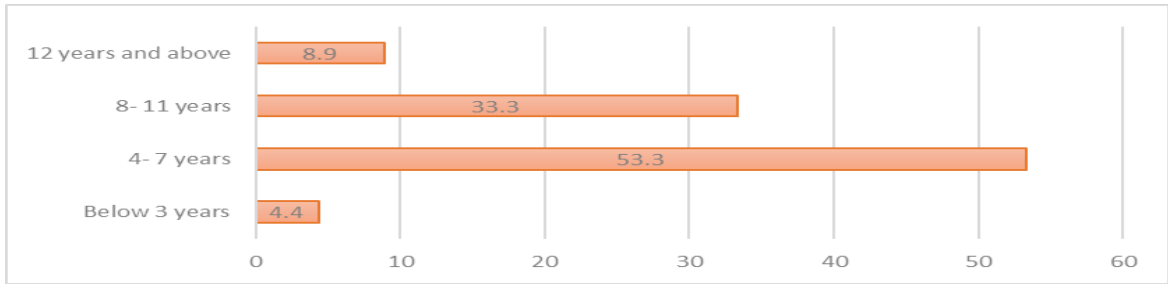
Figure 4.1: Distribution of Respondent by Gender



Source: Research Finding (2016)

The study sought to establish gender distribution of the respondents. From the finding the study established that majority of the respondents were male as shown by 57.8 percent whereas female were 42.2 percent. This is an indication that both genders were involved in this research and thus the findings of this study did not suffer from gender biasness.

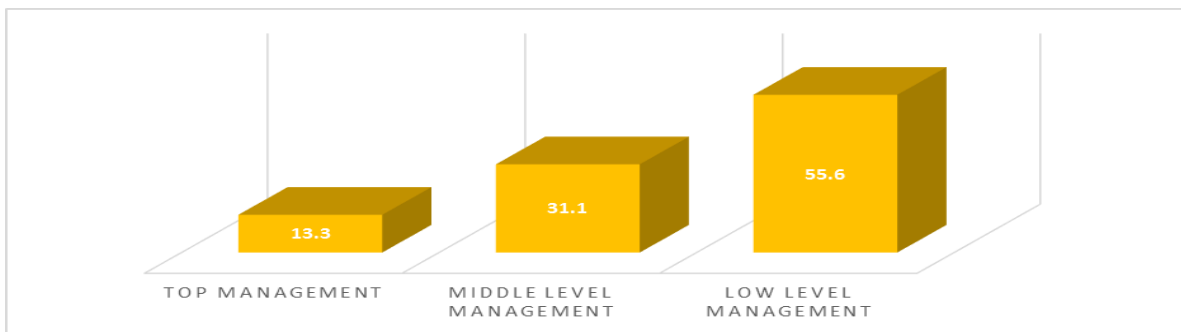
Figure 4.2: Period in the Company



Source: Research Finding (2016)

In order to determine the respondent period of service in the organization, the study requested the respondent to indicate the number of year they had been in that organisation. From the finding, the study found that majority of the respondents as shown by 53.3 percent had worked for 4 to 7 years, 33.3 percent had worked for 8 to 11 years, 8.9 percent had worked for 12 years and above, and lastly 4.4 percent had worked for below 3 years. This is an indication that respondents were well distributed in terms of the period they had worked for the company.

Figure 4.3: Position in this Company



Source: Research Finding (2016)

From the findings of the study, which tried to establish the position the respondents held in the company found that majority of the respondents as shown by 55.6 percent were in low-level management, 31.1 percent were in middle level management and 13.3 percent, were in top management. It was concluded that the respondents were well informed about the company from the position each held in their various companies.

4.3 Effect of Knowledge Management Practices on Performance

4.3.1 Knowledge Identification and Performance

Table 4.1: Knowledge Identification and Performance

Statements	Strongly Disagree	Disagree	Moderate	Agree	Strongly Agree	Mean	Standard Deviation
In our organization knowledge identification involves identifying what skills are needed to attain organizational goals	0	3	15	54	63	4.311	0.997
In our organization, being unable to relate the right skills and knowledge appropriately means lacking to recognize the right skills and knowledge.	0	3	3	36	93	4.422	1.371
Knowledge identification in our organization potentially leads to more effective skilled and competent employees	3	6	18	30	78	4.289	1.113
In our organization Knowledge Identification helps the experienced staff to share and apply the currently available knowledge more effectively	3	3	15	42	72	4.311	1.061
In our organization senior managers look at the knowledge gaps from the overall organizational level to identify competent staff	0	3	9	33	90	4.456	1.311
In our organization it is easier to identify knowledge among experienced employees as compared to new employees	0	6	24	42	63	4.200	0.928

Source: Research Finding (2016)

From the finding on the effect of knowledge identification on performance, the study revealed the respondents agreed that senior managers look at the knowledge gaps from the overall organizational level to identify competent staff as shown by mean of 4.456, being unable to relate the right skills and knowledge appropriately means lacking to recognize the right skills and knowledge. Knowledge identification (4.422) helps the experienced staff to share and apply the currently available knowledge more effectively.

Knowledge identification involves identifying what skills are needed to attain organizational goals as shown by mean of 4.311. In each case, knowledge identification potentially leads to more effective skilled and competent employees as shown by mean of 4.289 and it is easier to identify knowledge among experienced employees as compared to new employees as shown by mean of 4.20.

4.3.2 Knowledge Acquisition and Performance

Table 4.2: Knowledge Acquisition and Performance

Statements	Strongly disagree	Disagree	Moderate	Agree	Strongly agree	Mean	Standard deviation
In our organization knowledge is acquired through on-job training, mentoring, seminars and conferences	0	3	21	33	78	4.378	1.121
In our organization employees are sensitive to information about changes in the sector, which helps improve the client experience	0	9	27	39	60	4.111	0.871
Through training there is increased capabilities in using and developing knowledge in the sector	0	6	18	21	90	4.444	1.290
We conduct research on new service , which help employees to up-skill results in knowledge acquisition	3	9	18	51	54	4.067	0.856
In our organization knowledge acquisition through research helps employees to be more competent	3	12	0	39	81	4.356	1.197
In our organization knowledge acquisition through research helps improve how resources are utilized	0	6	18	48	63	4.244	0.958

Source: Research Finding (2016)

From the finding on the effect of knowledge acquisition and performance on performance, the study established that the respondents agreed that through training there is increased capabilities in using and developing knowledge in the sector as explained by the mean of 4.444. Knowledge is acquired through on-job training, mentoring, seminars and conferences as shown by mean of 4.378. Knowledge acquisition through research helps employees to be more competent as shown by mean of 4.356. Knowledge acquisition through research helps improve how resources are utilized as shown by mean of 4.244. Employees are sensitive to information about changes in the sector, which helps improve the client experience as shown by mean of 4.111 and they conduct research on new services, which help employees to up-skill results in knowledge acquisition as shown by mean of 4.067.

4.3.3 Knowledge Sharing and Performance

Table 4.3: Knowledge Sharing and Performance

Statements	Strongly disagree	Disagree	Moderate	Agree	Strongly agree	Mean	Standard deviation
Our organization encourages employees to articulate information when sharing knowledge	0	9	18	48	60	4.178	0.915
Our organization encourages employees share information so as to enhance reliability of the services offered	0	12	15	30	78	4.289	1.111
Our organization encourages employees to acquire new knowledge to improve their capability and increase their responsiveness to customer needs	0	12	15	15	93	4.400	1.336
In our organization ICT aids in the development of knowledge thus making service in the organization tangible	0	3	27	60	45	4.089	0.833
In our organization employees are encouraged to share the acquired knowledge	0	3	15	27	90	4.411	1.298
In our organization new knowledge created and shared by employees helps responsiveness to need	0	0	18	60	57	4.289	0.966
In our organization knowledge sharing increases continuous performance improvement	0	3	12	27	93	4.416	1.347

Source: Research Finding (2016)

From the findings on the respondent level of agreement on statement relating to the effect of knowledge sharing on performance, the study found that respondent agreed that knowledge sharing increases continuous performance improvement as shown by mean of 4.416. Further, employees are encouraged to share the acquired knowledge as shown by mean of 4.411 and employees are encouraged to acquire new knowledge to improve their capability and increase their responsiveness to customer needs as shown by mean of 4.400. Moreover, new knowledge created and shared by employees helps responsiveness

to need and encouraging employees share information to enhance reliability of the services offered as shown by mean of 4.289. Employees are encouraged to articulate information when sharing knowledge as shown by mean of 4.178 and ICT aids in the development of knowledge thus making service in the organization tangible as shown by mean of 4.089.

4.3.4 Knowledge Application and Performance

Table 4.4: Knowledge Application and Performance

Statements	Strongly disagree	Disagree	Moderate	Agree	Strongly agree	Mean	Standard deviation
In our organization, IT software in Knowledge management helps in improving performance	3	12	24	39	57	4.000	0.825
With IT facilities in our organization knowledge applications becomes easy and makes organizations activities more productive	0	6	15	33	81	4.400	1.166
In our organization we have IT infrastructure for effective application of knowledge	0	3	12	51	69	4.378	1.063
In organization we high quality IT facilities for effective knowledge management	0	9	18	33	75	4.289	1.071
In our organization we covert personal knowledge into organizational knowledge	3	0	9	36	84	4.410	1.232
In our organization we embed knowledge in product with the correct IT applications	3	12	21	45	54	4.000	0.815
In our organization embedding knowledge services and processes with IT applications results in better performance	0	9	24	42	60	4.133	0.883

Source: Research Finding (2016)

From the finding on the effect of knowledge application on performance, the study found that respondent agreed that they convert personal knowledge into organizational knowledge as shown by mean of 4.410. Knowledge applications becomes easy with IT

facilities and makes organizations activities more productive as shown by mean of 4.40. IT infrastructure is necessary for effective application of knowledge as shown by mean of 4.378 as well as high quality IT facilities for effective knowledge management as shown by mean of 4.289. Embedding knowledge services and processes with IT applications results in better performance as shown by mean of 4.133 and IT software in knowledge management helps in improving performance and knowledge is embedded in product with the correct IT applications as shown by mean of 4.0 in each case.

4.3.5 Organization Performance

Table 4.5: Aspect of Organization Performance

Statements	Strongly disagree	Disagree	Moderate	Agree	Strongly agree	Mean	Standard deviation
Knowledge acquisition through training has resulted in new products	0	6	15	45	69	4.311	1.028
Existing products have improved due to effective knowledge application	0	9	21	75	30	3.933	0.871
Through knowledge sharing client experience has improved in the sector	0	3	18	60	54	4.222	0.928
Through knowledge identification, there has been an increase in the speed of response to market crises	0	6	15	36	78	4.378	1.128

Source: Research Finding (2016)

From the finding on the respondents' level of agreement on statement relating to organization performance, the study found that respondents agreed that through knowledge identification, there has been an increase in the speed of response to market crises as shown by mean of 4.378. Further, knowledge acquisition through training has

resulted in new products as shown by mean of 4.311, while through knowledge sharing, client experience has improved in the sector as shown by mean of 4.222 and existing products have improved due to effective knowledge application as depicted by the average of 3.933.

4.3.6 Regression Analysis

Table 4.7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.788 ^a	.621	.604	.06210

Source: Research Finding (2016)

Regression analysis results were shown in Table 4.7, the study revealed that R² of 0.621 and significant variables all at 5% level of significance. This implies that 62.1% change in dependent variable (performance of audit firms) can be attributed to changes in the independent variables namely, knowledge identification, knowledge acquisition, and knowledge sharing and knowledge application.

Table 4.8: Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Residual	2.844	4	0.711	4.903	.001 ^b
	Regression	18.85	130	0.145		
	Total	21.694	134			

Source: Research Finding (2016)

A significance level of 0.01 was depicted from the ANOVA calculations (processed information) thus conclusions were shown that the information was perfect for conclusions since the significance value is less than 5%. The critical value being less than

the calculated value ($2.493 < 4.903$) depicting that knowledge identification, knowledge acquisition, knowledge sharing and knowledge application significantly affect performance. The significance value was less than 0.05, an indication that the model was statistically significant.

Table 4.9: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Constant	1.445	0.453		3.190	.002
	Knowledge Identification	0.421	0.145	.297	2.903	.003
	Knowledge Acquisition	0.486	0.159	.131	3.057	.004
	Knowledge Sharing	0.532	0.197	.014	2.701	.005
	Knowledge Application	0.499	0.174	-.212	-2.868	.001

Source: Research Finding (2016)

From the data in the above table the established regression equation was

$$Y = 1.445 + 0.421 X_1 + 0.486 X_2 + 0.532 X_3 + 0.499 X_4$$

The regression equation made showed holding knowledge identification, knowledge acquisition; knowledge sharing and knowledge application to a constant zero, performance would be at 1.445. The results on table above reveal that knowledge identification had a significant coefficient (B= 0.421, p value=0.003). This implies that knowledge identification had positive significant effect on performance. The finding of the study on table above reveal that knowledge acquisition had a significant coefficient (B= 0.486, p value=0.004). This implies that knowledge acquisition had positive significant effect on performance. The findings revealed that knowledge sharing had a significant coefficient (B= 0.532, p value=0.005). This implies that knowledge sharing

had positive significant effect on performance. The study finding further revealed that knowledge application had a significant coefficient ($B= 0.499$, $p \text{ value}=0.001$). This implies that knowledge application had positive significant effect on performance. Overall, knowledge sharing had the most significant influence on performance while knowledge identification had the least influence on performance of the selected global audit firms in Kenya.

4.4 Discussion

4.4.1 Comparison with Theory

The study found that senior managers look at the knowledge gaps from the overall organizational level to identify competent staff, being unable to relate the right skills and knowledge appropriately means lacking to recognize the right skills and knowledge and knowledge identification helps the experienced staff to share and apply the currently available knowledge more effectively. These findings agree with the findings of Resource based view theory of the firm, which argues the firm's resource profile determines performance while having resources difficult to imitate influences the source of superior performance (Wenerfelt, 1984).

The study found through training there is increased capabilities in using and developing knowledge in the sector, knowledge is acquired through on-job training, mentoring, seminars and conferences, knowledge acquisition through research helps employees to be more competent. These was in agreement with Barney, (1991), who stated that possession of certain key resources and effectiveness in deploying these resources in chosen markets can aid firms in achieving sustained competition as proposed by RBV. It is further stipulated that attributes of a firm's assets and their rare, valuable capabilities influence the company's competitive advantage and performance.

The study established that knowledge sharing increases continuous performance improvement, employees are encouraged to share the acquired knowledge; employees are encouraged to acquire new knowledge to improve their capability and increase their responsiveness to customers' needs, new knowledge created and shared by employees helps responsiveness to customers' needs. Wernerfelt (1984), in the Knowledge based theory argues that knowledge is the most strategically significant resource of a firm from this theory. The study found revealed that they covert personal knowledge into organizational knowledge, IT facilities knowledge applications becomes easy and makes organizations activities more productive, they have IT infrastructure for effective application of knowledge. Organization learning theory by Easterby-Smith, Crossan and Nicolini (2000), states that an organization that assists in learning its members and constantly improves itself is called a learning organization.

4.4.2 Comparison with Other Studies

On the effect of knowledge identification on performance, the study found senior managers look at the knowledge gaps from the overall organizational level to identify competent staff. Being unable to relate the right skills and knowledge appropriately means lacking to recognize the right skills and knowledge. Knowledge identification helps the experienced staff to share and apply the currently available knowledge more effectively. Knowledge identification further involves identifying what skills are needed to attain organizational goals. Knowledge identification potentially leads to more effective skilled and competent employees and it is easier to identify knowledge among experienced employees as compared to new employees. The study findings concur with eth finding of Earl's (2001) who found that using knowledge from other industries' was common and identified this as the absorptive capacity within organizations.

From the finding on the effect of knowledge acquisition on performance, the study found through training there is increased capabilities in using and developing knowledge in the sector. Knowledge is acquired through on-job training, mentoring, seminars and conferences, knowledge acquisition through research helps employees to be more competent. Knowledge acquisition through research helps improve how resources are utilized and employees are sensitive to information about changes in the sector, which helps improve the client experience as they conduct research on new services. The study findings concur with the finding of Earl's (2001) who found that training and mentoring were also identified as practices on how organizations develop their workers' knowledge, transfer their workers' knowledge and retain workers' knowledge.

On the effect of knowledge sharing on performance, the study found that knowledge sharing increases continuous performance improvement. Employees are encouraged to share the acquired knowledge, to acquire new knowledge to improve their capability and increase their responsiveness to customer needs. New knowledge created and shared by employees helps employees share information so as to enhance reliability of the services offered, employees are encouraged to articulate information when sharing knowledge and ICT aids in the development of knowledge thus making service in the organization tangible. The study finding agrees with the findings of Wiig (2002) indicated that the key objective of knowledge management was to develop and maintain the ability of employees to perform knowledge-intensive tasks.

On the effect of knowledge application on performance, the study found that they convert personal knowledge into organizational knowledge. IT facilities knowledge applications becomes easy and make organizations activities more productive. They have IT

infrastructure for effective application of knowledge, high quality IT facilities for effective knowledge management. Embedding knowledge services and processes with IT applications results in better performance and IT software in knowledge management helps in improving performance. The study finding concurs with the finding of Mosoti and Masheka (2010) who found that technology played a role in the capture and the sharing of knowledge but organizations did not maximize in the use of knowledge management due to the limitations in culture, leadership and strategy.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter wraps up the study. The study was carried out to establish the influence of knowledge management practices on performance of selected global audit firms in Kenya. It contains summary of findings, answers to research questions, conclusions, recommendations and suggestions for further studies

5.2 Summary of the Findings

The objective of the study was to establish the influence of knowledge management practices on performance of selected audit firms in Kenya. The study found that senior managers look at the knowledge gaps from the overall organizational level to identify competent staff. Being unable to relate the right skills and knowledge appropriately means lacking to recognize the right skills and knowledge. Knowledge identification helps the experienced staff to share and apply the currently available knowledge more effectively. Further, knowledge identification involves identifying what skills are needed to attain organizational goals, knowledge identification potentially leads to more effective skilled and competent employees and it is easier to identify knowledge among experienced employees as compared to new employees.

The study found through training there is increased capabilities in using and developing knowledge in the sector. Knowledge is acquired through on-job training, mentoring, seminars and conferences. Knowledge acquisition through research helps improve how resources are utilized. This helps improve the client experience as they conduct research on new services, which help employees to up-skill results in knowledge acquisition.

On the effect of knowledge sharing on performance, the study established that knowledge sharing increases continuous performance improvement. Employees are encouraged to share the acquired knowledge, to improve their capabilities and increase their responsiveness to customer needs. New knowledge created and shared by employees helps responsiveness as well as reliability of the services offered. Employees are encouraged to articulate information when sharing knowledge and ICT aids in the development of knowledge thus making service in the organization tangible.

The study found revealed personal knowledge is converted into organizational knowledge. IT facilities knowledge applications becomes easy and make organizations activities more productive. Embedding knowledge services and processes with IT applications results in better performance and IT software in knowledge management helps in improving performance and they have embed knowledge in product with the correct IT applications.

The study found that knowledge identification affects performance of audit firms. The study established that the organization identified what skills are needed to attain organizational goals and experienced staff needed to apply the currently available knowledge more effectively. As they apply the right skills and knowledge in the right tasks, senior managers help in identifying competent staff and this improves productivity of employees resulting in better performance of the firms.

5.3 Conclusion

The study found that knowledge identification, knowledge acquisition, knowledge sharing and knowledge application significantly affected the performance of audit firms in Kenya. The study also revealed that knowledge identification, knowledge acquisition, knowledge sharing and knowledge application had positive significant effect on employees performance. Thus from the findings the study concludes knowledge management practices significantly influence the performance selected audit firms in Kenya.

5.4 Recommendations

There is need for the top management to make sure that knowledge creation is a top priority and knowledge workers should be held accountable for their knowledge exchange efforts. The management should ensure that knowledge sharing culture begin early in the employees' career. The study endorses the management of audit firms to employ various knowledge conversion strategies as it was found that knowledge conversion positively influences the performance of audit firms.

There is need for the management of audit firms to improve on their knowledge transfer as it was identified that knowledge transfer positively affects performance of Kenya's audit firms. The study endorses management of audit firm enhancing their knowledge application strategies, as the study found that knowledge application positively influenced performance of audit firms in Kenya.

5.5 Limitation of the Study

The study was limited to examining the influence of knowledge management practices on Kenyan auditing firms. The study was limited to four-audit firm in Kenya: Ernst & Young (EY), PricewaterhouseCoopers (PwC); KPMG; and Deloitte & Touché: These companies dominate Kenyan auditing industry and have global upbringing.

Some of the respondents approached turned down the request to fill questionnaires due to limitation of time on their part. They also were reluctant to share information, as they did not know what the information would be used for. This limitation was overcome by having an introduction letter and assuring the respondents that the information provided would be used for academic purposes only.

5.6 Suggestion for Further Research

The study tried to find how knowledge management practices affects performance of selected audit firms in Kenya. It endorsed a study on the challenge facing the implementation of knowledge management practices amongst audit firms in Kenya.

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APPENDICES

Appendix I: Introduction Letter



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DATE 28/10/2016

TO WHOM IT MAY CONCERN

The bearer of this letter NANCY MWERA KAMUKYA

Registration No. D61/64366/2013

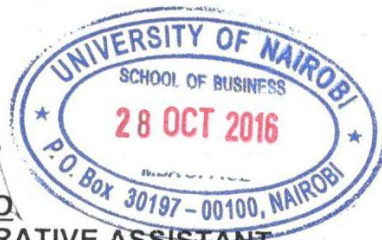
is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.


PATRICK NYABUTO
SENIOR ADMINISTRATIVE ASSISTANT
SCHOOL OF BUSINESS



Appendix II: Questionnaire

Two major parts constitute the questionnaire; Part A on demographic information and Part B examining the influence of knowledge management practices on Kenyan auditing firms. The information you give is solely academic. Your responses will be confidential. Respond to the questions following the rules provided in every section.

Part A: Demographic Information

Directions

Tick and write in the given spaces suitably.

- 1. What is your sex
 Man [] Woman []

- 2. You have worked for the company for how long?
 Below 5 years []
 5-10 years []
 Above 10 years []

- 3. Level of position in the company?
 Management []
 Senior Officers []
 Other Staff []

Section B: Knowledge Management Practices and Performance of Audit firms

Knowledge Identification Influence on

4. You are required to respond to the statements below relating to the influence of knowledge identification and performance of your organization according to the scale of provided:

- 1 = Strongly Disagree 2 = Disagree 3 = Neutral
- 4 = Agree 5 = strongly agree.

Statements	1	2	3	4	5
In our organization knowledge identification involves identifying what skills are needed to attain organizational goals					
In our organization the inability to apply the right skills and knowledge, in the right form, at the right time is failure to identify internal knowledge					
Knowledge identification in our organization potentially leads to more effective skilled and competent employees					
In our organization Knowledge Identification helps the experienced					

staff to share and apply the currently available knowledge more effectively					
In our organization senior managers look at the knowledge gaps from the overall organizational level to identify competent staff					
In our organization it is easier to identify knowledge among experienced employees as compared to new employees					

Knowledge acquisition

5. You are required to respond to the statements below relating to the influence of knowledge acquisition and performance of your organization according to the scale provided:

- 1 = Strongly Disagree 2 = Disagree 3 = Neutral
4 = Agree 5 = strongly agree.

Statements	1	2	3	4	5
In our organization knowledge is acquired through on-job training, mentoring, seminars and conferences					
In our organization employees are sensitive to information about changes in the sector, which helps improve the client experience					
Through training there is increased capabilities in using and developing knowledge in the sector					
We conduct research on new service , which help employees to up-skill results in knowledge acquisition					
In our organization knowledge acquisition through research helps employees to be more competent					
In our organization knowledge acquisition through research helps improve how resources are utilized					

Knowledge Sharing

6. You are required to respond to the statements below relating to the influence of knowledge sharing and performance of your organization according to the scale provided:

- 1 = Strongly Disagree 2 = Disagree 3 = Neutral
4 = Agree 5 = strongly agree.

Statements	1	2	3	4	5
Our organization encourages employees to articulate information when sharing knowledge					
Our organization encourages employees share information so as to					

enhance reliability of the services offered					
Our organization encourages employees to acquire new knowledge to improve their capability and increase their responsiveness to customer needs					
In our organization ICT aids in the development of knowledge thus making service in the organization tangible					
In our organization employees are encouraged to share the acquired knowledge					
In our organization new knowledge created and shared by employees helps responsiveness to tourist need					
In our organization knowledge sharing increases continuous performance improvement					

Knowledge Application

7. You are required to respond to the statements below relating to the influence of knowledge application and performance of your organization according to the scale provided:

- 1 = Strongly Disagree 2 = Disagree 3 = Neutral
4 = Agree 5 = strongly agree.

Statements	1	2	3	4	5
In our organization , IT software in Knowledge management helps in improving performance					
With IT facilities in our organization knowledge applications becomes easy and makes organizations activities more productive					
In our organization we have IT infrastructure for effective application of knowledge					
In organization we high quality IT facilities for effective knowledge management					
In our organization we covert personal knowledge into organizational knowledge					
In our organization we embed knowledge in product with the correct IT applications					
In our organization embedding knowledge services and processes with IT applications results in better performance					

Performance

8. You are required to respond to the statements below relating to the influence of performance of your organization according the scale provided:

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = strongly agree.

Statements	1	2	3	4	5
Knowledge acquisition through training has resulted in new products					
Existing products have improved due to effective knowledge application					
Through knowledge sharing client experience has improved in the sector					
Through knowledge identification, there has been an increase in the speed of response to market crises					

Thank you

Appendix III: List of Audit Firms

1. Ernst & Young
2. Deloitte & Touché
3. KPMG
4. PricewaterhouseCoopers