

**COMPETITIVE STRATEGIES ADOPTED BY SMALL AND MEDIUM AUDIT FIRMS
IN NAIROBI CITY COUNTY, KENYA**

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DECLARATION

This research project is my original work and has not been presented for examination in any other university.

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The research project has been submitted for examination with my approval as university supervisor.

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DEDICATION

This study is dedicated to my Mother Catherine Kemunto Barongo who was the brain behind my University education. Thanks mum for your support and being there for me.

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ABBREVIATIONS AND ACRONYMS

CIA: Central Intelligence Agency

GDP: Gross Domestic Product

GOK: Government of Kenya

ICPAK: Institute of Certified Public Accountant of Kenya

IFAC: International Federation of Accountants

IOE: Industrial Organization Economics Theory

KNBS: Kenya National Bureau of Statistics

SMEs: Small and medium Enterprise(s)

SMPs: Small and Medium size Practitioners

ABSTRACT

This research study was on the various competitive strategies adopted by small and medium audit firms with specific focus to Nairobi City County. SMEs make important contribution to the economy and social development of any country. Growth of SME sector does affect the economic performance of any country. In all economies they contribute for the majority of business settings and establishments and are responsible for creating one third to two third of the turnover of private sector. Also are responsible for the majority of employment opportunities. Out of all the registered firms in Kenya, SMEs comprise of 80% and accounts for 60 per cent of the GDP. The ability of the SME to have this contribution to the economy is fundamental to their sustained competitiveness. The study had two objectives. They were to establish the various competitive strategies adopted or being applied by small and medium audit firms in Nairobi city County and to determine the challenges encountered by SME audit firms while implementing competitive strategies. The study used a descriptive research design, the major purpose of the descriptive survey design was to describe the state of affairs as they existed in the audit industry and obtain information that describe existing phenomena by analyzing a cross section of the population and gathering data through questionnaire method. Primary data was collected from 108 small and medium audit firms using questionnaires. The drop and pick method as well as mail survey method was used to collect the data. Descriptive statistics was used to summarize the data. This included percentages, frequencies, bar graphs, pie charts,& tabulations. The study concluded that most of the SMEs audit firms in Nairobi City County, had already adopted competitive strategies to respond to ever changing customer needs and competitive marketing nature where by Market penetration, Market development and differentiation strategy was the key competitive strategy adopted by Majority SME audit firms with practice such as increasing more sale to new audit clients, identifying new potential audit service users, and by allowing service customization of offering tailor made services respectively being employed by majority of SMEs audit firms. Further the study concluded that there were various challenges faced by SME audit firms in Nairobi County in implementing the competitive strategies. Majority of SMEs surveyed indicated that insufficient financial resources, need for more compliance by regulatory body ICPAK, too many conflicting priorities, resistance to change, and poor communication as challenges encountered when implementing competitive strategies. The major limitation for this study was that the sample size taken for the study was small, only 108 SMEs audit firms out of 542 SMEs was surveyed. This reduces the reliability of the findings. Therefore similar study should be carried but the researcher increase the sample Size. Secondly the study aimed at establishing the competitive strategies adopted by SMEs audit firms Specifically in Nairobi City County hence not advisable to generalize the findings for the audit industry in Kenya. Future studies should cover several regions. Finally Organization adopts various competitive strategies in order to outperform their competitors by getting above normal return. This study did not link or associate the strategies with the SMEs performance. Finally the study did not associate the strategies with SMES performance which is the ultimate aim of employing competitive strategies. Therefore research should associate the competitive strategies adopted to establish if indeed the strategies applied enables the organization to improve its performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Unprecedented changes in the business environment induced by rapid developments in communication and information technology, trade liberalization, trade-related support services, cross border capital flow, globalization effect, and more consumer demand, have made competitive strategies to become more relevant to the firms, all this development has coerced firms to step up the level of competitiveness against their competitors in the same industry and only firms that have the capability in all facets of competitive priorities will survive in such a turbulent marketplace (Rosil,2012). To confront these rapid changes in the market, firms have no choice but to adapt to the environment in order to survive (Porters, 1979) .It is therefore necessary for a firm to understand the underlying sources of competitive pressure in its industry in order to formulate appropriate competitive strategies to respond to the competitive forces.

Over the years, various theories have been advanced in discussing competitive strategies. Among them are Industrial Organization Economic Theory which perceives that firm's profitability is merely a function of industry or market structure within which the firm operate. Its emphasis is on what is outside the organization and how the organization should position itself to best take advantage of that (Grrery, 2008). Game theory, the theory suggests that the outcome for each participant depends on the actions of other players that is the choice of strategy depends highly on the information that each party has which will either be perfect of imperfect information (Parnell, 2011). Strategic conflict Model, states that performance of a firm, depends on how one

(players) influence another's choice by strategically working on his expectation (Vahabi, 2009). Resource based view contends that the competitive advantage or success of a firm is largely determined by the resources it controls. The theory contends that a firm's internal resources and capabilities are the best source of competitive advantage over other firms (Patel & Lian, 2010).

The motivation to carry out this research comes out as a result of the recent unprecedented development in the accountancy profession such as increased competition due to increased new entrant, undercutting in audit engagement, tight investigation by the regulatory body ICPAK through audit firm reviews to ensure that all audit firms follow regulations, increased number of compliance, market saturation, increased cost of office space specifically in Nairobi and global challenges. All this have serious strategic threat to existing firms. Due to all this development, good percentages of small and medium audit firms find it difficult and hard to survive this turn of events and are forced out of business. On the other hand, there are quite a number of SMPs audit firms in operation and for them to have survived, they must have strategically positioned themselves in the market and shielded themselves with urgent measures in form of competitive strategies.

Nairobi County is located in Nairobi province; it borders Kiambu County to the Northwest, North and North East, Machakos County to the East and South East, Kajiado County to the South, South West and West. Nairobi is the Capital and largest city of Kenya. It is estimated to have a population of about 3 million people. It is a home to thousands of Kenyan businesses and over 100 major international companies and organizations. Nairobi is increasingly emerging as Africa's hub for most companies operating in the region because of its relatively better telecommunications and transport links, strategic location with access to the Indian Ocean that

makes it a natural gateway to the regional market, a supportive and gradually improving business environment, a fairly sophisticated and robust financial and capital market and significantly, a workforce that is widely acknowledged as one of the best in terms of skills and work ethic. Nairobi alone contributes 60% of the Kenya's GDP. Most business in Nairobi are of small and medium size.

1.1.1 Concept of Competitive Strategy

Competitive strategy is the component of the organizational strategy that seeks to achieve success in the competitive market by making specific efforts to attract the customers, through offensive and defensive move to counter the tactics of the rivals, and by taking initiatives to strengthen the organization's market position (Porters,1998).Thompson, Gamble and Strickland (2006), asserts that competitive strategy strives to establish a profitable and sustainable position against the forces that determine industry competition.

Porter developed three potential successful generic strategic approaches which a firm can apply to outperform other firms in the industry. The generic strategies for achieving competitive position in the market are cost leadership, differentiation, and focus (Porters, 1985). Cost leadership strategy is based on producing product or service for the lowest conceivable cost. By employing differentiation strategy organization must offer something to the buyers that the buyer's values and that are different from those of other competitors in a unique way. An Organization adopting focus strategy is deliberately being selective, focusing on a narrow group of customers, rather than on the whole market (Porters, 1980).

Competitive strategies are important to firms in the wake of a dynamic and ever changing business environment as they enable a firm to gain competitive advantage. According to Thompson and Strickland (2003), an organization is said to have a competitive advantage when it has an edge over its rivals in securing customers, and defending against competitive forces. Competitive advantage occurs when an organization develops a competitive strategy or a combination of competitive strategies that allows it to outperform its competitors. Barney (1995), asserts that, sustained competitive advantage is achieved only when competitors have failed in efforts to duplicate the benefit of a firm's strategy or when they lack the confidence to attempt imitation.

1.1.2 Accountancy Practice in Kenya

The accountancy practice in Kenya comprises of traditional financial accounting, taxation and auditing functions as well as other important services such as business advisory, business consultancy and management accounting (Haria, 2011). This is an industry with an important unique role in preserving transparency and improving the functioning of capital markets in any economy, Kenya's capital markets rely on financial statements certified by independent auditors. If the integrity of those statements could not be trusted, investment would come to a halt and economic growth would be paralyzed (Doogar & Easley, 1998).

The industry is characterized by a dual market structure in such a way that suppliers for audit service in the market are the Big four multinationals accounting firms which commands up to 80% of all audit engagements in the Kenyan economy and up to 99% of all the audit fees by the publically traded companies (Watts & Zimmerman, 1983). On the other hand, the second category player in this practice consist of a large number of small and medium auditing firms

whose clients are mainly SMEs enterprises in the economy. These SMPs are locally incorporated and are one or two partner(s) auditing firms (Makori, 2014). Examining the competitiveness in the accounting practice, the market is characterized by a high level of concentration, a given demand for audits as publically traded firms are compelled by legislative or other regulatory requirements to purchase audit services, and high entry barriers due to reputation effects and need for specialized knowledge. The market is segmented into an oligopolistic segment of large accounting clients and a competitive segment consisting of small and medium clients (Wieteke & Marleen, 2009).

1.1.3 Small and Medium Sized Audit Firms in Nairobi Kenya

There are varying worldwide definition of what constitute an SME although they tend to use same criteria of employees, turnover and asset base. For example the European Union defines a SME as enterprises which employ fewer than 250 persons (micro 1-9; small 10-49, medium 50-249) and which has an annual turnover not exceeding 50 million euro, and annual balance sheet total not exceeding 43 million Euros .In the USA the employment size threshold is 500 people with small firms employing 100 people. (Ayyagari, Beck & Demirguc-kunt 2003) found that the World Bank classifies all business with 11-50 employees as small and those with 51-100 employees as medium. This definition differs slightly with that of the European Union which categorizes companies with fewer than 50 employees as small and those with fewer than 250 employees as Medium (Isiah, 2008).

International federation of accountants (IFAC) defines SMEs as entities considered to be of a small and medium size by reference to quantitative (for example, Assets, turnover/employee) and or qualitative characteristics (for example, concentration of ownership and management on the small number of individuals). The term SMP (small and medium size practitioners) is prevalent

amongst accounting bodies but it is synonymous to SMEs (IFAC,2010) In Kenya,80% of the registered audit firms in Kenya falls in the category of one person-owned SMPS (Omondi,2014). For the purpose of this study, the researcher chose to use the IFAC definition of SMEs.Out of all the registered firms in Kenya, SMEs comprise of 80% and accounts for 60 per cent of the GDP. This is according to KBS (2012). According to the Kenya national Bureau of statistics baseline survey (KNBS,2012), almost two thirds of all SMEs in Kenya Operates in the rural areas with only one third operating in the urban areas and out of this a third,16 per cent operates in Nairobi. Among this SMEs (70%) are in trade of buying and selling of goods and services,15% are in the service sector, While SMES in the manufacturing sub-sector accounts for 15% and Others such as restaurants, Hotels made up of 6% of SME in the country.(KBS 2012).

1.2 Research Problem

Unprecedented changes in the business environment induced by rapid developments in communication and information technology, trade liberalization, trade-related support services, cross border capital flow, globalization effect, and more consumer demands have made competitive strategies to become more relevant to the firms (Rosil, 2012). To confront these rapid changes in the market, firms have no choice but to adapt to the environment in order to survive .It is therefore necessary for a firm to understand the underlying sources of competitive pressure in its industry in order to formulate appropriate strategies to respond to the competitive forces (Porters, 1979). The audit practice in which small and medium audit firms operates has been turbulent and volatile due to increased competition, increased number of social reforms, technological advancement, undercutting, increased need for more compliance as more and more regulations are enacted, and global effect. All this have greatly affected the growth of the industry (Githae, 2004).

Recent unprecedented developments in the accountancy profession such as increased competition due to increased new entrant, undercutting in audit engagement, tight investigation by the regulatory body ICPAK through audit firm reviews to ensure that all audit firms follow regulations, increased number of compliance, market saturation, increased cost of office space specifically in Nairobi and global challenges, all this have serious strategic threat to existing firms. Due to all this development, good percentages of small and medium audit firms find it difficult and hard to survive this turn of events and are forced out of business. On the other hand, there are quite a number of SMPs audit firms in operation and for them to survive, they must have strategically positioned themselves in the market and shielded themselves with urgent measures in form of competitive strategies.

Local and international studies have been done in the small and medium scale enterprises, Aseka (2013) in his finding, he indicated that small and medium enterprises in Nairobi had adopted innovation and low cost prices strategies. Mulwa (2010) researched on competitive strategies adopted by Horticultural SME companies in Nairobi and he found that they had adopted focus and cost leadership strategy as competitive strategies. Mutisya (2013) in his research on SMEs in Mombasa County, he found that they had adopted cost leadership and differentiation strategies to monitor their environment. Ondieki (2011) studied strategies adopted by small & medium mobile telephone providers in Kenya and found that they had adopted differentiation and cost leadership strategies in order to remain relevant in the market. Kinyua (2010) researched on competitive strategies adopted by small supermarkets in Nairobi and found that focus and differentiation were the main strategies employed. Rugut (2012) investigated the strategies adopted by small and medium enterprises in Nairobi central district and found cost leadership and penetration had been adopted as the winning strategy. Khabala (2007) found that low cost and focus were the

main strategy adopted in the waste transportation & disposal industry. Rosili (2012) found that price setting, marketing & promotion and niche market development were most emphasized competitive strategies. Pertusa (2009) found that hybrid strategies (innovation & differentiation) relate to high performance. Akaso (2011) In his investigation found that technology enabled learning, networking & Collaboration as most strategy deployed by enterprises. Agic (2012) established that promotions, differentiation, niche and low cost prices were competitive strategies used in Bosnia & Herzegovina.

Despite the immense literature on Competitive strategies, no specific study has been carried out to investigate competitive strategies adopted by SMEs Audit firms. The study aims to bridge this knowledge gap by investigating the competitive strategies adopted by SMEs audit firms with specific focus on Nairobi county Kenya. What are the competitive strategies adopted by small and medium audit firms (SME) in Nairobi County, Kenya?

1.3 Research Objectives

The objectives of this study were:

- i. To establish Competitive strategies adopted by small and medium size audit firms in Nairobi City County, Kenya.
- ii. To determine challenges faced by Small and medium audit firms in Nairobi City County, Kenya in implementing their competitive strategies.

1.4 Value of Study

First the research finding is useful for potential investors in the audit industry specifically in Nairobi City County. They will be informed on various competitive strategies adopted or applied by the SMEs audit firms already operating in Nairobi and therefore prepare themselves accordingly before entering the industry. Also will help Investors to learn in advance challenges Nairobi business environment so that they will put measures in place to mitigate this challenges.

Secondly, the study is useful to SMEs audit firms Partners and top management managers to whom their business are not performing well in Nairobi City County business environment to know the appropriate competitive strategies applicable by majority of SMEs audit firms and adopt the same. The study findings will be useful for them to be aware of the strategy implementation challenges mostly encountered in order to take measures in advance to mitigate them.

Finally, the research findings is useful to the Nairobi City County Government by informing the policy makers on the challenges the SMEs do encounter in the county specifically lack of financial resources. Also the study findings will be useful to the business regulators in the county and audit industry regulatory body (ICPAK) to put in place policies which will promote competition in the audit industry and put measures in place which will ensure growth of SMEs audit firm.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the literature related to competitive strategies that gives firms competitive advantage. The study mainly focuses on various theories underpinning the study (the game theory, industrial organization economic theory, the strategic conflict model and Resource based view), Industry competition and competitive strategies. 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

These are theories which over the years have been advanced to provide comprehensive conceptual understanding of competitive strategies as used by organizations to gain competitive advantage and outperforms the competitors in the same industry. The theories show commonalities in phenomena related with application of competitive strategies and make sense of day today experience in the real world of business operations. These theories help to make predictions hence control events. The theories help to compare the actual outcome with what is known. These theories put forward what have been already confirmed to improve organizational performance hence they give solutions how to fix issues related to competitive advantage.

This study covered four theories which has been advanced explaining the competitive strategies as applicable by organizations in order to gain competitive advantage, the theories are, game theory, industrial organization economic theory, strategic conflict model and resource based view. All the theories in one way or another, they relate or link in aspect of market structure. For

game theory, the theory covers static and dynamic nature under perfect or imperfect information (Nash 1950).both perfect and imperfect are forms of market structure. To industrial economics theory, according to Parnell, (2011) profitability is merely function of industry of market structure within which the firm operates. For resource based view, according to Foos & Knudsen (2007) superior performance is based on combining both internal and external aspect of a firm. External environment to the firm consists of market and its structure. Finally for the Strategic conflict model it contends that if the economic agents driven by their expectation perfect foresight and aided by market mechanism and other relevant institutions are capable of achieving an outcome that is a collection of mutual response (Gangopadhyay (2011)).The theories are covered in detail below.

2.2.1 Game Theory

Game theory by Nash 1950 which sometimes known as zero-sum theory it covers static and dynamic nature under perfect or imperfect information. It puts much emphasis on the importance of being proactive or thinking ahead, considering alternatives and anticipating the reactions of other competitors and other players in the game (Branden burger &Nale Buff 1995). Game theory has been applied in the way firms compete in a particular industry, their relationships and interactions in competition situations whereby one firm gains while another one loses.

It is based on various assumptions such as utility that enhance strategic thinking whereby each party faces a choice among two or more possible strategies. The choice of strategy depends highly on the information that each party has. This could either be perfect or imperfect information and the strategic actions are simultaneous for the players, in this case competing

firms in the same industry. The firms make choices at the same time hence no colluding to a particular decision. The zero-sum game involves just two players in which one player can only be made better off by making the other worse off (Myerson, 1997). Game theory is applied in competitive strategy in business situations such as raising product or services prices, new product introduction, advertising, regulation and in choice of either to undertake licensing or produce, (Heap & Varoufakis, 2004).

2.2.2 Industrial Organization Economic Theory.

The industrial organization Economics theory by Barney 1986, argues that a firm's performance is contingent upon the conduct of the market agents (sellers and buyers), which in turn dependent on the structure of the market (Porters, 1980). The theory perceives that firm's profitability is merely a function of industry or market structure within which the firm operate (Parnell, 2011). The theory is based on the fact that industry structure determines the conduct of the firms (including their room for product differentiation) which in turn determines its profitability (Stoelhort, 2004). Structure involves factors such as no of firms in the industry concentration ratio, entry barrier, how sellers interact with others, sellers with buyers and with potential entrants. It also defines products in terms of the potential numbers of variants in which product can be produced. Market conduct refers to choice of firm's key decision variables such as prices, advertising, capacity and quality hence can be viewed as the economic dimension of firm's strategy (Porters, 1981).

The theory is based on assumptions such as demand is homogenous and firm can only insulate themselves from competition by differentiation. Competition and market power only exists to restrain productive output through colluding with other firms or otherwise exercise monopoly

powers, thus above normal return (Stoelhort, 2004). According to Porter (1981) this theory is applicable in organization(s) in strategy formulation in an industry. It offers a systematic model for assessing nature of competition in an industry in terms of opportunities and threats as identifying structure in IOE.

2.2.3 Strategic Conflict Model

The strategic conflict model by Shapiro 1986 also called the theory of precarious partnership or theory of incomplete antagonism according to this theory, conflict is inevitable in ongoing interpersonal relationships. This is a model used to manage conflict events by mindfully using thoughts and communication in order to obtain what one party want by instituting tactics through specific behavior. According to Gangopadhyay (2011) the availability of economic resources relative to their demands is limited, which often gives rise to intense competition and continuing rivalry among economic agents. The economic agents driven by their rational expectation, perfect foresight and aided by market mechanism and other relevant institutions are capable of resolving the tyranny of relative scarcity by achieving an outcome that is a collection of mutual response. The model focuses on how one can apply suggestions to become more strategic in conflict interactions. It advice of employing cooperative and direct tactics in case of any conflict so that to become more strategic.

Schelling (1980) asserts that Conflict is inevitable in ongoing interpersonal relationship. The theory tries to capture the threat or potential versus actual destruction in case of limited but not total war. Bartos answer (2002) states that the principle subject of the theory is deterrence and not real war or social conflicts. It is a theory which employs threats, or threats and promises, or more generally of the conditioning of one's own behavior on the behavior of others that the theory is about. People should become more strategic in their conflict discussion so that they can

strategically navigate their conflicts so they can have productive outcome for each that protect and even strengthen their relationship. The theory is based upon rationality assumption and maximizing behavior of agents. It takes conflict for granted, but also assumes common interest between the adversaries. It focuses on the fact that each participant's best choice of action depends on what he expects the other to do and that strategic behavior is concerned with influencing another's choice by working on his expectation of how one's own behavior is related to his (Canary & Lakey, 2013).

2.2.4 Resource Based View

Resource Based view by Barney 1986 contend that above normal returns accrue due to valuable, rare, non-imitable immobile and non-substitutable resources. It views firm as a unique bundle of resources that is all assets and capabilities, organizational process, firm attributes, information, knowledge controlled by a firm that enable the firm to conceive and implement strategies that improves its efficiency and effectiveness, hence outperform the competitors in the industry (Barney, 2007). Foos and Knudsen (2005) asserts that resource based view (RBV) tends to focus on resource and capabilities that are long lived & difficulty to imitate. Superior performance therefore will be based on developing a competitively distinct set of resources and deploying them in a well-conceived strategy.

According to Foos & Knudsen (2007), RBV It builds on the two approaches to strategy by combining internal and external perspective of a firm and no two companies are alike because no two companies have had the same set of experience, acquired the same assets and skills, or built the same organizational cultures, further these assets and capabilities determine how efficiently and effectively a company performs its functional activities. The theory assumes that firms within an industry may be heterogeneous with respect to the strategic resources they control and

the resources may not be perfectly mobile across firms and thus heterogeneity can be long lasting. Firms in different industries as well as within one industry differ in resource supply and in order to achieve sustainable competitive advantage should exploit those differences. Competitive advantage can be sustainable if those resources are valuable, rare, imperfectly imitable and not substitutable (Barney, 1991).

2.3 Industry Competition

Examining the competitiveness in the audit practice is worthwhile as the audit market is characterized by a high level of concentration, a given demand for audits as publically traded firms are compelled to purchase audit services and there are no services from outside the industry that can legally serve as substitute, and high entry barriers due to reputation effects and need for specialized knowledge. The audit market is segmented into an oligopolistic segment of large audit clients and a competitive segment consisting of small and medium clients (Wieteke& Marleen, 2009). The audit market is not perfectly competitive and has a large number of clients with different characteristics that determine audit effort and audit costs. As a result each client pays a unique audit fee that is tailored towards these client characteristics. Clients value audits differently and pay different fees for audits performed by different types of auditors.

The audit market of publicly traded companies is highly concentrated in most countries. The concentration of suppliers, characterized by the oligopoly of the Big Four audit firms entails among others the fact that in the long term small and medium sized companies will be forced out of the market. The term “concentration” describes the agglomeration of economic power which is present in many industrial sectors, having diverse causes (Millerand &Hoellbacher 2009).

Simunic (1980) argues that the audit market is segmented according to client size, and that the segment of smaller clients is price competitive. Further argues that audit markets are indeed local. There is also evidence indicating that audit markets are segmented by client size small audit firms cannot effectively compete with the big audit firms for large clients.

2.4 Competitive Strategies

Competitive strategy is the component of the organizational strategy that seeks to achieve success in the competitive market by making specific efforts to please the customer, through offensive and defensive moves to counter the tactics of the rivals, and by taking initiatives to strengthen the organization's market position (Porter,1998).According to Pearce & Robinson (2005) Competitive strategy is the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs. Thompson and Strickland, (2002) added that competitive strategy comprises of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position.

According to (Ansoff, 1988), the firm has an option of four strategic directions to follow for growth, Market penetration which is an effort to improve business performance by either increasing the volume of sales to its present customers or by finding new customers for present products. A second strategic marketing option is where the firm attempts to adapt its present product line to new markets. This involves the identification of new potential users by extension of existing products. Examples of growth include expanding geographically and targeting new Segments of the market. Ansoff (1980) third strategy is diversification. This strategy is deemed the most risky of all the approaches according to ansoff, as it signifies entry into new unknown

territory. It calls for a simultaneous departure from the present product line and present market structure. The fourth strategy according to Ansoff (1988) is product development/ expansion strategy it involves retaining the present or existing market and developing products that have new and different characteristics to improve the performance of the market.

Porters (2004) developed three potential successful generic strategic approaches which a firm can apply to outperform other firms in the industry. The three generic competitive strategies for achieving above average performance in an industry are low cost producer strategy, Differentiation strategy, and Focus or Niche strategy. According to Thompson (1989) Low cost Producer strategy is based on producing a product or a service for the lowest conceivable costs. A firm sets out to become the lowest cost producer in its industry. According to Ansoff (1988), the aim of a cost leadership strategy is to open up a sustainable cost advantage over competitors and then use the firm's lower cost edge as a basis for under-pricing competitors, gaining market share at their expense, or earning a higher profit margin selling at the going market price. Firms acquire cost advantage by improving process efficiencies, accessing lower cost materials, making optimal outsourcing, vertical integration decisions or avoiding some costs altogether.

According to Ansoff (1988), a differentiation strategy is based on achieving an industry wide recognition of different and superior products and services compared to those of other suppliers. This recognition can be accomplished through the design of special brand images, technology features, customer service or higher quality, all of which have implications for the structure and operation of companies. According to Goldman and Nieuwenhuizen (2006) differentiation strategy is based on learning what features and attributes are important to the majority of consumers and then incorporating or adding those features and attributes to their products. Such

additions make the products or service more important, desirable to the customer. In a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions it to meet those needs. It is rewarded for its uniqueness with a premium price.

The final generic strategy is focus it involves concentrating on a particular customer, product line, geographical area, and channel of distribution, stage in the production process or market niche. It rests on the choice on a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others. According to Botten and McManus (1999) the underlying premise of the focus strategy is that a firm is better able to serve limited segment more efficiently than competitors can serve a broader range of customers. This kind of strategy is best and most effective when customers have distinctive preferences or specialized needs (porter, 1998).

2.5 Strategy Implementation Challenges

Strategy implementation is one of the components of strategic management and refers to a set of decisions and actions that result in the implementation of long term plans designed to achieve organizational objectives (Pearce & Robinson, 2003). Its purpose is to complete the transition from strategic planning to strategic management by incorporating adopted strategies throughout the relevant system (Bryson, 1995). Strategy implementation involves several processes. It first involves allocation of sufficient resources which include financial, personnel, time and computer system support. Secondly, establishing a chain of command or some alternative structure such as cross functional teams. Thirdly assigning responsibility of specific tasks or processes to specific

individuals or groups. Finally it involves managing the process which includes monitoring results, comparing to benchmarks and best practices, evaluating the efficiency of the process, controlling variances and making adjustments to the process as necessary. David (1997) states for effective strategy implementation, it needs to be translated into more detailed policies that can be understood at functional level of the organization

Wessel (1993) stated that most of the individual barriers to strategy implementation fit into one of the following categories. Too many and conflicting priorities, the top team does not function well, a top down management style, inter-functional conflicts, poor communication. These categories can be further translated into the following challenges that hamper implementation of strategies: key formulators do not play an active role in implementation, changes in responsibilities of key employees not being clearly defined, and problems requiring top management not being communicated early enough. The most problem in strategy implementation is lack of proper communication. The amount of strategic communication in most organizations is large, both written and oral communication is used mostly in form of top down communication. However this does not guarantee understanding and there is still much to be done on the field of communicating strategies.

Alcantara (2001) states that lack of success to implementation can be subdivided into four barriers. Firstly the management barrier which reflects the problem that the focus of management activities is dealing with the daily business and not discussing the new strategies. Secondly a vision barrier which arises when vision and strategies are not explained to other organizational staff in a comprehensible way. Thirdly there is a resource barrier which means that the resources are not deployed properly. In such cases implementation becomes difficult.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction.

Research methodology is a general approach to studying a research topic. The chapter explores how the research was carried out. It explains out various steps that were generally adopted by the researcher in studying his research problem along with the logic behind them. It involves a blue print for the collection, measurements and analysis of data. Specifically the following sections are discussed; Research design which addresses the type of design used with justification for its suitability, Population of study this section indicates the total targeted number of SMEs audit firms in Nairobi City County Kenya, Sample design address the technique used to arrive at sample size used for the study, Data collection covers the kind of data collected and instrument used. Finally data analysis which deals with how the collected data was processed and presented.

3.2 Research Design

This study employed a descriptive research design. A descriptive research design attempts to describe or define a subject often by creating a profile of a group of problems, people, or events, through the collection of data and tabulation of the frequencies on research variables or their interaction, (Cooper & Schindler, 2006). It is concerned with describing the characteristics of a particular individual, or of a group. A descriptive research defines questions, people surveyed, and the method of analysis prior to beginning of data collection. Thus this approach was appropriate for this study, since the researcher intended to collect detailed information through descriptions and the method was also useful for identification of variables.

Descriptive research design deemed suitable in light of the limitation of time and resources versus the large size of the population studied, this is because data was collected at one point in time. It also allowed for the convenient participation of the respondents in the survey without disrupting their normal business activities and thus boosted response rate. It aimed at collecting data in describing the status of the subject under study. This research design ensured that data collected was relevant to the question raised. This was achieved by first defining the question.

3.3 Population of the Study

The population of this study was the 542 small and medium (SMEs) audit firms actively operating in Nairobi City County. According to the Institute of certified public of Kenya (ICPAK) as at 31st July 2014, there were 848 active small and medium-size audit firms operating in Kenya .Out of this the 848 SMEs audit firms, 542 of the SMEs audit firms operated in Nairobi County, and were dispersed within the eight divisions that is, Kasarani, Embakasi, Makadara, Dagoretti, Kibera, Central Nairobi, Pumwani, and Westland.

The target population in a research study is the entire set of units for which the survey data is to be used to make inferences. The target population contains members of a group that a researcher is interested in studying. The results of the study are generalized to this population because they all have significant traits in common. Thus the target population defines those units for which the findings of the survey are meant to generalize. Target populations must be specifically defined, as the definition determines whether sampled cases are eligible or ineligible for the survey. The geographic and temporal characteristics of the target population need to be delineated. Mugenda and Mugenda, (2003) states that the targeted population should have some observable characteristics, to which the researcher intends to, generalize the result of the study.

3.4 Sampling Design

Sampling design or technique is a statistical determination of the appropriate sample size to enable the researcher to generalize the result to the population (Itayer, 1997). Statistically in order for generalization to take place, a sample of at least 30 must exist (Cooper & Schindler, 2003). Kotler (2001) argues that if well chosen, samples of about 10% of a population can often give good reliability. Other literatures have shown that sample size selection to a great extent is judgmentally decided. According to Mugenda and Mugenda (1999) when targeted population is less than 10,000, the required sample size will be smaller in such a case final sample estimate will be calculated using the formula $nf = n / (1+n)/N$. where, nf is the desired sample when the population is less than 10, 000, n is the desired sample size when the population is more than 10,000. N is the population size. For this study, N the targeted Population is 542, n is 25%. Therefore Sample size $nf = 0.25 / (1+0.25) / 542 = 108$. This is the final sample of the study from where inference about all small and medium size audit firms in Nairobi will be made.

A sample of 108 SMEs audit firms were randomly selected out of the total population of 542. The study used simple random sampling technique in coming up with the sample of 108 SMEs for the study. The researcher assigned all the 542 SMEs audit firms numbers from 00001 to 00542 and then used a table of random numbers to come up with the sample. Simple random sampling technique was used as it minimizes sampling error as each element in the target population was accorded an equal (unbiased) probability of being selected. Using probabilistic sampling each population member has a known chance of being included in the sample. (Cooper & Schindler, 2003).

3.5 Data Collection

The study collected primary data for the purpose of investigating the competitive strategies adopted by SMEs audit firms in Nairobi City County. Primary data was collected using a questionnaire. The questionnaire had closed- ended questions. The questionnaire was carefully designed and tested with a few members of the population then further improved. This was done in order to enhance its validity and accuracy of data which was collected for the study. The questionnaire was divided into two parts. Part 1 was designed to capture data about the general characteristics of the audit firm operating in Nairobi City County. Part 2 was designed to address the various strategic responses of the audit firm in dealing with the identified industry challenges.

The questionnaire method was selected because it deemed most cost effective to collect data as compared to face to face interviews questionnaire method also reduced bias as there was only one similar questionnaire for every respondent (Nachmias, 1996 Kothari, 2004) asserts that collecting primary data using questionnaire, is considered efficient and free from bias. The researcher administered the questionnaire individually to the partner or any one of the partners in those cases the small and medium audit firms had more than one partner and operational manager for those SMEs audit firms whose partner (s) were away. The questionnaires were administered using both emailing and by dropping and picking them later methods. The researcher exercised care and control ensuring questionnaires issued to the respondents were received back. To achieve this, the researcher maintained a register of questionnaires, which were sent, and which were received from the respondent.

3.6 Data Analysis

Data collected was analyzed using descriptive statistics. Before processing the responses, the completed questionnaires were edited for completeness and consistency. The data was then coded enabling the responses to be grouped into various categories. The data collected from the survey was mainly quantitative. As such, descriptive statistics was employed and used to summarize the data. Burners and Grove (2003) defines data analysis as a mechanism for one to reduce and organize data to produce findings that requires interpretation by the researcher. According to Hyndman (2008) data processing involves translating the answers obtained on the questionnaire in to a form that can be manipulated to produce statistics.

The data collected was analyzed using descriptive statistics. Descriptive statistics were used to measure the quantitative data which then analyzed using the statistical analysis. Tables, charts and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis. The researcher used the data with an aim of presenting the research findings in respect to competitive strategies adopted by SMEs audit firms in Nairobi County. The generated quantitative reports were presented through tabulations, the use of frequency tables, percentages, and mean scores. Frequency tables were used for arraying data obtained to facilitate working out percentages in order to address the objective of the study. Percentages revealed the proportions of different attributes that was being studied for relative comparison.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents analysis, findings and discussion of the study on the basis of the research objectives set out in chapter one. The study sought to establish the competitive strategies adopted by small and medium audit firms in Nairobi City County, Kenya and the challenges they encounter while implementing their chosen competitive strategies. Primary data was collected through questionnaire as the research instrument. Questionnaire was designed in line with the two objectives of the study. The study was carried out successfully and the findings are presented in tables, charts, and graphs then followed by discussion. The results presented are based on the research question. The chapters specifically presents the findings on response rate, organizational demographics, competition in Kenyan audit industry, competitive strategies adopted by(SME) audit firms in Nairobi County and strategy implementing challenges.

4.2 Response Rate

A survey's response rate is the result of dividing the number of people who were interviewed or surveyed in the study, by the total number of people in the sample who were eligible to participate and should have been interviewed. The response rate result for this study is as shown in Table 4.1.

Table 4.1 Response Rate

Response	Frequency	Percentage (%)
Filled in Questionnaires	73	68
Un returned Questionnaires	35	32
Total	108	100

Field Data: 2014

Table 4.1 illustrates the response rate of the respondents that participated in the survey. The study targeted 108 respondents in Nairobi City County in collecting data on Competitive strategies adopted by small and medium audit firms. However, out of 108 respondents, who were sent questionnaires, only 73 respondents completely filled in and returned the given questionnaires contributing to 68%. This response rate was reached due to the data collection procedure, where the researcher personally administered questionnaires and waited for respondents to fill in, kept reminding the respondents to fill in the questionnaires through frequent phone call and picked the questionnaires once fully filled. The 32% questionnaires that were not returned were due to the fact that the respondent were not available to fill them at that time and with persistence follow-ups there were no positive responses from them. The response rate of 68% demonstrates willingness of the respondents to participate in the survey that the study sought hence reliability of the study findings.

4.3 Organizational Demographics

The objectives of this study were to establish the competitive strategies adopted by small and medium audit firms in Nairobi City County, Kenya and to determine the challenges faced by SMEs audit firms in implementing their strategies. This section was aimed to provide a profile

and nature of the organizations involved in the study having in mind that there are varying worldwide definition of the word small and medium sized firms by using employees, Turnover and concentration of ownership. This part therefore analyses the category of the business, ownership of the firm, number of years in operation, no of employees and size of the organization in terms of annual turnover.

4.3.1 Legal name of the business

The most important aspect before starting business, is to compare the possible legal business forms in order for one to choose the one which suite the intention of the promoter(s). There are three basic legal business forms which can be chosen when starting up a new company: sole proprietorship, partnership and corporation or limited company. Data was gathered on this aspect in order to find out which category does the SMEs audit firms in Nairobi City County were operating under. The results were as in Table 4.2

Table 4.2 Legal name of the Business

Legal name of the Business	Frequency	Percentage (%)
Sole Proprietorship	32	43.8
Partnership	41	56.2
Total	73	100

Field Data: 2014

The respondents were requested to specify under which legal name their business was registered under. From the Table 4.2 , majority (56.2%) of small and medium audit firms involved in this study were registered under partnership kind of business while 43.8% who were surveyed

indicated operating under sole proprietorship. This meant that most of the SMEs audit firms in Nairobi City County recognized the essence of partnership kind of business in order to be able to be competitive in the Nairobi business environment in particular and in audit industry in general.

4.3.2 Legal Business Ownership

This means the structure of business that is the level of control or concentration of powers in a company. Many business structures are under Sole proprietorship and partnerships. The vast majority of small businesses start up as sole proprietorships. These firms are owned by one person, usually the individual who has day-to-day responsibilities for running the business. Sole proprietors own all the assets of the business and the profits generated by it. In a Partnership, two or more people share ownership of a single business. Like proprietorships, the law does not distinguish between the business and its owners. The partners should have a legal agreement that sets forth how decisions will be made, profits will be shared, disputes will be resolved, how future re partners will be admitted to the partnership, how partners can be bought out, and what steps will be taken to dissolve the partnership when needed. This data was sought to find out the concentration of powers in the SMEs audit firms in Nairobi County .The results were as shown in Table 4.3

Table 4.3 Legal Ownership of the SME audit Firm in Nairobi County

Legal name of the Business	Frequency	Percentage (%)
Sole Proprietorship	33	45
Partnership	40	55
Total	73	100

Field Data: 2014

The researcher required the respondents in this section to indicate the type of ownership of the audit firm they operate in. The results were as depicted in Table 4.3, Majority (55%) of the SMEs audit firm respondents indicated being under Partnership ownership, while 45% of SMEs audit firms were operating as sole proprietorship. For the SMEs audit firm surveyed, none operated as shareholding or family. This implies that despite partnership business involving several laws and rules, the SME audit firms had found this kind of business ownership appropriate and suitable in Nairobi business environment.

4.3.3 Number of Years in Operation

Many businesses fail within the first few months after they commence operation, because of several reasons. Among the many reasons are applications of inappropriate competitive strategies, Poor implementation of the chosen competitive strategy. But those businesses which have survived in their business for a length period of time indicate that they have developed experience in terms of competitive strategies applicable in the industry and within particular business envelopment in order to gained competitive advantage in their business environment. This kind of data was sought to find out if the small and medium audit firm respondents surveyed had experience in the Nairobi business environment and were aware of appropriate competitive strategies need to be adopted. The results of the findings were as shown in Table 4.4

Table 4.4 Number of Years in Operation

Duration of Existence	Frequency	Percentage (%)
0-5 Years	11	15
6-10 Years	19	26
11-15 Years	17	23
16-20 Years	16	22
Over 21 years	10	14
Totals	73	100

Field Data: 2014

The respondents were requested by the researcher to indicate the number of years their SME audit firm had been in operation or in existence. Majority 26% of the respondents indicated their SME audit firm had been in existence for a period of 6 to 10 years, 23% of those surveyed had been in existence for 11 to 15 years, 22% of the surveyed audit firms had been in existence for 16 to 20 years 15% of them indicated that they have been operating between 0-5 years, While only 14% of the respondents indicated that their audit firms had been in existence for a period of more than 21 years. This implies that Partners in the small and medium audit firm companies had been working in the firm for a sufficient period of time and therefore were aware of the appropriate competitive strategies applicable and need to be adopted in order to cope with competition in Nairobi City County hence this increased the reliability and quality of responses given.

4.3.4 Number of Employees

This is human capital resource engaged by accompany or a business to help in realizing and achieving the company goals or objectives. This data was sought because the study aimed at, establishing competitive strategies adopted by small and medium audit firms in Nairobi County. The term SMEs has been defined differently in terms of employees engaged by a business. So this brought out the clearly of the SMEs audit firms in Nairobi City County in terms of being within the SMEs definition. The findings were as show in Table 4.5

Table 4.5 Number of employees

Number of employees	Frequency	Percentage (%)
Less than 10	25	34.25
10-49	32	43.83
50-250	14	19.18
251-500	2	2.74
Over 551	Nil	0
Totals	73	100

Field Data: 2014

The study also sought to establish the size of the SMEs audit firms in terms of number of employees. Majority of the SMEs audit firms 43.83% indicated that they had between 10 and 49 employees, 34.25% of them had less than 10 employees, 19.18% of the surveyed SMEs audit firms had between 50-250 employees, 2.74% of the responded SME audit firms had engaged between 251-500 employees .This indicates that most of the SME audit firms in Nairobi City County operate in a low scale hence they fall within the definition of Small and medium enterprises firms.

4.3.5 Annual Turnover

The amount of business a company does or conduct in a particular year, usually is measured through the sales or income obtained. For a company to have high sales or income, it must competitively attract buyers to consume its services and products. The researcher sought to get this data because it indication the Co-relationship between performance and the competitive strategies adopted by majority of the SMEs audit firms in Nairobi city County. The study findings were as shown in Table 4.6

Table 4.6 Annual Turnovers

Number of employees	Frequency	Percentage (%)
Below 250,000	1	1
250,001-500,000	2	3
500,001-1,000,000	19	26
1,000,001-5,000,000	10	14
5,000,001-10,000,000	16	22
Over 10,000,001	25	34
Totals	73	100

Field Data: 2014

The study sought to find out the size of the SME audit firms in terms of its annual turnover. Majority of SMEs audit firm (34%) indicated that they had annual turnover of over 10,000,001 in the previous year, 26% of them had annual turnover of between kshs 500,001 and 1,000,000. 22% of the respondents had annual turnover of between kshs 5000,001 and 10, 000,000, 14% of the surveyed SME audit firms had a turnover of kshs between 1,000,001and 5,000,000 while 3%

& 1% had annual turnover between Kshs 250,001-500000 and below 250,000 respectively. This implies that Competitive strategies adopted by majority of SMES audit firms in Nairobi County, indeed was the cause of high performance in terms of turnover. Majority (34%) of SMEs surveyed had a turnover of more than 10 million.

4.4 Competition in Audit Industry

This is the rivalry in which every seller tries to get what other sellers are seeking at the same time in the same industry in terms of: market share, profit, and sales by offering the best practicable combination of price, quality, and service. Economy were the market information flows freely, competition plays a regulatory function in balancing supply. This Data was sought to find out whether indeed the SMEs audit firm players in this audit industry believe that it was competitive. The outcome of the study was as shown in Table 4.7

Table 4.7 Competition in Kenyan audit industry.

Type of competition	Frequency	Percentage (%)
Weak competition	62	85
Strong competition	7	10
Very strong competition	4	5
Hyper competition	Nil	0
Total	73	100

Field Data: 2014

In this section the respondents were requested to rate competition in the audit industry in Kenyan market by either indicating it being Weak, strong, very strong or hyper type of competition. The researcher was interested to know the perception of the respondents to competition among audit

firms. Majority (85%) of the respondents indicated that competition in the audit industry in particular Kenya is so weak while 10% felt that competition is strong in the audit industry while 5% of the surveyed SME audit firms indicated that competition in audit firm service industry in Kenya is very strong. Results of the finding is as per table 4.7. This indicated that most of the SMEs audit firms feels that no fair competition in audit industry this might be due to few (4) big audit firms controlling the audit industry in Kenya. Hence the regulatory bodies should move with speed to cultivate grounds to enable fair competition in the industry.

4.5 Competitive Strategies Adopted by SME Audit firms in Nairobi County

This section focused on finding out if the SMEs as part of their competitive strategy applied Market penetration, Market development, product development, focus, Differentiation and Cost leadership Competitive strategies in order to remain competitive. Mean scores were used to determine the extent of use of competitive strategies and implementation challenges encountered by SMEs audit firms on a 5-point Likert scale ranging from no extent (1) to very large extent (5) questions. Standard deviations were used to determine the varying degree of the responses by the participants in the survey.

4.5.1 Market Penetration Strategies

This section focused on finding out if the SMEs Audit firms applied Market penetration competitive strategy using various practices statements in order to gain competitive advantage in the industry. The practice statements were measured using a 5-point likert scale. The results of the findings are shown in table 4.8

Table 4.8 Aspect of Market Penetration Strategy

Market Penetration	Mean score	Standard deviation
Increasing number of audit services offered to present audit customers	3.8386	0.7940
Increasing volume of audit service sales to new customer	4.1369	0.8161

Field Data: 2014

Majority of the SMEs audit firms involved in the survey to large extent agreed or to moderate extent agreed on applying market Penetration strategy especially through the practice of increase of sales to new audit clients and the existing clients. This is evident with a mean score of 4.1369 and 3.8386 .This meant that most SMEs audit firms in Nairobi County had applied Market penetration competitive strategy widely.

4.5.2 Market Development Strategy

In this section, the researcher aimed at finding out if the SMEs Audit firm applied Market development competitive strategy using various practice statements. The response was as shown in Table 4.9

Table 4.9 Aspect of Market Development Strategy

Market Development	Mean score	Standard deviation
Identification of new audit service potential users	4.5479	0.8282
Expanding audit services geographically by opening new branches	2.7534	1.2904
Targeting new segments/groups	3.8630	0.7083

Field Data: 2014

Majority of the surveyed SME audit firms indicated to had applied the strategy to a large extent mainly through identification of new audit service potential users as a practice of market development strategy as illustrated by mean score of 4.547 while by moderate extent those who responded employed the strategy by targeting new segments for market development as depicted by mean of 3.86 and opening new branches geographically was rated little extent with a mean score of 2.75. Considering standard deviation there was significant variation among those surveyed concerning expanding audit services by opening new branches geographically as illustrated by standard deviation of 1.2. This indicated that to large extent, SMEs audit firms operating in Nairobi had applied Market development as a competitive strategy.

4.5.3 Product Development Strategy

The researcher requested respondents to indicate the extent to which their SME audit firm had adopted various practices related to product development as a competitive strategy. Study findings were as shown in Table 4.10

Table 4.10 Aspect of Product Development Strategy

Product Development	Mean score	Standar d deviation
Adding new audit service features or product refinement	2.6438	0.8970
Expanding the audit service line	3.8219	0.5322
Developing a new generation audit/accounting services products	2.7397	0.9655
Developing new audit/accounting services for the existing market	2.7945	1.0593
Diversification (introducing new unknown audit services)	1.61643	0.85416

Field Data: 2014

Majority of the SMEs audit firms indicated having applied product development through mainly the practice of expanding the audit services line offered to the clients as indicated by mean score of 3.82, Other SMEs indicated that to some extent they had adopted Product development strategy mainly practice of adding up new audit services, developing new products, and new generation services as shown by mean score of 2.64, 2.79 and 2.73 respectively. Other SMEs audit firms surveyed they agreed that they had not applied diversification as product development practices as shown by mean of 1.6 as per the result of the study findings in table 4.10 above. All in all the SMEs audit firms used product development strategy as a competitive strategy.

4.5.4 Focus /Niche Strategy

This section focused on finding out if the SMEs audit firms applied focus (narrow) competitive strategy using various practices. The researcher requested the respondents to indicate the extent they have applied the strategy using various focus aspect practice statements. And the findings were as shown in Table 4.11.

Table 4.11 Aspect of Focus Strategy

Focus Competitive Strategies	Mean score	Standard deviation
Focusing on selling audit/accounting services to a particular market niche only	2.93150	1.29624
By devoting resources to maintain market leadership in this niche.	2.32876	1.17105
Innovate audit / accounting product/service for this niche	2.90411	1.26235

Field Data: 2014

Majority of the SME audit firms indicated that to a little extent they had restricted offering audit service to a particular market niche, devoting resource to particular market and innovating audit products only to a particular market as indicated by mean score of 2. This means that this narrow focus was not a widely applied competitive strategy by SMES audit firms in Nairobi County.

4.5.5 Differentiation Strategy

The respondents were requested to indicate the extent their SME audit firm had applied various practice statements related to differentiation strategy in order to gain competitiveness in the audit industry in particular Nairobi Business environment. The findings were as depicted in table 4.12

Table 4.12 Aspect Differentiation Strategy

Differentiation Competitive Strategies	Mean score	Standard deviation
Pricing Audit services below that of the competition.	4.26027	1.08574
Pricing audit services higher than the competition	1.91780	0.88756
Offering different services/products than the competitors	2.52054	0.83713
Expanding accounting/audit services mix to include features that competitors do not offer.	3.89041	0.76859
Being flexible with frequent visit to the client premises to check on the business progress and offer advice if need be.	4.17808	0.70889
Your firm is strategically located to the audit client	2.63013	1.06638
Offering audit services which are complex and cannot be easily imitated	1.64383	0.70942
By allowing service customization (Tailor-made services).	4.39726	0.82328

Field Data: 2014

Majority of the SME audit firms in Nairobi County who were surveyed, In order for them to gain competitiveness or competitive advantage in the industry, they indicated that to large extent they had applied differentiation strategy especially through the practice of pricing audit services below their competitors by mean of 4.26, being flexible with frequent visit to client premises by mean score of 4.17, and by allowing client customization as depicted in table 4.12 by a mean score of 4.39 as ways of achieving differentiation strategy. By mean score of 3.890, some of the SMEs audit firm who surveyed indicated that they tend to include features which their competitors do not offer. Some of the respondent indicated that to little extent they offer different audit services and their firm is strategically located to the audit client than their competitors. This meant that most SMEs offered similar products to their audit clients and did not engage largely in consumer marketing.

4.5.6 Cost Leadership

In this section the researcher focused in finding out the extent to which SMEs involved in the survey, applied cost leadership competitive strategy using various practices statements related to achieving the strategy in order to gain competitiveness and competitive advantage in the audit industry. The respondents were requested to rate how their SME audit firm have applied the various practice statements on a 5-point likert scale ranging from no extent rated as (1) to Avery large extent which is the highest rated as (5).The results of the finding was as show in Table 4.13

Table 4.13 Aspect of Cost leadership Strategy

Cost Leadership Competitive Strategies	Mean score	Standard deviation
Improving efficiency by employing experts.	3.01369	1.01351
Continuously cutting cost across audit service value chain.	3.69863	0.82237
Outsourcing and increased automation.	2.82191	1.01147
Striving to capture all available economies of scale	3.76712	0.94391
Trying to operate facilities at full capacity	3.89041	0.92989
Shifting to the use of technologies and/or information systems.	2.78082	0.87970
Providing audit services at a low cost but of high quality	2.27397	1.01036

Field Data: 2014

Majority of the small and medium audit firms indicated that to a large extent, they had invested in operating facilities at full capacity, capturing all available economies of scale, cutting cost across audit service value chain and improving efficiency by employing experts as drivers or means to achieve cost leadership strategy. While to little extent SMEs audit surveyed indicated using automation as means of achieving cost strategy as illustrated by table 4.13. This indicated that for SMEs audit firms in Nairobi City County had applied Cost leadership as a competitive strategy in order to compete.

4.5.7 Strategy Implementation Challenges

This section focused on finding out the challenges SMEs encountered while implementing the chosen competitive strategies. The researcher requested the respondents to indicate the extent to which they encounter various statements related to strategy implementation challenges. The results were as presented in table 4.14

Table 4.14 Aspect of Strategy Implementation Challenges

Competitive strategies implementation challenges	Mean score	Standard deviation
Need for more compliance by regulatory body ICPAK	3.94520	0.79191
Insufficient financial resources	4.35616	0.81710
Poor communication	3.10958	0.97308
Resistance to change	3.56164	0.96495
Weak or inappropriate strategy	2.97260	1.07235
Too many conflicting priorities	3.684932	0.91974
Insufficient leadership attention	2.890411	1.20001
Weak/Ineffective Top leadership	1.890411	0.92989

Field Data: 2014

Majority of the SMEs according to the study findings in table 4.14 above, to a large extent indicated insufficient financial resources as the most implementation challenges encountered, Need for more compliance by regulatory body ICPAK, too many conflicting priorities, resistance to change and poor communication were rated Moderate extent to have been encountered. While Weak or inappropriate strategy and insufficient leadership attention being rated as little extent encountered when implementing strategy by SMEs audit firms. For those who were surveyed, weak/inefficient leadership was not encountered as illustrated by mean score of 1.890. This meant that most of SMES audit firms operating in Nairobi City County are faced with many challenges in their operation which hinder them from growth.

4.6 Discussion

Competitive strategies have turned out to be more relevant to firms, irrespective of their size in the wake of a dynamic and ever changing business environment. The study findings achieved the study objectives that the researcher sought. These were to establish the competitive strategies adopted by SMEs audit firms in Nairobi City County and the challenges that they face in implementing their chosen competitive strategies. The results were in agreement with various studies conducted by Mutsya, Ogutu, and Nyatichi (2013) on SMEs competitive strategies. The results agree with previous research and theoretical descriptions on various competitive strategies done on small and medium sized audit firms. However some of the result differed slightly with the finding of Mutsya and Mwangi (2013) on ranking of challenges facing SMEs this is due to the facts that business environment differs from region to region. Previous studies especially those carried out elsewhere apart from Nairobi differed slightly.

These study results revealed that most SMEs audit firms in Nairobi County Mainly focused on applying differentiation competitive strategies, Market penetration Competitive strategies and cost leadership competitive strategies. The results are in harmony with the various theories put forward by Porter (1998), Pearce & Robinson (1991) and Barney (2007). According to Lovelock (1996) businesses must see customers as their long term partners and need to make a commitment in maintaining the relationship through quality services. The finding of this study validate the literature as majority of the SMEs audit firms under survey agreed to some extent to provide high quality audit services at low cost. According to Bauer and Colgan (2001), lower prices lead to higher demand and therefore, to a large market. This strategy focuses on gaining competitive advantage by lowering cost in the industry (Porter, 1996; Bauer and Colgan, 2001).

According to Dess and Davis (1984), the primary thing for a firm seeking a way of reducing cost is to concentrate on maintaining efficiency throughout all activities in order to effectively control every expense and find new potential cost reduction. Cost leadership is the only way to offer low prices and is valuable if buyers do not value differentiation very much, buyers are price sensitive and it is sustainable if there are no changes in consumer tastes, technology and exogenous prices.

To the challenges encountered by SME audit firms, the study findings were in collaboration with various findings by Mwangi and Mutisya (2013) and Bowen et al. (2009) which revealed that financial resources constrain was the most challenge encountered. However the results revealed that need for more compliance by regulatory body ICPAK was pressing challenges for most of the SMEs audit firms in Nairobi County. Other challenges that were among the five most pressing challenges encountered were Poor communication, Resistance to change and too many conflicting priorities which negatively impacted strategy implementation hence growth of the SMEs audit firms in Nairobi County. However it must be noted that these challenges may be ranked differently at a different period or point in time and in different regions like upcountry which might have its own challenges, thus the need for frequent studies on the same to establish changing trend. But generally the study results have enhanced the current theories and empirical study findings on the need to constantly monitor business environment, taking in to account the firm's resources and capabilities or opportunities and constantly benchmarking to ensure sustainable competitiveness in today's highly competitive and dynamic business environment

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter addresses the summary of the data findings on competitive strategies adopted by small and medium audit firms in Nairobi City County, Kenya, the conclusion and recommendations are drawn thereof. The chapter is therefore structured in to summary of the findings, conclusion, recommendations, limitation of the study and suggestion for further research.

5.2 Summary

The objectives of this study were to establish the competitive strategies adopted by SMEs audit firms in Nairobi City County, Kenya and to determine the challenges faced by SMEs audit firms in implementing their chosen competitive strategies. From the study findings, Majority of the SMEs audit firm had adopted various competitive strategies in order to remain competitive, where by market penetration, market development, differentiation and cost leadership were most competitive strategies applied. The study further found that market penetration strategy has been emphasized to a large extent through practice such as increasing audit service to new audit clients and to a moderate extent by increasing audit services to present audit clients.

On market development, the study found that majority of SMEs audit firms had focused on this strategy to a large extent through the aspect/practice of identifying new potential audit clients and targeting new groups of business in new segments already not served by the SME audit firm. Further result reflects that majority of the small and medium audit firms have not applied practice of opening branches as a practice to achieve market development competitive strategy.

On product development strategy, clearly the study findings show that the Majority of SMEs audit firms which had adopted this strategy, they had emphasized it through the practice of expanding the audit services offered to clients as the aspect to achieve this strategy. Further the study found that Majority of the small and medium audit firms surveyed, to a little extent had adopted product development as a competitive strategy. On focus strategy, the study found that for that this kind of competitive strategy was to some extent adopted by SMEs audit firms who were surveyed. Further the result indicates that the strategy was applied through the practice of selling their audit services to a specific niche market only and Innovating audit and accounting services specifically to meet requirement for particular of specific market.

On differentiation strategy, as a competitive strategy the study found that majority of SMEs audit firms surveyed, had applied the strategy to a large extent through pricing their audit services lower than their competitors, frequent visit to client premises to check on their progress and offer financial advice if need be, and by allowing customization of their audit services to suit their client requirement. Also the other aspect of differentiation strategy applied by SMEs audit firms were, the aspect of expanding audit product or service mix to include features which the competitors did not offer, locating the audit services strategically to the audit clients, this was rated having been applied to a little extent and finally offering different audit services or products than the competitors. While pricing audit services higher than the competitors and offering complex and not imitable audit services were not applied.

On cost leadership, the study found that like differentiation strategy, majority of the SMEs audit firms who were surveyed indicated that they had applied this strategy to moderate extent. Further the study revealed that the practices adopted by SMEs to achieve cost leadership were, operating

at full capacity, striving to capture all the available economies of scale, continuously cutting cost across audit service value chain and improving efficiency by employing experts. Also other aspect of cost leadership applied by small and medium audit firms were outsourcing and increased automation, shifting to the use of technology and information systems and providing audit services at a low cost but of high quality. The researcher also sought to find out the nature of competition in the audit firm industry in Kenya and a large percentage of the respondents indicated that there was weak competition in audit industry in Kenya.

To the challenges faced by SMES audit firms in implementing competitive strategies, the study found that majority of the surveyed SMEs audit firms operating in Nairobi County, indicated that to a large extent insufficient financial resources had hindered the implementation of their competitive strategies. The other challenges encountered to moderate extent by the surveyed small and medium audit firms operating in Nairobi County while implementing the adopted competitive strategies were, the need for more compliance by regulatory body ICPAK, too many conflicting priorities, resistance to change and implementation challenge.

5.3 Conclusion

The study sought to find out Competitive strategies adopted by small and medium audit firms in Nairobi City County, Kenya. The essence of competitive strategy in small and medium audit firms is to enable them to cope with competition. The purpose of competitive strategy is to establish a profitable and sustainable position against the forces that determine industry competition. Based on the findings, the study concluded that most of the SMEs audit firms in Nairobi County, had already adopted competitive strategies to respond to ever changing customer needs and competitive market nature in Nairobi City County where by Market penetration, Market development and differentiation strategy were the key competitive strategy

adopted by most SME audit firms which were surveyed with practice such as increasing more sale to new audit clients, identifying new potential audit service users, and by allowing service customization of offering tailor made services respectively being employed by majority of the SMEs audit firms.

To product development strategy the study concluded that majority of SMEs audit firms in Nairobi had adopted product development as a competitive strategy, specifically through expanding the audit service line in order to widen the audit clientele and provide a spectrum of services to potential customers was the key practice in most of the small and medium audit firms who were surveyed. Moreover, businesses had attracted new customers by introducing a range of services across the board. To the focus competitive strategy, the study concluded that focus as a competitive strategy, was not widely adopted by SME audit firms in Nairobi County that were surveyed.

To the challenges encountered by small and medium audit firms in Nairobi County in implementing their chosen competitive strategies, the study concluded that the first five implementation barriers that were cited by majority of surveyed SMEs audit firms were insufficient financial resources, need for more compliance by regulatory body ICPAK, too many conflicting priorities, resistance to change, and poor communication.

5.4 Recommendations for Policy and Practice

The study recommends that for small and medium audit firms to survive in ever dynamic competitive environment, characterized by new entrants, social reforms, technological advancements and globalization challenges, it is evident that they should adopt or apply various

competitive strategies to ensure that they are aligned to the need of the market environment. Further the study recommends that small and medium audit firms operating specifically in Nairobi City County should adopt market penetration, differentiation and cost leadership as their main competitive strategies in order to remain competitive in the audit industry. This is so because majority of the SMEs operating in Nairobi County for quite a length of time, had adopted the strategy.

For the partners (Owners) and managers of SMEs audit firms operating in Nairobi County, the need to develop and adopt strategies that will ensure that they survive in the industry is of priority. Partners should cultivate a culture of scanning the business environment and adopting the appropriate competitive strategies applicable. The SMEs should know that customer satisfaction always comes first. Also the study recommends other imperative competitive strategies that may be applied by the SMEs audit firms which includes diversification of products to include consultancy & accountancy, charging reasonable fees, expansion to new market & ethical considerations, and efficient and timely service to client.

The findings in this paper provide some indications to Nairobi City County Government policy makers the most challenges facing SMEs audit firms. It cannot be denied that the Kenya Government under its various plans has spent a large amount of public fund to support the sector but nevertheless, support programs provided are too diverse, covering all economic and business areas. The focus of SME support should be more on selective basis, moving towards knowledge, innovation and global orientation. The Government should ensure that there are measures geared towards the support of the SMEs in terms of funding as majority of the SMEs who were surveyed indicated limited financial resources as the main challenge they encounter while

implementing their competitive strategies. To regulator of audit industry in Kenya, Policies should be enacted to encourage growth of SMEs audit firms and competition in the sector and this will only be achieved by exempting SMEs audit forms from so many stringent regulations.

5.5 Limitation of the Study

The main objectives of the study was mainly to identify competitive strategies adopted by small and medium audit firms in Nairobi City County and challenges they face in implementing the strategy. There were some limitations for this study. First the study included only small sample of a large population as the respondents. When conducting research, quality sampling may be characterized by the number and selection of subjects or observations. Obtaining a sample size that is appropriate in both regards is critical for many reasons. Most importantly, a large sample size is more representative of the population, limiting the influence of outliers or extreme observations. A sufficiently large sample size is also necessary to produce results among variables that are significantly different. Sample size is also important for economic and ethical reasons. An under-sized study can be a waste of resources for not having the capability to produce useful results, while an over-sized one uses more resources than are necessary. In carrying out this research, the researcher took a sample of 108 SMEs audit firms out of a population of 542 operating in Nairobi County. This was necessitated by the time on researcher's disposal to conduct and finalize the study.

Secondly the study aimed at establishing the competitive strategies adopted by Small and medium audit firms in particular Nairobi City County, Kenya. Business environment changes from one region to another with different factors that affect the business operations. These factors includes political climate, economic systems such as infrastructures, technological

factors, social cultural, ecological and legal factors. Due to this dynamic business environment, it may not be advisable to generalize result or findings from one region for the whole industry or sector. Since this study was conducted only in Nairobi City County, then the competitive strategies pursued by SMEs audit firms in other towns unlike Nairobi could be quite different likewise to the strategy implementation challenges they face. This is a limitation in that the research findings cannot be generalized for the whole audit industry in Kenya though this was necessitated by time limit and resources availability.

Lastly the study aimed at finding out the competitive strategies adopted by SMEs audit firms and the challenges they encountered in implementing the strategy. In conducting this study, the research only sought to find out the strategies applied or adopted. But the study did not link or associate the strategies adopted with performance of the SMEs audit firms since the competitive strategies seek to enable an organization to achieving above average performance in an industry. This was a limitation in that the study did not find out if the strategies adopted improved the performance than before they were applied. In carrying out this research Study, researcher did not take a multivariable study because of the timing of the study.

5.6 Suggestion for Further Research

This study aimed at establishing the various competitive strategies adopted by SMEs audit firms in Nairobi City county Kenya. In deciding the sample size for this study, out of a targeted population of 542 SMEs audit firms operating in Nairobi County, only 108 SMEs audit firms were taken as respondents translating to 19.9% of the targeted numbers of SME audit firms. When conducting research, quality sampling may be characterized by the number and selection of subjects or observations. Obtaining a sample size that is appropriate in both regards is critical

for many reasons. Most importantly, a large sample size is more representative of the population, limiting the influence of outliers or extreme observations. Sufficiently large sample size is also necessary to produce results among variables that are significantly different. Sample size is also important for economic and ethical reasons. So the study suggests that similar research study can be repeated in future with a big sample size to enable reliability of the findings for the study.

The study sought at establishing the competitive strategies adopted by Small and medium audit firms in particular Nairobi City County, Kenya. Future studies should focus on other regions or several regions for a single study this is because business environment do change from one region compared to another with different factors that affects the business operations changing also. Therefore the competitive strategies pursued by SMEs audit firms in other towns unlike Nairobi could be quite different likewise to the strategy implementation challenges they face. A survey study done considering several regions of the country can be generalized with no much doubt for the whole industry and the quality of its findings will be reliable.

Finally in conducting this study, the research only sought to find out the strategies applied or adopted. But the study did not link or associate the strategies adopted with performance of the SMEs audit firms since the competitive strategies seek to enable an organization to achieving above average performance in an industry. The study did not find out if the strategies adopted improved the performance than before they were applied. The study suggests that future research should be focused on linking the competitive strategies adopted with the SMEs performance.

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APPENDICES

Appendix I: Letter to Respondent

Department of Business Administration

School of Business

University of Nairobi

TO WHOM IT MAY CONCERN

Dear Sir/Madam:

RE: REQUEST FOR RESEARCH DATA

I am a post graduate student at the University of Nairobi studying in the field of Strategic Management. As part of the requirement for Master of Business Administration, I am conducting a study on `` *Competitive Strategies Adopted by small and medium audit firms in Nairobi County, Kenya*``. To enable me collect data for this research, you have been selected as participants of the study. Your output through responding to an interview questionnaire will be valuable in identifying the issues.

The research is strictly for academic purposes, and as such, your responses will be treated with utmost confidentiality. Upon request, a copy of the final paper will be made available to you.

Your assistance and cooperation should be highly appreciated.

Yours truly,

Alfred N. Barongo

MBA Candidate

D.r Vincent Machuki

Supervisor University of Nairobi

Appendix II: Questionnaire

Kindly answer all the questions by ticking or by providing the answers in the spaces provided.

PART ONE: GENERAL BACKGROUND

1. What is the name of your audit firm? (Optional).....
2. Registered as a: Sole proprietorship [], Partnership [], Ltd company [], others []
3. Ownership: Owner managed [], Partnership [], Shareholding [], Family owned [], others [].
4. Number of years in operation. 0 -5 [] 6-10 [] 11 - 15 [] 16 - 20 [] Over 21 []
5. How many employees does the organization have? 0 - 9 [] 10 – 49 [] 50-250 [] 251-500 []
Over 551 []
6. Turnover for past year. (Kshs): Below 250,000 [] 250,001 -500,000 [] 500,001-1,000,000 []
1,000,001 -5,000,000 [] 5,000,001 -10,000,000 [] Over 10,000,001 []

PART TWO: COMPETITIVE STRATEGIES ADOPTED AND IMPLEMENTATION CHALLENGES

1. How do you describe competition in the audit firm service industry in Kenya?
Weak competition [], Strong competition [], Very strong competition [], Hyper competition []

2. Kindly indicate your view, the extent to which the following competitive strategies have been applied in your firm to remain competitive.

Use a five point scale where 1= no extent 2 = small 3 = some extent, 4 = large extent, 5 = a very large extent

(A).Market Penetration	1	2	3	4	5
(i).Increasing number of audit services offered to present audit customers					
(ii).Increasing volume of audit service sales to new customer					

(B).Market Development	1	2	3	4	5
(i). Identification of new audit service potential users					
(ii). Expanding audit services geographically by opening new branches					
(iii).Targeting new segments/groups					

(C). Product Development	1	2	3	4	5
(i). Adding new audit service features or product refinement					
(ii). Expanding the audit service line					
(iii). Developing a new generation audit/accounting services products					
(iv). Developing new audit/accounting services for the existing market					
(v). Diversification (introducing new unknown audit services)					

(D). Focus Competitive Strategies	1	2	3	4	5
(i).Focusing on selling audit/accounting services to a particular market niche only					
(ii).By devoting resources to maintain market leadership in this niche.					
(iii).Innovate audit / accounting product/service for this niche					

(E). Differentiation Competitive Strategies	1	2	3	4	5
(i). Pricing Audit services below that of the competition.					
(ii).Pricing audit services higher than the competition					
(iii).Offering different services/products than the competitors					
(iv).Expanding accounting/audit services mix to include features that competitors do not offer.					
(v).Being flexible with frequent visit to the client premises to check on the business progress and offer advice if need be.					
(vi). Your firm is strategically located to the audit client					
(vii).Offering audit services which are complex and cannot be easily imitated					
(vii).By allowing service customization (Tailor-made services).					

(F). Cost Leadership Competitive Strategies.	1	2	3	4	5
(i).Improving efficiency by employing experts.					
(ii).Continuously cutting cost across audit service value chain.					
(iii).Outsourcing and increased automation.					

(iv). Striving to capture all available economies of scale					
(v). Trying to operate facilities at full capacity					
(vi). Shifting to the use of technologies and/or information systems. that bypass the need to perform certain audit value chain activities					
(vii). Providing audit services at a low cost but of high quality					

3. Competitive Strategies Implementation Challenges

To What extent does your firm encounter each of the following challenges when implementing competitive strategies?

Use a five point scale where 1= no extent 2 = small 3 = some extent, 4 = large extent, 5 = a very large extent,

Competitive strategies implementation challenges	1	2	3	4	5
(i). Need for more compliance by regulatory body ICPAK					
(ii). Insufficient financial resources					
(iii). Poor communication					
(iv). Resistance to change					
(v). Weak or inappropriate strategy					
(vi). Too many conflicting priorities					
(vii). Insufficient leadership attention					
(viii). Weak/Ineffective Top leadership					

Thank you

Appendix III: List of Small and Medium Size audit Firms in Nairobi County, Kenya

LIST OF SMALL AND MEDIUM AUDIT FIRMS IN NAIROBI COUNTY AS AT 31ST JULY 2014

1	<i>A M Shah & Sons</i>	35	<i>Baker Tilly Merali's</i>
2	<i>A. K. Wachira & Associates</i>	36	<i>Bakul Kothari & Company</i>
3	<i>A. Mulu & Associates</i>	37	<i>Bariu & Associates</i>
4	<i>A. Taibjee & Associates</i>	38	<i>Bassan Khanna Saini Associates</i>
5	<i>A.K. Siele & Associates</i>	39	<i>BDO East Africa</i>
6	<i>A.M Shah & Sons</i>	40	<i>Bell Associates</i>
7	<i>AA Idris And Associates</i>	41	<i>Benardfrank LLP</i>
8	<i>AAC Kenya</i>	42	<i>Benconsult & Associates</i>
9	<i>AAM, Resources Management Consultants</i>	43	<i>Benim & Associates</i>
10	<i>Abdullhamid and Company</i>	44	<i>Bernard Mulandi & Company</i>
11	<i>Aboka Aloyo & Associates</i>	45	<i>Bett & Associates</i>
12	<i>Achode & Company</i>	46	<i>Bhari & Associates</i>
13	<i>Aggrey & Associates</i>	47	<i>Bhatt Shah & Co.</i>
14	<i>Aggrey & Company</i>	48	<i>Billsmithi and Company</i>
15	<i>Agoro & Associates</i>	49	<i>Birenge & Associates</i>
16	<i>Agutu & Associates</i>	50	<i>Bitta and Associates</i>
17	<i>Alekim & Associates</i>	51	<i>BMK Muoki & Company CPA</i>
18	<i>Alen Kan & Associates</i>	52	<i>Bukas Consultants</i>
19	<i>Alex and Partners</i>	53	<i>C M Maingi & Company</i>
20	<i>Alexander Grant & Associates</i>	54	<i>Carr Stanyer Gitau & Co.</i>
21	<i>Alexander McDonald & Scott</i>	55	<i>Catherine Mwangi & Associates</i>
22	<i>Alfred Kithusi & Associates</i>	56	<i>Charles Joshua and Associates</i>
23	<i>AML Associates</i>	57	<i>Charles Otieno & Associates</i>
24	<i>Anand P.Thacker & Co.</i>	58	<i>Chege Muchunguzi Mwangi & Company</i>
25	<i>Apollo & Associates</i>	59	<i>Chengoni and Company</i>
26	<i>Articson & Associates</i>	60	<i>Cheror Lagat And Associates</i>
27	<i>Ash Hassan & Associates</i>	61	<i>Ciugu and Associates</i>
28	<i>Ashabhai Purshottam Patel & Co.</i>	62	<i>Clyde & Associates</i>
29	<i>Ashvin Ranpara & Company</i>	63	<i>Costa Luis & Co.</i>
30	<i>Ashwin Brothers</i>	64	<i>CPJ & Associates</i>
31	<i>Athman Errey & Company</i>	65	<i>Crowe Horwath East Africa</i>
32	<i>Avinash Shah Bhatti & Associates</i>	66	<i>D K Waweru & Associates</i>
33	<i>Ayunga & Associates</i>	67	<i>D Kahi And Company</i>
34	<i>B. C. Patel & Co.</i>	68	<i>D. K. Wambua & Associates</i>

69	<i>D. K. Wambua & Associates</i>	104	<i>Eusebio Isaac & Associates</i>
70	<i>D. N. Waweru & Associates</i>	105	<i>EVS & Associates</i>
71	<i>D. N. Waweru & Associates</i>	106	<i>Firozali Kassam & Associates</i>
72	<i>Dan & Anderson Associates</i>	107	<i>Fitzgerald & Associates</i>
73	<i>Dan & Associates</i>	108	<i>Francis Kieti & Associates</i>
74	<i>Daniel & Daniels Company</i>	109	<i>Fujan and Associates</i>
75	<i>Daniel & Simon Associates</i>	110	<i>G G Gitau & Associates</i>
76	<i>Daniel Dimba & Company Associates</i>	111	<i>G G Joshua and Associates</i>
77	<i>Daniel Mwangi & Associates</i>	112	<i>G S Evans & Associates</i>
78	<i>David & Associates</i>	113	<i>G. C. Patel & Company</i>
79	<i>Dennis Paul & Associates</i>	114	<i>G. W. Joseph & Company</i>
80	<i>Devani - Devani & Company</i>	115	<i>Gachanga & Associates</i>
81	<i>Dhadhialla & Associates</i>	116	<i>Gachau Maina and Company</i>
82	<i>Dhanoa & Associates</i>	117	<i>Gacheru & Company</i>
83	<i>Dhulia & Co.</i>	118	<i>Gachoka Lutakai & Associates</i>
84	<i>Diccon Wilcock</i>	119	<i>GADE Associates</i>
85	<i>Dida and Associates</i>	120	<i>Gagani & Company</i>
86	<i>DMC Associates</i>	121	<i>Gathogo & Associates</i>
87	<i>DMG Peter And Associates</i>	122	<i>Gathua & Company</i>
88	<i>DMK Muathe & Associates</i>	123	<i>Gathura Nduati & Co.</i>
89	<i>Donald Mark & Associates</i>	124	<i>Gatimu & Co.</i>
90	<i>E.K.V & Associates</i>	125	<i>Gekan & Associates</i>
91	<i>Easterbrook & Co</i>	126	<i>Gemal And Company</i>
92	<i>Ebrahim Mulla & Company</i>	127	<i>Geoffe & Associates</i>
93	<i>Egon Weisz & Company</i>	128	<i>Ghedia & Company</i>
94	<i>Elijah & Co. Associates</i>	129	<i>Gichure & Associates</i>
95	<i>Eric Ngari & Company</i>	130	<i>Gill & Johnson</i>
	<i>Mutisya Victor Syengo, Eric John Ngari,</i>		<i>Gitari Gituhia & Company</i>
96	<i>Chengoni Jimmy Shadrack</i>	131	
97	<i>Ernst & Martin Associates</i>	132	<i>Gitari Muriuki & Associates</i>
98	<i>Eshwar Rao & Associates</i>	133	<i>Githinji Kiana & Associates</i>
	<i>Rao Eshwar Rao Dashrath, Paresh</i>		<i>Githitu & Co.</i>
99	<i>Pradyuman Upadhyay</i>	134	
100	<i>Esther & Associates</i>	135	<i>Githuku Mwangi & Kabia</i>
101	<i>Rono Esther Chepkorir</i>	136	<i>Gituara and Associates</i>
102	<i>Esther Muchemi & Co.</i>	137	<i>Gordon and Associates</i>
103	<i>Eunice Njuguna & Company</i>	138	<i>Grant Thornton</i>

139	<i>Guto and Associates</i>	174	<i>Josiah Njenga & Associates</i>
140	<i>Gweth, Onguka & Associates</i>	175	<i>Josiah Ongaro & Associates</i>
141	<i>H. P. Rana</i>	176	<i>Joy Vipinchandra Bhatt & Company</i>
142	<i>H. W. Gichohi & Co.</i>	177	<i>Juliana N. M. & Co.</i>
143	<i>H. W. Gichohi & Co.</i>	178	<i>Justin and Company</i>
144	<i>Halifax Associates</i>	179	<i>K. Njoroge & Company</i>
145	<i>Harrison & Associates</i>	180	<i>K. Sultan & Co.</i>
146	<i>Hassan Hassan & Company</i>	181	<i>Kabera & Associates</i>
147	<i>Henriks & G Company</i>	182	<i>Kabuya & Associates</i>
148	<i>Henry Smith & Wilson (CPA)</i>	183	<i>Kago Mukunya & Associates</i>
	<i>Horwath Erastus & Co. Certified Public</i>		<i>Kamanda & Cheluget Co</i>
149	<i>Accountants</i>	184	
150	<i>Hudson & Associates</i>	185	<i>Kamau and Awuondo</i>
151	<i>I. F. Chanzu & Company</i>	186	<i>Kamdar & Associates</i>
152	<i>Ignatius and Company</i>	187	<i>Kamuru & Associates</i>
153	<i>Iminza Nyamute and Associates</i>	188	<i>Kangethe & Associates</i>
154	<i>J G Nyamu & Associates</i>	189	<i>Karanja Kamanu & Company</i>
155	<i>J M Gitau & Company</i>	190	<i>Karanja Kamau & Associates</i>
156	<i>J M Miriti & Associates</i>	191	<i>Kariru & Associates</i>
157	<i>J. M. Gathaiya & Company</i>	192	<i>Kariuki Kagondu & Associates</i>
158	<i>J. M. Okondo and Company</i>	193	<i>Kartik Vipinchandra Bhatt & Company</i>
159	<i>J. N. Matheka & Associates</i>	194	<i>Karwamba and Mwangi Associates</i>
160	<i>J.G Bailey & Associates</i>	195	<i>Kassim Bharadia & Co.</i>
161	<i>Jac & Associates - CPA</i>	196	<i>Kassim Nizarali A</i>
162	<i>Jaidev Nanji & Co.</i>	197	<i>Kavuthi Nzioka & Company</i>
163	<i>Jam Martins Gachuhi & Company</i>	198	<i>Kayen Njuguna & Associates</i>
164	<i>James & Company Associates</i>	199	<i>Keah & Co.</i>
165	<i>James Aggrey & Associates</i>	200	<i>Keah & Co.</i>
166	<i>Jamhuri & Associates</i>	201	<i>Keya & Associates</i>
167	<i>Jeremiah Olwe & Associates</i>	202	<i>Khalid & Company</i>
168	<i>Jessie & Associates</i>	203	<i>Khoya & Company</i>
169	<i>Jmwati & Associates</i>	204	<i>Kiage and Associates</i>
170	<i>John Cheluget & Associates</i>	205	<i>Kiarie Kangethe & Co</i>
171	<i>John Willis & Associates</i>	206	<i>Kibanya & Company</i>
172	<i>Jonnels and Company</i>	207	<i>Kiboi Wawero & Associates</i>
173	<i>Josephat Waititu & Associates CPA</i>	208	<i>Kibuchi and Associates</i>

209	<i>Kigathi & Associates</i>	244	<i>Kyalo & Associates</i>
210	<i>Kigathi & Associates</i>	245	<i>Kyengo & Associates</i>
211	<i>Kigundu & Company</i>	246	<i>Lawrence & Associates</i>
212	<i>Kigundu Mwangi & Associates</i>	247	<i>Lawrence Tykon Maingi</i>
213	<i>Kiguru & Associates</i>	248	<i>Lenkev And Associates</i>
214	<i>Kiige & Associates</i>	249	<i>Leon Williams & Associates</i>
215	<i>Kilaka And Associates</i>	250	<i>Leonard Associates</i>
216	<i>Kimani & Partners Company</i>	251	<i>Lilian Muthoni & Associates</i>
217	<i>Kimani and Associates</i>	252	<i>Livingstone & Co</i>
218	<i>Kimani Gitahi & Associates</i>	253	<i>Lobonyo & Associates</i>
219	<i>Kimani Kerretts & Co.</i>	254	<i>Lugalia & Associates</i>
220	<i>Kimani Njoroge & Company</i>	255	<i>M G N Njunge and Co</i>
221	<i>Kimotho Associates & Company</i>	256	<i>M. A. Namayi Associates</i>
222	<i>Kimotho K and Associates</i>	257	<i>M. K. Mazrui & Associates</i>
223	<i>Kimuhu & Company</i>	258	<i>M. N. Nyakang'o & Associates</i>
224	<i>Kimutai Bett & Company</i>	259	<i>M. S. Shah & Co.</i>
225	<i>King'ang'i Kamau & Co.</i>	260	<i>M.B. Patel</i>
226	<i>King'ori Kimani & Company</i>	261	<i>M.N Cliff & Associates</i>
227	<i>Kinyanjui & Associates</i>	262	<i>Maarifa & Associates</i>
228	<i>Kinyoe & Co</i>	263	<i>Mabeya & Associates</i>
229	<i>Kinyori & Associates</i>	264	<i>MAG Associates</i>
230	<i>Kioko and Associates</i>	265	<i>MAG Associates</i>
231	<i>Kiragu Njiru & Co.</i>	266	<i>Magara and Associates</i>
232	<i>Kirit Shah & Co.</i>	267	<i>Maina D. Chege & Associates</i>
233	<i>Kirugu & Associates</i>	268	<i>Maina Itote & Kimathi</i>
234	<i>Kirunga & Associates</i>	269	<i>Maina Kagigite & Associates</i>
235	<i>KM Rop & Associates</i>	270	<i>Maina Kimani & Associates</i>
236	<i>Komira And Associates</i>	271	<i>Maina Kinyua & Co.</i>
237	<i>Komu & Associates</i>	272	<i>Maina Muthui & Associates</i>
238	<i>Kosieyo and Partners</i>	273	<i>Maina Mwangi & Company</i>
239	<i>Kothari & Company</i>	274	<i>Maingi & Associates</i>
240	<i>Kreston KM Certified Publcic Accountants</i>	275	<i>Maingi Mawioo & Associates</i>
241	<i>Kuguru & Associates</i>	276	<i>Maingi Mawioo & Associates</i>
242	<i>Kungu & Company</i>	277	<i>Makonnen & Company</i>
243	<i>Kyalo & Associates</i>	278	<i>Malinda & Associates</i>

279	<i>Manjlai and Company</i>	314	<i>Moffat Mbue & Associates</i>
280	<i>Manohar Lall & Rai</i>	315	<i>Moses Mungai Kioi & Associates</i>
281	<i>Marabi And Associates</i>	316	<i>Mosop & Associates</i>
282	<i>Mararia Kamau & co</i>	317	<i>Motoloi and Associates</i>
283	<i>Mark David & Co.</i>	318	<i>Muchiri & Associates</i>
284	<i>Mark Mbwayo and Associates</i>	319	<i>Muchungi & Associates</i>
285	<i>Martin & Associates</i>	320	<i>Mudamba & Associates</i>
286	<i>Martin Coombs Shah & Company</i>	321	<i>Muema & Associates</i>
287	<i>Martin Mumo & Associates CPA</i>	322	<i>Mugo & Company</i>
288	<i>Masambu and Associates</i>	323	<i>Mugo Dominic & Co.</i>
289	<i>Massawa & Company</i>	324	<i>Mugo Dominic & Co.</i>
290	<i>Matengo & Associates</i>	325	<i>Mugo Waweru & Associates</i>
291	<i>Matengo Githae & Associates</i>	326	<i>Mugo-Mungai & Co.</i>
292	<i>Mathara & Associates</i>	327	<i>Mugwang'a and Associates</i>
293	<i>Mathenge & Associates</i>	328	<i>Muhammed Loo & Associates</i>
294	<i>Mathenge & Company</i>	329	<i>Muhoro Ngugi & Associates</i>
295	<i>Mathia Kariuki & Associates</i>	330	<i>Muigai & Associates</i>
296	<i>Mawji Sennik & Company</i>	331	<i>Muiru Kandia & Co</i>
	<i>Mazars Certified Public Accountants (Kenya)</i>		<i>Muita Njoroge Associates</i>
297	<i>formerly KOKA Koimburi & Co.</i>	332	
298	<i>Mbai Ndeteni & Associates</i>	333	<i>Mukoya Patrick Wainingu & Associates</i>
299	<i>Mbaya & Associates</i>	334	<i>Mulaku Namba One and Company</i>
300	<i>Mbiyu Kagiri & Company</i>	335	<i>Muli Sylvanus & Associates</i>
301	<i>Mbuthia & Associates</i>	336	<i>Mulila & Associates</i>
302	<i>Mchunguzi and Company</i>	337	<i>Mulji & Associates</i>
303	<i>Mehta Shah & Associates</i>	338	<i>Mungai & Associates</i>
304	<i>Meikoki-Ankaine And Associates</i>	339	<i>Mungai Ngugi & Associates</i>
305	<i>Mella - Aling & Associates</i>	340	<i>Mungai Ngure & Co.</i>
306	<i>Menya and Associates</i>	341	<i>Mungai Wainaina & Company</i>
307	<i>MGI Adam & Associates</i>	342	<i>Munywoki and Associates</i>
308	<i>MGK Associates</i>	343	<i>Mureithi Wachira & Associates</i>
309	<i>Mike Kiswili & Company</i>	344	<i>Murugu and Company</i>
310	<i>Mithi Wanjohi & Associates</i>	345	<i>Musasiah, Kaguri & Associates</i>
311	<i>Mitoko and Company</i>	346	<i>Mustafa And Hassan Associates</i>
312	<i>MK Daniel and Associates</i>	347	<i>Mutero & Associates</i>
313	<i>MK Eliud & Associates</i>	348	<i>Muthengi & Associates</i>

349	<i>Muthui & Co.</i>	384	<i>Nelson & Francis Associates</i>
350	<i>Muticia & Co.</i>	385	<i>Nelson Njuguna Mwaura & Associates</i>
351	<i>Mutua & Company</i>	386	<i>Ngari & Associates</i>
352	<i>Mutune & Associates</i>	387	<i>Ngei S. K. & Company</i>
353	<i>Muturi Kihara & Associates</i>	388	<i>Ngelin & Co.</i>
354	<i>Mututa & Associates</i>	389	<i>Ngigi and Partners</i>
355	<i>Mwangi Bien and Company</i>	390	<i>Ngotho Wa Kariuki & Associates</i>
356	<i>Mwangi Gichuhi & Co.</i>	391	<i>Ngugi Wainaina & Associates</i>
357	<i>Mwangi Waithaka & Associates</i>	392	<i>Ngumunu & Associates</i>
358	<i>Mwangola Mvoi & Associates</i>	393	<i>Ngwili & Co. CPA(K)</i>
359	<i>Mwaniki-Kahuro & Associates</i>	394	<i>Nitin Pandya & Co.</i>
360	<i>Mwaura W. and Associates</i>	395	<i>Njagi Isaac & Associates</i>
361	<i>Mwencha and Associates</i>	396	<i>Njaoh & Associates</i>
362	<i>Mwendwa Jacinta & Company</i>	397	<i>Njathi & Associates</i>
363	<i>Mwengei & Associates</i>	398	<i>Njenga Kamau & Associates</i>
364	<i>Mwinamo & Associates</i>	399	<i>Njeri Thandi & Company</i>
365	<i>N Kungu and Company</i>	400	<i>Njeru Nyaga & Co.</i>
366	<i>N M Kaburu & Associates</i>	401	<i>Njoka Mwangi & Associates</i>
367	<i>Nabangi Wachiye & Associates</i>	402	<i>Njoro & Associates</i>
368	<i>Nafisa Alibhai & Company</i>	403	<i>Njoroge Karanja & Associates</i>
369	<i>Nahashon Ngugi & Associates</i>	404	<i>Njoroge Kibebe and Associates</i>
370	<i>Naivasha & Associates</i>	405	<i>Njoru and Associates</i>
371	<i>Nalin Shah & Co</i>	406	<i>Njue Mugo & Co. Associates</i>
372	<i>Ndegwa & Partners</i>	407	<i>Nthigah and Company</i>
373	<i>Ndegwa Wambugu & Co.</i>	408	<i>Nuthu Kimani & Co.</i>
374	<i>Ndei Mwangi & Company</i>	409	<i>Nyabena & Karani Company</i>
375	<i>Nderitu Mairo & Co.</i>	410	<i>Nyabena and Company</i>
376	<i>Nderitu Mairo & Co.</i>	411	<i>Nyaga Associates & Co.</i>
377	<i>Ndiagui Nguyo and Associates</i>	412	<i>Nyagari & Associates</i>
378	<i>Ndile & Associates</i>	413	<i>Nyagari & Associates</i>
379	<i>Ndirangu Mwangi & Associates</i>	414	<i>Nyagari Francis Makori, Hassan M. Kiage</i>
380	<i>Ndoigo & Associates</i>	415	<i>Nyambari & Associates</i>
381	<i>Nduati Gitau & Associates</i>	416	<i>Nyamosi & Associates</i>
382	<i>Ndungu Kamiti and Company</i>	417	<i>Nyasae & Associates</i>
383	<i>Neema Chesire And Co.</i>	418	<i>Nyenge & Company</i>

419	<i>Nyerere Opala & Co.</i>	454	<i>Patel & Patel</i>
420	<i>Nyikuli & Associates</i>	455	<i>Patel & Patels</i>
421	<i>O.Keval Ramesh Haria</i>	456	<i>Patel Shah Joshi & Associates</i>
422	<i>O. M. Ngotho & Associates</i>	457	<i>Paul & Company Associates</i>
423	<i>Obusubiri and Associates</i>	458	<i>Paul Kyalo & Co</i>
424	<i>Obwanga And Associates</i>	459	<i>Peter Githae & Associates</i>
425	<i>Obwocha and Associates Co.</i>	460	<i>Peter Njuki & Associates</i>
426	<i>Ochieng Ager & Associates</i>	461	<i>Philip Kamuru & Associates</i>
427	<i>Ochieng Onyango & Associates</i>	462	<i>PK & PARTNERS</i>
428	<i>Odalo K. S. & Company</i>	463	<i>R K Gatui & Company</i>
429	<i>odanga & Associates</i>	464	<i>Rajni Shah & Company</i>
430	<i>Odhiambo Ochieng & Company</i>	465	<i>Rennie Siqueira & Company</i>
431	<i>Ogola-Luke & Associates</i>	466	<i>Richards & Associates</i>
432	<i>Okoko Odhiambo & Associates</i>	467	<i>Ronalds & Associates</i>
433	<i>Okungu and Associates</i>	468	<i>Rosemary Njogu and Associates</i>
434	<i>Olsen Partners (formerly Nyambega & Associates)</i>	469	<i>RSM Ashvir</i>
435	<i>Omanwa & Associates</i>	470	<i>S. M. Gachoki & Co.</i>
436	<i>Omato & Company</i>	471	<i>S. M. Hinson</i>
437	<i>Omwenga Onyancha & Co.</i>	472	<i>S. M. Solanki & Co.</i>
438	<i>Ondong & Associates</i>	473	<i>S. P Negandhi & Company</i>
439	<i>Ongiti & Associates</i>	474	<i>Samto & Associates</i>
440	<i>Ooko-Mokaya & Company</i>	475	<i>Satinder Kalsi CPA(K)</i>
441	<i>Opembe and Associates</i>	476	<i>Shah & Associates</i>
442	<i>Osano & Associates</i>	477	<i>Shah & Shah</i>
443	<i>Oscar & Company</i>	478	<i>Shah Patel & Company</i>
444	<i>Osoro & Co.</i>	479	<i>Shantilal Gala & Company</i>
445	<i>Otieno Aboka & Company</i>	480	<i>Shilasi & Associates</i>
446	<i>Otieno and Associates</i>	481	<i>Shirish Shah & Co.</i>
447	<i>Otieno Oboge & Co.</i>	482	<i>Siero & Associates</i>
448	<i>Otieno Oboge & Co.</i>	483	<i>Silas Yimbo</i>
449	<i>Owala and Associates</i>	484	<i>Sir Robert & Company</i>
450	<i>Oyugi & Associates</i>	485	<i>Sol And Associates</i>
451	<i>P.G. Wahome & Company</i>	486	<i>Solomon George & Company</i>
452	<i>P.M. Ngare & Associates</i>	487	<i>Stephen & Associates</i>
453	<i>Pascal and Associates</i>	488	<i>Stephen Kanyonyo and Associates</i>

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490	<i>Sudi Ndinyo & Associates</i>	517	<i>Victor Osewe & Associates</i>
491	<i>Sulsha & Associates</i>	518	<i>Vipin Shah & Associates</i>
492	<i>Sunil Davda & Company</i>	519	<i>Wachira Irungu & Associates</i>
493	<i>Susan Irungu & Associates</i>	520	<i>Wachira Mundia And Associates</i>
494	<i>T & T Shah & Associates</i>	521	<i>Wachira N. Associates</i>
495	<i>Tela Alusala & Company</i>	522	<i>Waghela Associates</i>
496	<i>Templar Associates</i>	523	<i>Waheire & Co.</i>
497	<i>Terry Kiarie & Associates</i>	524	<i>Wamai Nyaga & Company</i>
498	<i>Thairu And Associates</i>	525	<i>Wambu & Associates</i>
499	<i>Thakrar Financial Consultants CPA(K)</i>	526	<i>Wambugu & Associates</i>
500	<i>Thangaru and Associates</i>	527	<i>Wambugu Githaiga & Associates</i>
501	<i>Theuri Ndegwa & Associates</i>	528	<i>Wambugu Njenga & Associates</i>
502	<i>Thoithi & Associates</i>	529	<i>Wambugu Wangai & Company</i>
503	<i>Thomas Daniel & Associates</i>	530	<i>Wambui & Company</i>
504	<i>Thuku & Associates</i>	531	<i>Wamira & Associates</i>
505	<i>Thumbi Nganga & Associates</i>	532	<i>Wamutu and Associates</i>
506	<i>Tinega & Associates</i>	533	<i>Wangeeci Mwangi & Co.</i>
507	<i>TM Mutunga & Company</i>	534	<i>Wangigi James & Associates</i>
508	<i>Treed Associates (formerly Muthoni Muya & Associates)</i>	535	<i>Wanyasa & Company</i>
509	<i>UHY Kenya</i>	536	<i>Wanyeki & Associates</i>
510	<i>Umuro Wario & Associates</i>	537	<i>Warren & Associates</i>
511	<i>Upin Vasani & Company</i>	538	<i>Waweru DJM Associates</i>
512	<i>V. A. Patel & Company</i>	539	<i>Wokabi & Company</i>
513	<i>V. J. Ruparelia & Co.</i>	540	<i>Woodvale Associates</i>
514	<i>VC Karani & Associates</i>	541	<i>Z. K. Kariuki & Associates</i>
515	<i>Victor Mutisya & Company</i>	542	<i>Zaver Patel & Co.</i>