

**STRATEGIC ORIENTATION PRACTICES ON PERFORMANCE OF AUDIT
FIRMS IN NAIROBI COUNTY, IN KENYA**

BY

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DECLARATION

This research project is my unique work and has not been submitted for a degree in this or some other College/ university.

Signature **Date**

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D61/5106/2017

This research project has been submitted for Examination with my approval as the University Lecturer.

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DEDICATION

This research project report is dedicated to my two childrens Lawrence Kagume and Abigael Gathigia.

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ABBREVIATIONS AND ACRONYMS

CEO's: Chief executive officer

CPAKs: Certified Public Accountants

EO: Entrepreneurial Orientation

ESPT: Environment-strategy-performance theory

HRM: Human Resources Management

KASNEB: Kenya Accountants and Secretaries National Examinations Board

PWC: Price Waterhouse and Coopers

RAB: Registration of Accountants Board

RBV: Resource-based view

SMEs: Small-to-Medium Enterprise

SMPs: Small and Medium Practices

ABSTRACT

Formation of effective strategies is essential to any business as it allows achievement and maintaining competitive advantage. This means that to survive in such a volatile business environment, there is need for a business to adopt a mixture of strategies and the capacity to strategically orient its activities to the existing business environment. The objective of this study was to establish the influence of strategic orientation practices on performance of audit firms in Nairobi County, in Kenya. Theoretical foundations of this study was Resource-based view (RBV) theory, the environment–strategy-performance theory and the dynamic capability theory. Descriptive research design was adopted. The population of the research was all the registered audit firms located in Nairobi County. A simple random sample of 67 firms was selected for the study. Semi structured questionnaire was used to gather information. The study concludes that strategic orientation practices improve the performance of the audit firms and those entrepreneurial orientations positively influences performance of audit firms. In addition, learning orientation positively influences performance of audit firms and that market orientation positively influences performance of audit firms. The study recommend that managers should focus on creating dynamic abilities that interface diverse introductions and capacities and that can give unrivalled client esteem and, thus, get higher performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Globally, Businesses are faced by rapid technological advancement and the speed in which information is disseminated from one region to another has substantially influenced the efficiencies of firms. Zhou and Li (2010) highlight that the capacity to come up with effective strategies is essential to any business as it allows achievement and maintaining the firms competitiveness. The capacity of a firm to strategic orient its operations in terms of its market, technological changes, to learn and adapt to market changes and the capacity to exercises entrepreneurship is one such posturing that a firm can adopt to improve its competitiveness (Ahlstrom, 2012). In regard to Noble et al. (2002), a well designed orientation, lead firms to establish proper approaches to achieve the goal effectively.

The basis for this study was on Resource-based view (RBV) theory (Barney, 1991), the environment –strategy-performance theory and the dynamic capability theory. The resource based theory posits that an organisation is a set of resources and the way these resources are aligned would influence the organization’s competitive benefit and achievement and one of these resources is the way it is strategically oriented. Similarly, the environment-strategy-performance theory (Child, 1972) opines that business entities select strategies in response to their external environment because a fit between strategic choice and environmental conditions enhances firm operations, which in turn improve

firm performance. More recently, O'Class and Ngo (2007) expanded the cultural environment-approach-performance theory to involve internal capacities and features in explaining organisation proper focus and achievement. According to dynamic capability theory the future performance and success of organizations is dependent on the dynamic capabilities as opposed to relying on the operating capabilities. The operating capabilities are defined as the income earning capabilities of the present (Winter, 2003).

The study is motivated by the changing level of business operations in the country whereby the competitive pressures from effects of globalisation is not only being felt by the large firms but also the micro enterprises like audit firms. To continue growing their businesses, audit firms should not only base their competitiveness on their internal capabilities but rather their competitive advantage should be anchored on their capacity to orient their activities to both internal and external environment. Audit firms are affected by technological, market and entrepreneurial challenges and therefore, for them to adjust to these changes, they need to reorient their operations to these changes.

They are several challenges that face Audit firms in Kenya which emanates from both internal as well as external forces which comprise of changes of technology, competition, and changes emanating from social-cultural, economic challenges as well as inadequate resources. The aforementioned challenges pose a very great threat of survival among these firms. Therefore, there is need for audit firms to come up with dynamic and strategic changes in order to ensure their survival as well as growth. Such a milestone can be achieved through adoption of strategic orientation practices.

1.1.1 Strategic Orientation

Different forms of description of strategic orientation have been developed. Peterson (1989) asserts that an organization's organized orientation involves crucial underlying features that evaluate the extent and state of an organization's operations. Teece et al., 1997; Zhou et al. (2005) explain that designed orientation is the associations capacity to put together and establish inner and external capacities. Thus, it is envisaged that an efficient application of an organization's designed direction is capable to establish good behaviours for sustainable greater enterprise achievement. Further, a firms' strategic orientation influences its perception of the environment, target setting, distribution of resources, designing of the value creation procedures and the establishing of institutional as well as changing capability (Rosenbusch et al., 2011).

In strategic administrative literatures, well-designed orientation is the major similar feature investigated; there have been trials in limited number aimed at determining its impact on organization achievement in audit firms research (Franczak et al., 2009). Strong interlinks exists between entrepreneurial and strategic administrative orientations have a McGrath and MacMillan (2014). Hakala (2011) while learning literature of strategic orientation with four perspectives (entrepreneurial, technology, studying orientations and market) inferred that strategic orientations guides and affect the operations of a firm and establish the exercises intended to ascertain its achievement. According to Hult, Hurley and Knight (2004) technology orientation entails possessing the will and ability to extract substantial technological basis then applying it on new product creation.

Businesses that are customer-oriented emphasizes on acknowledging the needs of their customers in their functional markets and from the listed demands creating products and services that meets those desires (Atuahene-Gima et al., 2005). For an association's market orientation to lead to competitive benefit, it must provide value for a client that is difficult to imitate. This will provide room for organizations to outshine their less market-oriented rival.

1.1.2 Organizational Performance

Moullin (2007) opine that firm performance is a means through which a firm provide value to its stakeholders and therefore is an indication of how well the managers succeed in utilizing firm resources. According to Koontz and Donnell (2010) organizational performance therefore means the ability of an organization to realise such mundane objectives as high profit, increased market share, new product development, good financial results, and achieving long-term sustainability. Hence it is a measure of actions of the business firm in terms of achieving firm aims and objectives.

Business firms achieve objectives if they are carrying out operations that satisfy the desires of the owners, customers and other members. Similarly, business firms attain firm objectives, if they perform in an efficient and effective way than competitors. Different ways are used to evaluate an achievement or success of an organization. In regard to Carton (2004), a great achievement of a firm can be assessed based on what value creation it has for stockholders. On the basis of performance, it is evaluated on the basis of how it has changed the financial state of an organisation.

Lumpkin and Dess, (1996) implemented sales development, market proportion, productivity and general performance to evaluate on organization's achievement. Mensah (2013) applied three directions aspects: stock turnover customer satisfaction and determining link between strategic orientation and achievement of an organization. Calantone et al. (2002) used four achievement aspects, namely: overall profitability, return on asset, customer service and market share. This was in line with evaluating studying orientation and organization achievement. By applying four performance techniques customer retention, return on investment, sales growth and new product success, evaluated firm's performance and market orientation.

1.1.3 Audit Firms in Nairobi County

In Kenya, the profession of Accountancy is anchored through and regulated under Accountants Act, Chapter 531 of the Laws of Kenya. The Act was sanctioned in 1977 and brought into being three bodies; ICPAK, RAB and KASNEB. ICPAK serves as the umbrella body that regulates the exercises of qualified and enrolled Certified Public Accountants (CPAKs). The order of ICPAK are; Setting and upholding guidelines of expert work on including bookkeeping, examining and moral models

The accountancy practice in Kenya comprises of customary money related bookkeeping, taxation and auditing works and also other vital administrations, for example, business counseling, business consultancy and administration bookkeeping (Haria, 2011). ICPAK built up the (KCA), which is currently one of the main mentors in bookkeeping in Kenya for implementing a program of value certification for review calling; checking moral conduct and arbitrating over cases including indiscipline through the Statutory

Disciplinary Committee; accommodating the upkeep of ability by overhauling individuals' information through distributions and proceeding with expert instruction; and creating arrangements through which bookkeeping accountants can be moved forward. According to data obtained from ICPAK, there are 678 registered audit firms in Nairobi County as at 2017 (ICPAK, 2018). However, these firms have been dominated by the big four auditing firms comprising PWC, Delloite &Touch, Ernst & Young, KPMG.

1.2 Research Problem

Formation of effective strategies is essential to any business as it allows achievement and maintaining competitive advantage. This means that to survive in such a volatile business environment, there is need for a business to adopt a mixture of strategies and the capacity to strategically orient its activities to the existing business environment. According to Kaya and Seyrek (2012), in situations of strong business waves, there is significance for firms to come together proactively with consumers, to develop a good network with other players in the sector, be able to identify and rollout new business opportunities, and continuously establish customer need by being a technology leader towards shaping customer preferences.

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 compliances, 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 to survive this turn of events and are forced out of business. 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. Therefore there is a need to undertake a study on the influence of strategic orientation practices on performance of audit firms.

The importance of a firms' strategic orientation and its effect on performance has seen many scholars from strategic, marketing and entrepreneurship discipline seek to understand its importance. Ahmad, Pirzada, Muhammad and Khan (2013) researched on the strategic orientation of small to medium size manufacturing enterprises in Pakistan. The findings showered existence of differences in functional strategies of SMEs even after pursuing the same strategies and this was attributed to varying interaction with business environment and CEO's vision.

Amo, Gomez and Rialp (2014) researched on strategic orientation and new business achievement in Spain hospitality industry. The findings were that in regard to new business, learning orientation does not adjust the link between strategic orientation and achievement results.

Sarker and Palit (2015) researched on strategic orientation and achievement of small and medium firms in Bangladesh. The results were that 60% of the strategic orientation variables, namely; inter-functional corporation, customer orientation, proactiveness,

autonomy, uncertainty behaviour and lack of innovative are statistically relevant with SME performance.

In Kenya, Njeru (2013) researched on strategic market orientation, firm features, external fields and achievement of tour organizations in Kenya. The results were that firm characteristics do not affect firm achievement nor moderate the connection between strategic market orientation and marketing practices.

Oduyo (2014) undertook a research on the connection between strategic market orientation and achievement of commercial banks in Kenya and established that there was relatively positive link between bank performance and consumer orientation, rival orientation and inter-functional corporation. From the research, it can be concluded that indeed various researches have been carried out over strategic orientation and achievement of organizations, yet very few of them have delved into how strategic orientation affect a firms performance. As a result of the gap, the research sought to answer the following question: how does strategic orientation affect the performance of audit firms in Nairobi County?

1.3 Research Objective

To establish the influence of strategic orientation practices on performance of audit firms in Nairobi County, in Kenya

1.4 Value of the Study

This research may contribute to the resource based theory of an organization by explaining how a firm's ability to combine effectively its strategic orientation practices

will influence its performance. The capacity of an organisation to recognize and adjust according to the market dynamics using its internal resources that are rare, unique and imitable will explain its level of competitiveness. Consequently, the study may add to the existing theoretical position as far as the use of its internal resources and environment alignment to gain the necessary competitive advantage.

The understanding between the link between networking, customer, market and entrepreneurial orientations on the organizational performance means that the policy makers, such as the ICPAK may be able to develop appropriate regulations that may enhance audit firms performance. The need for the audit firms to consider each other as partners and not competitors may guide the regulators and government in developing appropriate policies for shoring up the performance of these firms.

The management and owners of the audit firms may also benefit from the study. Appropriate establishment of a mix of different strategic orientation will need to be given more attention in an emergent market like Kenya whose firms are facing increased competition, both from local and external players. This significance of strategic market orientation to superior firm achievement has been underscored in the strategic management and marketing fields, thus ascertaining its applicability to audit firms will provide important performance indicators as managers make their firms more efficient, effective and profitable.

For the academia, the study sets a basis on strategic orientation by determining its function in the realm of the environment-strategy-performance nexus. The study would be of important to future researchers and scholars since it would be a source of material for their research and would also help them in identifying the research gaps they need to fill. This would help deepen the empirical research in strategy orientation and organizational performance.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the theoretical foundations that underlie the study namely; the resource based view, environment-strategy and performance theory as well as the dynamic capability theory are discussed in this chapter. Several empirical studies covering the theories were explored as well. Literature on the strategic orientation and its various practices were covered. Lastly, the chapter discussed the various empirical studies undertaken on strategic orientation and firm performance. In addition, the conceptual framework relating to study variables was discussed.

2.2 Theoretical Foundations

Three theories namely; the Resource based Theory, Environment-Strategy-Performance Theory and the dynamic capability theory were used in this study. These theories at the same time explained the reasons why organizations employed different strands of orientations in their business operations.

2.2.1 Resource Based View

This theory was first advanced by Wernerfelt (1984) and further refined by Barney (1991) is the most commonly used to explain firm performance. The RBV of an organization assert the position of idiosyncratic resources in a firm which can be manifested in form of assets or capabilities, purposely resources, that is underlying within a firm (Lee et al., 2001). An organization resources and capacities that are able to

differentiate its operations from the competitors have the ability to attain and sustain competitive benefit.

Resource Based View theory emphasizes an association to be a group of assets and resources that these assets essentially influence an organization's competitive benefit and performance. Further, Barney (2001) contends that for an asset to be a component of competitive advantage, it must be important, less distributed, imperfectly tradable and complex to copy. Mahmoud and Yusif (2012) suggest that market orientation have shown significant influence on firm performance by creating necessary action to achieve competitive advantage.

Existing empirical studies confirm that technology orientation is also an important factor that provide firm with a competitive advantage. For the SMEs, Fonseka et al. (2013) argue that the discrepancies between organizations in respect with financing is as a result of unique strategic orientations incorporated and hence business strategies that increase sales volume and profit will improve the availability of firm financing. This implies that weak strategic activities will affect audit firms ability to access finance and in turn determined performance and therefore the strategic orientation is an important factor predicting firm access to finance as it indicates the ability of the firms to pay off the loan.

2.2.2 Environment-Strategy-Performance Theory

The environment-strategy-performance theory (ESPT) was advanced by Child (1972) and opines that environmental factors are important determinants of an organizational strategic choice. For a firm to defend its existing market position and performance, they

need to deliberately identify appropriate strategies in response to the environmental changes. Matsumo and Mentzer (2000) assert that the fit between strategic desire and surrounding condition maximises the efficiency of operations which in turn improves performance of businesses of the organizations.

Ombaka, Machuki and Mahasi (2015) opine that the industry in which organizations operate in should take cognizance of the external factors that affects the strategic efficiency and the earning over the average returns of an organization. As a result, Welch and Welch (2005) reinforce that it is important for a firm to assess its overall operating conditions that affect the firms in the long and short -term period.

To be successful, firms should be cognizant of the risks existing in their operation and to efficiently deal with the doubts in the business fields. To effectively deal with this doubts and attain strategic competitiveness, Kacperczyk (2009) posit that the external field unique manifestation must be organizations must know of and fully understand. Kropp and Zolin (2005) take cognizance of the fact that the synergistic relationship between interaction between the environment, resources and firm innovation. They posit that the change of a certain industry and vice versa is enhanced by the radical innovation that may influence industry design. Resource scarcity compels firms into an innovative mindset with the view to increasing process and product efficiency while ultimately creating strategic competitive advantage. Many businesses are subsequently trying to create new and innovative methods to support their competitiveness.

2.2.3 Dynamic Capability Theory

Dynamic capability theory was advanced by Teece and Pisano (1994) and further refined by Eisenhardt and Martin(2000) and Teece, Shuen and Pisano, (1997), Firm dynamic capabilities are resources both internal and external that empower a firm to incorporate, study and reinstall its assets and process to achieve improved performance. The theory conjectures that firm level differences in capabilities are rooted on their asset positions such that a firm's future position to change its operating condition is determined by their current stock of capabilities. In addition, firm's processes such as governance designs, resource distribution procedures and managerial strategies will shape their organizational adaptability.

Going with Eisenhardt and Martin (2000) changing capability view explains the important role of capabilities to reconfigure resources that an organization has at present to cope with exceptionally changing environment. Therefore in business environments that are fast-changing Dynamic Capability View explains the important role of dynamic capabilities to explaining a firm's level of competitiveness (Barreto, 2010). This is because, changing capabilities are considered as a tool for turning resources into greater achievements. King and Tucci (2012) established that by incorporating historical encounters in prior markets, a firm can enhance the chance of achievement in new market discoveries, and that the capacity to integrate industry technology during product establishment is an important dynamic capability for new technology-based firms.

Amit and Schoemaker (1993) while appreciating the step of re-assembling a firm's internal and external resources in a rapidly changing industry fields, they also highlight the need to create a more cost effective operations than rivals to reinstall and turn their resources. Therefore, incorporation capacity is generally regarded a vital changing ability for guiding business sector innovation changes, and for convenient input through asset change. Similarly, Zhou and Wu (2010) posit that strategic flexibility that deals with the elastic use and installation of resources intensifies the positive impacts of technological capacity and thus enhance productivity of a firm.

2.3 Strategic Orientation and Firm Performance

Weinzimmer, Robin and Michel (2012) highlight that, a number of variables have been used to signify firm's strategic orientation. For example, Laforet (2009) use terms such as prospectors, analyzers, defenders and reactors to define strategic orientation. Likewise, Goll and Sambharya (1995) opine that strategic orientation is a combination of progressive decision making, organicity variables and social responsibility. In the current study, the position of Reulink (2012) posit that strategic orientation consist of entrepreneurial, market, learning and technology orientation.

2.3.1 Market Orientation and Firm Performance

A firm behaviour that establishes the significant culture for the formation of more noteworthy incentive for clients and finally results to subsequent greater performance for the enterprise is market orientation. Marketing orientation is the firm-broad establishment of associating to clients desires, market intelligence and supply of intelligence across sections, and firm-broad concern to it (Kohli & Jaworski, 1990). Market orientation can

also be described as behaviour of the firm that puts consumer loyalty at the center of business activities (Li et al., 2002).

Market orientation is an enterprise behaviour that generates improved firm achievement through the attachment to creating and delivering value to customers. Wang, Chen and Chen (2012) assert that firms marketing orientation is a valuable intangible resource that is very rare, and cannot be imitated by competitors, due to the constant pursuit of knowledge about customers' need and strategy of the competitors.

Despite the remarkable importance of market orientation on achievement of an organization, Keskin (2006) established that market orientation have no direct influence on organization performance. The same result was obtained by Polat and Mutlu (2012) who posit that market orientation has no relation to organizational performance. Further, research on the effect of strategic orientation evaluated by market orientation on creativity and business achievement imply that it has no aid to firm's performance (Ferraresi, Quandt, dos Santos, & Frega, 2012).

2.3.2 Technology Orientation and Firm Performance

Wind & Mahajan (1997) describe technology orientation as a way of making product appearance or enhancing product uniqueness more than the opponents. This implies that technology orientation is concerned with a willingness and ability of a firm to establish technological mind-set and make use of it in enhancing and establishing product and services. Rusetski (2011) conceptualized technology orientation as the capability and

inclination of organization towards technical understanding and utilized it to increase product innovation.

Spanjol, Qualls and Rosa (2011) found that orientation of technology has significant positive influence on commercialization of product performance and product innovation performance. However, Zhou and Li (2010) report that firm performance can be improved by technology orientation only through adaptive capability. Thus, it is essential for firms to develop technology orientation culture as a driver for adaptive capability and in turn survive environmental changes to realize better competitive advantage. On the contrary, Voss and Voss (2000) report no significant influence of technology orientation on firm performance. Moreover, technology orientation demonstrated no direct relationship with performance.

2.3.3 Entrepreneurial Orientation and Firm Performance

According to Lumpkin and Dess (1996) an organization's strategic state that need Particular entrepreneurial point of view of basic leadership strategy, practices and method one of the vital elements for an organization's extension and rate of manufacturing and can be described by entrepreneurial orientation On their section, Covin and Slevin (2011) posit that entrepreneurial orientation as organization operation that incorporates hazard taking, ingenuity, and proactiveness. It is originally understood that organizations will target for greater achievement in all perspectives of their activities. According to Miller, (1983) entrepreneurially-oriented firm can be described by a firm that continuously innovates in technology, takes risky business and proactively meet opportunities.

Entrepreneurial orientation has become positive effect on small enterprise achievement. Similarly, Li, Zhao, Tan and Liu (2008) by establishing the moderating impact of orientation of entrepreneurs, on market orientation and achievement link found that the entrepreneurial orientation positively associates to performance of an organization and it adjusts the link. This imply that enterprises with a high entrepreneurial orientatio can point premium market segments, charge high costs and access the market in front of adversaries, which should profit them with greater profits and enable them to grow rapidly. Therefore, conceptual opinions imply that EO results to higher achievement.

2.3.4 Learning Orientation and Firm Performance

According to Sinkula, Baker and Noordewier (1997) firm ability to establish new skill or insights that can basically affect behaviour is termed as learning orientation. Thus studying orientation is an organization's ability to adjust how they can be monitored with current technologies, approaches and contest old assumptions about customer and the market at large. Sinkula, Baker and Noordewier (1997) opine that, studying orientation is the proclivity in terms of knowledge creation and utilization with the objective of being successful. Various investigators use three measures of studying orientation; open-mindedness, commitment to learning and shared vision. The keenness of stakeholders of a firm on learning so as to add power to their determination, promise and energy is refereed to Shared vision.

Learning orientation has been established to affect the performance of a firm. Wang, (2008) found that when business firms learn from the environment and experience, they will come up with a culture and behaviour that will encourage firm performance. Zhao,

Li, Lee and Chen (2011) argue that there is a significant association between firm performance and learning orientation. It has been debated that the business firm that place a high importance on learning may have significantly higher level of performance (Jiménez-Jiménez & Sanz-Valle, 2011).

2.4 Empirical Studies and Knowledge Gaps

Gupta (2015) while researching on the business orientation and firm performance of Indian SMEs found that a strong entrepreneurial orientation can allow companies to gain from recognizing ways in which new product satisfies the unmet consumer requirements or at the same time demonstrate how it is greater to and exceptionally diverse from reasonable contributions in the eyes of customers. The findings further imply that entrepreneurial orientation has an overall constructive effect on firm performance in the budding economy of India. The findings reinforced other similar studies confirming a noteworthy and optimistic relationship concerning entrepreneurial orientation as well as company performance.

Lee, Choi, and Kwak (2015) investigated the impact of four scopes of strategic orientation on company innovativeness as well as performance in promising markets with reference to the Small- and Medium-Size Enterprises in South Korea. The study sought to establish the four constructs of strategic orientation namely, possessions of technology, entrepreneurial, market, and learning orientations on firm innovativeness. In count, the study wanted to determine the mediating role of firm innovativeness on these relationships, using a survey of 374 small-and medium-size enterprises in Korea. The findings were that, while technology, entrepreneurial, and learning orientations

significantly influence firm innovativeness, firm innovativeness was found to have a noteworthy outcome on firm performance. In addition, the firm innovativeness was found to be statistically significant mediating role in the relationships of technology, entrepreneurial, and learning orientations to firm performance. The study however, did not seek to find out the effect of the strategic orientation variables on firm performance and more so, in the auditing Industry

Chow, Teo and Chew (2013) sought to find the relationship between the human resource structures as well as the performance of a company with the intervening role of strategic orientation among the SMEs firms in Singapore. The study finding was that Singapore wasn't a low cost centre; instead, its position as a universal business centre resources that firms in the country tend to assume difference orientation for on-going performance. Further, Strategic orientation as an instrument for HR operation serves as the connection in the HRM systems–performance connection and that senior executives ought to amplify strategic orientation as a guide to advance their performance.

Kimaiyo (2016) researched on the effect of strategic market orientation on performance of tour firms in Nairobi, Kenya. The findings were that inter-functional coordination was being used by tour firms throughout the firm in order to increase customer value and build business plans to meet the needs of prospective and current customers. While the concept of strategic orientation has been applied in various economies, especially the developed world, in Kenya the research has majorly tended to concentrate on the business entries that operate in stable business environment will less environmental pressures.

Within the dynamic sector like the one in which audit firms operate, empirical studies on the relationship between strategy orientation and performance has been reviewed but not in depth. The review has established a research gap in Kenya because despite Kenya being recognized as an epicentre of innovation, there is limited understanding on how organization's strategic orientation influence the firm performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology was contained in this chapter. It showed the various methods used by the researcher in collection, analysis, presentation and discussion of the study findings. This was inclusive of research strategy details, the various respondent categories and the method used in the data collection. There was also discussions on the methods through which sets of data was analyzed and presented.

3.2 Research Design

The methodology taken by research is denoted by research design with intentions to meet its intended goals and is the guide or a master plan that defines the methods, techniques and processes for gathering and analyzing the required information or simply a model or blue print of operation for the study (Charmaz 2003).

The research design adopted was descriptive research design. The design was declared strategic as the major interest will be to establish the viable link and define how the features supported matter under study. Descriptive study design is a scientific approach which comprises observing and defining the nature of a topic without affecting it in any way. This design gives further understanding into study obstacle by defining the desired variables.

The creation phase is flexible in regard to decisions on administrations of questionnaires which will make the respondent use both structured and unstructured questions. Standardized questions make measurement of variables more particular by affecting uniform definitions upon the participants as well as making sure that similar data is collected from groups then deduced comparatively.

3.3 Population of the Study

A well-defined or group of individuals, elements, collection of households or things being studied describes what a study population is (Bogdan & Biklen, 2009). This definition ensures that the population of study is similar. A study's population of interest should be clearly described and the unit of analysis should be identified, which is not easy sometimes.

The target population was made up of all the units being studied. The manner of analysis is the entity or who is being studied. The population of the research was all the registered audit firms located in Nairobi County. There were 678 registered audit firms located in Nairobi County according to the Institute of Certified Public Accountants of Kenya records (2018).

The researcher targeted those firms that operate only within the central business district and registered with the Nairobi County Government via the licensing permits for the year 2018. This enabled the researcher to gauge the period that they have operated and therefore be in a position to have strategically oriented their operations to the changing business environment.

3.4 Sample and Sampling Procedure

Cooper and Schindler (2000) defined a sampling design as the target population that is being studied using sampling methods. A simple random sample of 67 firms was selected for the study. Mugenda (2009) is on the opinion that a sample size of 10-30% is satisfactory. This represented 10% of the targeted population. The study used a sample size of 678 audit firms. A simple random sample was deemed appropriate because the population is fairly homogenous and a sampling frame also exists (Levy 2005).

3.5 Data Collection

Through use of semi structured questionnaire, information was gathered. Self-administered questionnaires enabled the respondents to answer to the questions by their own and at their own speed. They reduce the burden to the respondents by providing them the time to think through their opinions (Monsen & Horn, 2008). Both open and closed-ended questionnaire was used.

More designed responses are provided by close ended questions gives to enhance tangible recommendations. The closed ended questions were utilized in the evaluation of various features and this assisted in lowering the number of associated response in order to attain more varied opinions. Added information that might not have been dealt with in the close-ended questions was provided by the open-ended question. The participants gave their opinions in a five point Likert scale. The questionnaire was partitioned into three segments. Section A covered the respondent as well the firm demographic information. Section B assessed the firms strategic orientation practices while the section C will

covered the relationship the study variables. Each section had both the open and closed ended questions.

3.6 Data Analysis

Descriptive analysis was done to explore strategic orientation practices used by the firm. Further, Multiple regression analysis was done to establish the effect of strategic orientation practices on firm performance. The model took the following form;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where

Y = Performance of the audit firms

X₁ = Market Orientation;

X₂ = Technology Orientation;

X₃ = Entrepreneurial Orientation;

X₄ = Learning Orientation;

$\beta_1 \dots \beta_4$ = Regression co-efficient

F-test was done to establish the significance of the regression. To decide how much variation in Y is explained by X, the coefficient of determination R^2 was done.

t- Test was done to establish the significance of the individual slopes.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The objective of the study was to determine the effect of strategic orientation on the performance of audit firms in Nairobi County in Kenya. This section introduces the investigation, discoveries and dialog of the exploration. The findings are presented in percentages and frequency distributions, mean and standard deviations.

4.2 Response Rate

An aggregate of 67 questionnaires were issued out and 59 were returned in the wake of filling. This represents a response rate of 88.1%. This reaction rate was sufficient for information analysis and fits in with Mugenda and Mugenda (2003) stipulation that a response rate of 70% and over is viewed as satisfactory.

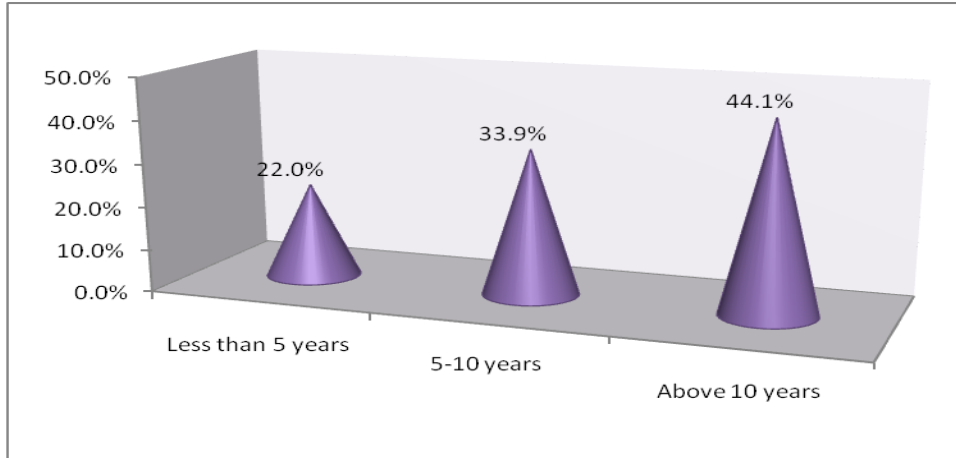
4.3 Demographic Characteristics

This segment examines the discoveries to the research that was generated from the responses. The findings relates to the demographic information of the audit firms, the strategic orientation practices and its influence on the firm performance.

4.3.1 Length of Service

In this section of the questionnaire, the researcher sought to determine both the respondents' Length of Service.

Figure 4.1: Length of Service

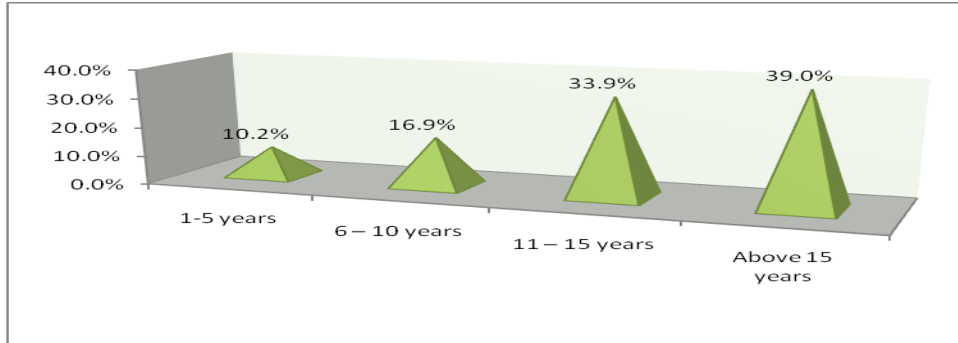


The result in Figure 4.1 indicates that majority of the respondent (44.1%) had worked in the firm for over 10 years while 33.9% have worked in the audit firm for a timeline of 5 and 10 years. Aggregately, more than 70% of the respondents had worked in the same audit firm for over 5 years and this implies that, all other factors remaining constant, they are deemed to have adequate knowledge on the operations of the audit firms and therefore they will be an invaluable source of data to this examination.

4.3.2 Period of Firms' Operation

Respondents were kindly asked to indicate how long their firm been in operation in Kenya. Results findings are as indicated in Figure 4.2 below

Figure 4.2: Period of Firms' Operation



The results indicate 39% of the firms have operated for over 15 years while 33.3% stated that the firms have operated for between 11 - 15 years. Therefore, for over 10 years, over 70% of the firms have been in operation and this is due to their capacity to, among others; orient their businesses to the changes to market demands. Only 27.1% of the firms had operated for less than 10 years and this still will have accumulated invaluable information on the need to strategically orient their business operations to the market demands.

4.3.3 Number of employees

The study sought to establish the number of the employees the organization had. Table 4.1 presents the study findings.

Table 4.1: Number of employees

	Frequency	Percent
1- 10	8	13.6
10 - 20	9	15.3
21 – 30	16	27.1
Over 30	26	44.1
Total	59	100

The results on the number of employees that the firms had show that majority (44.1%) of the firms have over 30 employees, 27.1% of the firms have between 21-30 employees and 15.3% of the firms have between 10-20 employees. The results show over 70% of the firms had more than 20 employees and this implies that they have grown over time to have over 10 staff members and this shows a large audit firms.

4.4 Strategic Orientation

This section sort to determine the strategic orientation practices employed by the audit firm in Nairobi County. Responses were rated using five likert scale where 5 = To a very large extent, 4 = Large extent, 3 = Moderate extent, 2 = Small extent, 1 = Not at all. The study results are as shown in subsequent subheadings

4.4.1 Market Orientation

Respondents were asked to indicate the extent to which they concur with the following statements regarding market orientation. Responses were rated using five likert scale where 5 = to a very large extent, 4 = Large extent, 3 = Moderate extent, 2 = Small extent, 1 = Not at all. The results are presented in Table 4.2.

Table 4.2: Market Orientation

Statements	Mean	Std. Deviation
Market orientation improves firms performance through creating and delivering value to customers	3.814	0.880
Market Orientation has a positive influence on performance of the audit firms	4.000	0.743
The audit firm is sensitive to the daily market place changes as well as trends	4.237	0.597
Audit firms have adopted a strategy of linkage between market and customers	4.136	0.601

Based on the study findings in Table 4.2, majority of the respondents indicated to a very large extent that the audit firm is sensitive to the daily market place changes as well as trends (Mean=4.237, SD=0.597), audit firms have adopted a strategy of linkage between market and customers (Mean=4.136, SD=0.601), and that market Orientation has a positive influence on performance of the audit firms (Mean=4.000, SD=0.743). In addition, respondents indicated to a large extent that market orientation improves firms performance through creating and delivering value to customers (Mean=3.814, SD=0.880). This implies that the audit firm is sensitive to the daily market place changes as well as trends, audit firms have adopted a strategy of linkage between market and customers, and that market Orientation has a positive influence on performance of the audit firms to a very large extent

4.4.2 Technology Orientation

Respondents were asked to indicate the extent to which they concur with the following statements regarding technology orientation. Responses were rated using five likert scale where 5 = to a very large extent, 4 = Large extent, 3 = Moderate extent, 2 = Small extent, 1 = Not at all. Table 4.3 presents the study findings.

Table 4.3: Technology Orientation

Statements	Mean	Std. Deviation
In developing a new service in the market, the audit firm has adopted a more enhanced communication technology	4.169	0.647
The audit firms have adopted more superior technology which fosters their developments	4.102	0.662
Inovation have become a necessity tool among the audit firms	4.068	0.998
Technology adoption have enabled the audit firms to penetrate to new market niches	4.288	0.696
Through adoption of technology orientation, audit firms have managed to effectively meet customers preferences	4.136	0.629

According to the study findings in Table 4.3, majority of the respondents indicated to a very large extent that; technology adoption have enabled the audit firms to penetrate to new market niches (Mean=4.288, SD=0.696), in developing a new service in the market, the audit firm has adopted a more enhanced communication technology (Mean=4.169, SD=0.647), through adoption of technology orientation, audit firms have managed to

effectively meet customers preferences (Mean=4.136, SD=0.629) and that the audit firms have adopted more superior technology which fosters their developments (Mean=4.102, SD= 0.662). Further, respondents indicated to a large extent that innovation have become a necessity tool among the audit firms (Mean=4.068, SD=0.998). This is an indication that technology adoption have enabled the audit firms to penetrate to new market niches, in developing a new service in the market, the audit firm has adopted a more enhanced communication technology, through adoption of technology orientation, audit firms have managed to effectively meet customers preferences and that the audit firms have adopted more superior technology which fosters their developments to a very large extent

4.4.3 Entrepreneurial Orientations

Respondents were asked to indicate the extent to which they concur with the following statements regarding entrepreneurial orientation. Responses were rated using five likert scale where 5 = to a very large extent, 4 = Large extent, 3 = Moderate extent, 2 = Small extent, 1 = Not at all. Table 4.4 indicates the study findings.

Table 4.4: Entrepreneurial Orientations

Statements	Std.	
	Mean	Deviation
The audit firm has developed a technological mindset to use the technology to develop new services	3.644	1.297
The audit firm is devoted in indentifying new market entry opportunities	3.763	0.897
The audit firms capability of innovation is fostered through adoption of entrepreneurial orientation	4.014	1.042
The audit firms have adopted proactive innovations which aids them in enhancing their competitive advantage	4.136	0.507

According to the study findings in Table 4.4, majority of the respondents indicated to a very large extent that the audit firms have adopted proactive innovations which aids them in enhancing their competitive advantage (Mean=4.136, SD=0.507), and that the audit firms capability of innovation is fostered through adoption of entrepreneurial orientation (Mean=4.014, SD=1.042). In addition, respondents indicated to a large extent that the audit firm is devoted in indentifying new market entry opportunities (Mean=3.763, SD=0.897) and that the audit firm has developed a technological mindset to use the technology to develop new services (Mean=3.644, SD=1.297). This is an implication that the audit firms have adopted proactive innovations which aids them in enhancing their competitive advantage, and that the audit firms' capability of innovation is fostered through adoption of entrepreneurial orientation to a very large extent

4.4.4 Learning Orientation

Respondents were asked to indicate the extent to which they concur with the following statements regarding learning orientation. Responses were rated using five likert scale where 5 = To a very large extent, 4 = Large extent, 3 = Moderate extent, 2 = Small extent, 1 = Not at all. Table 4.5 presents the study findings.

Table 4.5: Learning Orientation

Statements	Std.	
	Mean	Deviation
The audit firm strives to understand the customers' changing needs better than the market competitors	4.085	0.749
The firm contest old assumptions about customer	4.305	0.595
The firm encourages an efficient services development	3.915	0.896
The audit firm keeps on changing old traditions	3.864	0.629
The audit firm frequently carries training and development programs with its staff	4.424	0.894

According to the study findings in Table 4.5, majority of the respondents indicated to a very large extent that the audit firm frequently carries training and development programs with its staff (Mean=4.424, SD=0.894), the firm contest old assumptions about customer (Mean=4.305, SD=0.595), and that the audit firm strives to understand the customers' changing needs better than the market competitors (Mean=4.085, SD=0.749). In addition, the study established that the firm encourages an efficient services development (Mean=3.915, SD=0.896) and that the audit firm keeps on changing old traditions

(Mean=3.864, SD=0.629). This implies that audit firm frequently carries training and development programs with its staff, the firms contest old assumptions about customer and that the audit firms strives to understand the customers' changing needs better than the market competitors to a very large extent

4.5 Influence of strategic orientation practices on performance

The researcher sought to determine the effect of strategic orientation on the performance of audit firms. The results are presented in Table 4.6.

Table 4.6: Influence of strategic orientation practices on performance

Statements	Std.	
	Mean	Deviation
Market orientation positively influences performance of audit firms	3.814	0.541
Technology Orientation positively influences performance of audit firms	4.492	0.569
Entrepreneurial Orientations positively influences performance of audit firms	3.915	0.896
Learning Orientation positively influences performance of audit firms	3.864	0.601
Overall, Strategic orientation practices improves the performance of the audit firms	4.356	0.996

The study revealed to a large extent that the technology orientation positively influences performance of audit firms (Mean=4.492, SD=0.569), overall, strategic orientation practices improves the performance of the audit firms (Mean=4.356, SD=0.996), and that

entrepreneurial orientations positively influences performance of audit firms (Mean=3.915, SD=0.896). In addition, respondents indicated to a large extent that learning orientation positively influences performance of audit firms (Mean=3.864, SD=0.601) and that market orientation positively influences performance of audit firms (Mean=3.814, SD=0.541). This implies that strategic orientation practices improve the performance of the audit firms and those entrepreneurial orientations positively influences performance of audit firms. In addition, learning orientation positively influences performance of audit firms and that market orientation positively influences performance of audit firms.

4.7 Regression Analysis

The extent to which changes of the independent variables can explain changes in the performance (the dependent variable) are well explained by coefficient of determination. In this study, the independent variables which explains the dependent variable variation are market orientation, technology orientation, Entrepreneurial orientation and Learning orientation

Table 4.7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.804053	0.646501	0.616543	1.035581

Dependent Variable: performance

Predictors: (Constant), market orientation, technology orientation, Entrepreneurial orientation and Learning orientation

Table 4.8 summarizes the strength of relationship that the variables which were independent had on the performance of the audit firms. The study revealed that there is evidence of existence of a relationship which was strong which is clearly portrayed by the R^2 of 0.646501 as well as the adjusted value of 0.616543. This simply connotes that (market orientation, technology orientation, Entrepreneurial orientation and Learning orientation) accounts for 61.6% of the variations in audit firms performance.

Table 4.8: ANOVA of the Regression

	Sum	of	Mean		
	Squares	df	Square	F	Sig.
Regression	98.8506	4	24.71264	21.58054	0.00003
Residual	61.8373	54	1.145136		
Total	160.6879	58	1.145136		

Dependent Variable: Audit firms performance

Predictors: (Constant), market orientation, technology orientation, Entrepreneurial orientation and Learning orientation

It can be deduced from the model summary that the relationship that exists between the variables which were considered to be independent and the one which is dependent is statistically significant. The purpose of an F test was to indicate whether the model of regression was significant statistically. The findings portrayed that the p-value was 0.00003 implying that the whole model is significant since a model is considered to be significant if its p value is less than the significance level. In this study as 0.0003 is less than 5%.

Table 4.9: Coefficient of Correlation

	Un-standardized		Standardized	t	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	3.77	0.451		8.359202	0.004
Market orientation	0.782	0.121	0.146	6.46281	0.003
Technology orientation		0.079	0.126	5.860759	
	0.463				0.001
Entrepreneurial orientation		0.073	0.142	7.287671	
	0.532				0.004
Learning orientation	0.212	0.079	0.126	2.683544	0.0009

a. Dependent Variable: performance

b. Market orientation, Technology orientation, Entrepreneurial orientation, Learning orientation

$$\text{Performance} = 3.77 + 0.782 * \text{Market orientation} + 0.463 * \text{Technology orientation} + 0.532 * \text{Entrepreneurial orientation} + 0.212 * \text{Learning orientation}$$

From the finding in Table 4.9, the study found that holding market orientation, technology orientation, entrepreneurial orientation and learning orientation at zero, audit firms performance will be 3.77. It was established that a unit increase in market orientation, while holding other factors (technology orientation, entrepreneurial orientation and learning orientation) constant, will lead to an increase in performance by

0.782 ($p = 0.003$). Further, unit increase in technology orientation, while holding other factors (market orientation, entrepreneurial orientation and learning orientation) constant, will lead to an increase performance by 0.463 ($p = 0.001$). A unit increase in Entrepreneurial orientation, while holding other factors (market orientation, technology orientation, and Learning orientation) constant, will lead to an increase in audit firms performance by 0.532 ($p = 0.004$).

Moreover, unit increase in learning orientation, while holding other factors (market orientation, technology orientation, Entrepreneurial orientation and Learning orientation) constant, will lead to an increase in performance by 0.212 ($p = 0.0009$). This infers that market orientation contribute most to performance of the audit firms in Nairobi County while entrepreneurial orientation follows. At 95% level of confidence and 5% level of significance and, market orientation, technology orientation, Entrepreneurial orientation and Learning orientation are significant in performance.

4.7 Discussion of the Findings

This study set to explore the strategic orientation and performance of audit firms in Nairobi County. This section discusses the main findings and their implications on the effect of strategic orientation on performance. The findings have demonstrated that most of the audit firms have been in operation for over 10 years and the staff length of continuous service with the audit firm is of perfect in experience. The strategic orientation practices that discussed included market orientation, technological orientation entrepreneurial orientation and learning orientataion.

The study revealed market orientation improves the performance of the audit firms. In tandem with the study findings, Wang, Chen and Chen (2012) assert that firms marketing orientation is a valuable intangible resource that is very rare, and cannot be imitated by competitors, due to the constant pursuit of knowledge about customers' need and strategy of the competitors. However contrary to the study findings, Keskin (2006) established that market orientation have no direct influence on organization performance. The same result was obtained by Polat and Mutlu (2012) who posit that market orientation has no relation to organizational performance. Further, research on the effect of strategic orientation evaluated by market orientation on creativity and business achievement imply that it has no aid to firm's performance (Ferraresi, Quandt, dos Santos, & Frega, 2012).

Further, the study also revealed that technological orientation positively influences performance of audit firms. Similar to the study findings, Spanjol, Qualls and Rosa (2011) found that orientation of technology has significant positive influence on commercialization of product performance and product innovation performance. However, Zhou and Li (2010) report that firm performance can be improved by technology orientation only through adaptive capability. Thus, it is essential for firms to develop technology orientation culture as a driver for adaptive capability and in turn survive environmental changes to realize better competitive advantage. On the contrary, Voss and Voss (2000) report no significant influence of technology orientation on firm performance.

The study also established entrepreneurial orientations positively influence performance of audit firm. Similarly, Li, Zhao, Tan and Liu (2008) by establishing the moderating impact of orientation of entrepreneurs, on market orientation and achievement link found that the entrepreneurial orientation positively associates to performance of an organization and it adjusts the link. This imply that enterprises with a high entrepreneurial orientation can point premium market segments, charge high costs and access the market in front of adversaries, which should profit them with greater profits and enable them to grow rapidly. Therefore, conceptual opinions imply that entrepreneurial orientation results to higher organizational achievement.

In addition, learning orientation positively influences performance of audit firms. Similar to the study findings, Wang, (2008) found that when business firms learn from the environment and experience, they will come up with a culture and behaviour that will encourage firm performance. Zhao, Li, Lee and Chen (2011) argue that there is a significant association between firm performance and learning orientation. It has been debated that the business firm that place a high importance on learning may have significantly higher level of performance. This is because firms that are characterized with learning culture are able to change old traditions about satisfying market need and modernised their firms to attain competitive advantage (Jiménez-Jiménez & Sanz-Valle, 2011).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter covers the summary of the findings, conclusions, recommendations, limitations of the study and suggestions for further research.

5.2 Summary of Findings

The study established that the audit firm is sensitive to the daily market place changes as well as trends, audit firms have adopted a strategy of linkage between market and customers, and that market Orientation has a positive influence on performance of the audit firms to a very large extent. In addition, the study revealed that technology adoption have enabled the audit firms to penetrate to new market niches, in developing a new service in the market, the audit firm has adopted a more enhanced communication technology, through adoption of technology orientation, audit firms have managed to effectively meet customers preferences and that the audit firms have adopted more superior technology which fosters their developments to a very large extent

Also, the study established that the audit firms have adopted proactive innovations which aids them in enhancing their competitive advantage, and that the audit firms' capability of innovation is fostered through adoption of entrepreneurial orientation to a very large extent. In addition, the study found out that audit firm frequently carries training and development programs with its staff, the firms contest old assumptions about customer

and that the audit firms strives to understand the customers' changing needs better than the market competitors to a very large extent. Moreover, the study established that strategic orientation practices improve the performance of the audit firms and those entrepreneurial orientations positively influences performance of audit firms. In addition, learning orientation positively influences performance of audit firms and that market orientation positively influences performance of audit firms.

The study found that holding market orientation, technology orientation, Entrepreneurial orientation and Learning orientation at zero, audit firms performance will be 3.77. It was established that a unit increase in market orientation, while holding other factors (technology orientation, Entrepreneurial orientation and Learning orientation) constant, will lead to an increase in performance by 0.782 ($p = 0.003$). Further, unit increase in technology orientation, while holding other factors (market orientation, Entrepreneurial orientation and Learning orientation) constant, will lead to an increase performance by 0.463 ($p = 0.001$). A unit increase in Entrepreneurial orientation, while holding other factors (market orientation, technology orientation, and Learning orientation) constant, will lead to an increase in audit firms performance by 0.532 ($p = 0.004$).

Moreover, unit increase in Learning orientation, while holding other factors (market orientation, technology orientation, Entrepreneurial orientation and Learning orientation) constant, will lead to an increase in performance by 0.212 ($p = 0.0009$). This infers that market orientation contribute most to performance of the audit firms in Nairobi county while entrepreneurial orientation follows. At 95% level of confidence and 5% level of

significance and, market orientation, technology orientation, Entrepreneurial orientation and Learning orientation are significant in performance.

5.3 Conclusion

The study concludes that the audit firm is sensitive to the daily market place changes as well as trends, audit firms have adopted a strategy of linkage between market and customers, and that market orientation has a positive influence on performance of the audit firms to a very large extent.

In addition, the study concludes that technology adoption have enabled the audit firms to penetrate to new market niches, in developing a new service in the market, the audit firm has adopted a more enhanced communication technology, through adoption of technology orientation, audit firms have managed to effectively meet customers preferences and that the audit firms have adopted more superior technology which fosters their developments to a very large extent

Also, the study concludes that the audit firms have adopted proactive innovations which aids them in enhancing their competitive advantage, and that the audit firms' capability of innovation is fostered through adoption of entrepreneurial orientation to a very large extent. In addition, the study concludes that audit firm frequently carries training and development programs with its staff, the firms contest old assumptions about customer and that the audit firms strives to understand the customers' changing needs better than the market competitors to a very large extent.

Moreover, the study concludes that strategic orientation practices improve the performance of the audit firms and those entrepreneurial orientations positively influences performance of audit firms. In addition, learning orientation positively influences performance of audit firms and that market orientation positively influences performance of audit firms.

5.4 Limitations of the Study

The research utilized key sources from the audit firm which put requirements on the generalizability of the outcomes to different firms and other nation settings. The example choice may likewise constrain the speculation of results to the general populace. The restricted and particular concentration of this study implies the outcomes are constrained to audit firm just which may not mean other industry and national settings

The study other limitation is that the audit firm are spread everywhere throughout the nation yet just audit firm in Nairobi County have been mulled over. For gathering information from Nairobi County, a lot of financial resources and enormous time are required. The discoveries of the present study might be pertinent just to the audit firm.

5.5 Recommendations for Policy and Practice

The study found out that strategic orientation practices enables the audit firm to improve their performance, it is recommended that the audit firm should adopt strategic orientations practices in line with the business environment in order to improve performance.

The study established that the audit firm had adopted entrepreneurial orientations and it is recommended that it should be more practiced in order to create market opportunities and introduce new products to the market. Similarly, learning orientation was adopted and it leads to more actively anticipate and prepare for changes in its day-to-day operations.

The recognition of strategic orientation practices as an impact to organization performance is very important for researcher to understand it lead to the more innovation and generates products with high margin and uniqueness targeted to specific high price segment. Managers should consider that basically receiving an entrepreneurial-situated system isn't sufficient for performance of a new venture. By definition, new ventures ought to be the consequence of a specific measure of entrepreneurial orientation with respect to the organization; notwithstanding, an organization can't rely upon its entrepreneurialism for business achievement on the grounds that new ventures ought to be basically market oriented. In this way managers should focus on creating dynamic abilities that interface diverse introductions and capacities and that can give unrivalled client esteem and, thus, get higher performance.

5.6 Suggestion for Further Research

The study was undertaken in Nairobi County which is dominated by a few audit firms. A further research should be undertaken to further explore the strategic orientation and performance of audit firms. This study should be undertaken on other audit firms in other areas for comparison purposes.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

Section A: Demographic Profile

1. Name of the audit firm (Optional)

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2. Length of service committed to the firm?

Less than 5 years

5-10 years

Above 10 years

3. How long has your firm been in operation in Kenya?

1-5 years

6 – 10 years

11 – 15 years

Above 15 years

4. How many employees are there in your firm?

1- 10

10 - 20

21 – 30

Over 30

Section B: Strategic Orientation

Please indicate the extent to which you concur with the following statements regarding your audit firm strategic orientation practices. Using the following rating; 5 = To a very large extent, 4 = Large extent, 3 = Moderate extent, 2 = Small extent, 1 = Not at all

Market Orientation	1	2	3	4	5
Market orientation improves firms performance through creating and delivering value to customers					
Market Orientation has a positive influence on performance of the audit firms					
The audit firm is sensitive to the daily market place changes as well as trends					
Audit firms have adopted a strategy of linkage between market and customers					
Technology Orientation					
In developing a new service in the market, the audit firm has adopted a more enhanced communication technology					
The audit firms have adopted more superior technology which fosters their developments					
Inovation have become a necessity tool among the audit firms					
Technology adoption have enabled the audit firms to penetrate to new market niches					
Through adoption of technology orientation, audit firms have managed to effectively meet customers preferences					
Entrepreneurial Orientations					
The audit firm has developed a technological mindset to use the technology to develop new services					
The audit firm is devoted in indentifying new market entry					

opportunities					
The audit firms capability of innovation is fostered through adoption of entrepreneurial orientation					
The audit firms have adopted proactive innovations which aids them in enhancing their competitive advantage					
Learning Orientation					
The audit firm strives to understand the customers' changing needs better than the market competitors					
The firm contest old assumptions about customer					
The firm encourages an efficient services development					
The audit firm keeps on changing old traditions					
The audit firm frequently carries training and development programs with its staff					

Section C: Influence of strategic orientation practices on performance

8. The following are measures of firm performance resulting from the strategic orientation practices adopted by the audit firm. Please indicate the extent to which the performance measures have been realised in your organization.

Statement	Not at all	Small extent	Moderate extent	Great extent	Very great extent
Market orientation positively influences performance of audit firms					

Technology Orientation positively influences performance of audit firms					
Entrepreneurial Orientations positively influences performance of audit firms					
Learning Orientation positively influences performance of audit firms					
Overall, Strategic orientation practices improves the performance of the audit firms					