INTEGRATION OF GLOBAL PROFESSIONAL SERVICES AS A STRATEGIC ORIENTATION BY ERNST & YOUNG KENYA

BY

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DECLARATION

I declare that this project is my original work and has never been submitted for a degree in any other university or college for examination/academic purposes.

Signature:………………………………….. Date:…………………………………

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

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DEDICATION

I dedicate this project to my loving husband, my dear parents and my family. Your support, love, patience, encouragement, sacrifice and prayers have transformed my dreams to the success of this degree.

I also dedicate this journey to my three daughters, and hope that the knowledge I have acquired, and God's grace will enable me to provide you with the very best.

ACKNOWLEDGEMENTS

First, my sincere gratitude goes to Almighty Allah, the most gracious, the most merciful who enabled me to do and complete this study. This far the lord has brought me, it has been a challenging project and I thank God for his guidance every step of the way. In addition, I would also like to thank the individuals who have contributed to the successful completion of this project.

Second, for the development and production of this work I feel a deep sense of gratitude to my supervisor Mr. Eliud Mududa for his patience, support knowledge, encouragement in this demanding journey. I would wish to extend my gratitude to my spouse and my parents for their unwavering support and encouragement.

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ABSTRACT

Global professional service firms operated under professional services networks, which are networks of independent firms who come together to cost-effectively provide services to clients through an organized framework. Ernst & Young (EY) is a global leader in assurance, advisory, tax and transaction advisory services. Its global headquarters are based in London, UK and the U.S. firm is headquartered at 5 Times Square, New York, New York. As of 2014, it is ranked by Forbes magazine the 9th largest private company in the United States. This study addressed the following two (2) research objectives: determining the extent to which EY Kenya has adopted integration in its operations and determining the benefits of such approach by EY Kenya. The study adopted a case study design. It targeted ten senior managers including partners. The study collected both primary and secondary data. Primary data was collected using an interview guide. Data was analyzed using content analysis. The study established that integration strategy had been significantly implemented as many of the operations in the firm were globalized and brought on the same platform as member firms in other countries. The implementation of the strategy witnessed several changes in the firm including restructuring where some roles were done away with to fit into the global structure and reporting structure. Integration brought about many effects on firm performance including: expanding the markets served globally thereby enabling the firms to conveniently serve its globally spread customer base. The firm encountered several challenges in executing integration strategy including: resistance to change among staff as they preferred the status quo. The integration brought many benefits to the firm including: helping in communicating the firm's vision, cost saving, helping EY Kenya in managing risk thereby helping develop common policies that apply across the globe. It further helped in building consensus on priorities and investments and facilitating joint action and resulted in an expansion of the knowledge base and improved information exchange. The study recommends that the firm continues to motivate employees to fully embrace and support implementation of the integration strategy because the employees are key implementing agents and from the study, it could be noted that some employees were not happy with the integration strategy implementation. The study further recommends that the management avails necessary and adequate resources for strategy implementation so as to achieve the 'Vision 2020' goals. This will harmonize the operations of the EY globally. The study further recommends that the global firm clearly document the integration strategy success so as to help employees measure the milestones attained. This will motivate them to work extra hard to ensure the 'Vision 2020' targets are attained.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Over the years professional accounting services firms have ventured into new markets and countries by identifying successful local firms, then giving these firms rights to operate under their banner. This includes the firm name, practicing methodology and access to a vast pool of resources that enable the local firm to operate at a superior level than when it was just a local partnership.

Ernst & Young (EY), PricewaterhouseCoopers (PwC), KPMG and Deloitte Touche Tohmatsu (Deloitte), also known as 'the Big 4' audit firms, have made their name known all over the world by this means – inviting local firms to be part of their family. In essence, the firm would still have its own operations in terms of internal affairs – recruitment, compensation, record keeping, business accounting, work methodology and other operations, but would take up the company name of the firm that has invited it, and become the local office of the 'parent' company. While this arrangement has worked well over the years, the challenge was then how to make these many diverse firms which are operating under one name, but using different methodology in their professional practice can come together as one, and perform with more cohesiveness and unity. How could these very unique operations in different countries claim oneness of purpose and direction?

For EY, the solution was seen to lie in integration. This involved integrating its practices in different countries and forming regions which operate as a single unit, led by a single executive team and, where allowed by laws and regulations, be underscored by formal combinations of practices. EY global leadership believes that this will improve the firm's operational effectiveness, capacity to invest in the development of market leading services, as well as in the important emerging markets around the world. EY's vision is to actively participate in accelerating the opportunities to build and grow its people and clients.

According to the EY Global profile, integration of the Americas Area practices was done in 2006, while that of the 87 country practices in Western and Eastern Europe, the Middle East, India and Africa into a new EMEIA Area was done in 2008. EY Kenya forms part of the EMEIA region, and has been undergoing major changes that have all been necessary to make the integration possible. These changes have cost a lot, both in terms of money, time and having to give up some of their long held policies and practices. Being under the EMEIA area, decisions made by the leadership of the area are binding on all member firms. Another price of integration has therefore been the local firms having to give up some decision making authority, and having to follow decisions of the executive committee.

EY is an integrated firm across the Globe, which is very significant for its clients as they run their business by service line, sectors and functions, instead of by country. For the client, this means consistent quality standards everywhere and utilization of a 'single point of contact' service. In particular, clients have found 'single point of contact coordination model' significantly enhances their ability to operate, particularly across multiple countries.

1.1.2 Global Professional Services

Global professional services are firms operated under professional services networks, which are networks of independent firms who come together to cost-effectively provide services to clients through an organized framework. They are principally found in law and accounting. They may also be found in investment banking, insurance, real estate and architectural services. Any profession that operates locally, but has clients in multiple locations, are potential members of a network. Today members of these networks employ more than one million professionals and staff and have cumulative annual revenues that exceed $200 billion.

A quick web search will reveal that accounting networks are far more developed. The accounting networks and associations developed first to meet the requirement of the Securities and Exchange Commission (SEC) of public company audits in the United States of America (USA). They include the well-known accounting networks like PwC, KPMG, Deloitte, and EY as well as more than 30 other accounting networks and associations. They are highly structured entities.

The law firm network developed in the late 1980s. They include legal and law firm based multidisciplinary networks like Lex Mundi, World Services Group, TerraLex, Meritas_(law), and the State Capital Law Firm Group. There are more than 175 known networks in law, 40 in accounting, and 20 specialty networks. Individual networks have revenues exceeding $20 billion dollars.

1.1.3 Integration as a strategic approach within Global Financial Services

Integration means adopting a joined-up approach towards the many different interests in various areas. It is the process of harmonizing the different policies and decision-making structures, and bringing together all stakeholders to take concerted action towards achieving common goals. Integrating the many different interests effectively enables an organization to look at its operations in a holistic way.

Faced with increasingly sophisticated clients, market globalization, and evolving technology, professional services firms must evaluate their business models to ensure they can deliver the greatest value to every client on every project. If firms continue to do business as usual, they will face eroding margins, increased operational complexity and risk, and underleveraged partnerships.

Competition is not only intense, it is global. As national boundaries become irrelevant to global business, suppliers, clients, information, and ideas flow easily across borders. Professional services firms are finding themselves largely location-independent. No one region is the single source for the right labor mix, latest technology, or management innovation. Clients expect their services partners to provide support around the world and source from the locations that provide the greatest expertise—and best value. Firms must be able to deliver both custom and packaged services globally, yet have each project configured for the local market. Fulfilling this demand requires extraordinary operational and staffing flexibility.

Globalization is shaping our world: it is expanding horizons as trade, technology and investment increasingly connect countries and companies around the globe; and it is compressing time and distance as people and products move, and ideas spread, faster than ever before. Globalization magnifies opportunity and risk. It opens up new markets and creates opportunities for innovation. And it provides access to new sources of capital and wider pools of skilled employees. But at the same time, globalization has increased complexity. As organizations navigate new markets or encounter new competitors, the demands on them multiply. The recent financial crisis brought home just how interconnected and interdependent the world has become. It also emphasized two forces of globalization: the shifts in demographics and capital that are shaping the global economy and society as a whole. These trends will increasingly impact markets, competition and recruitment for the firm and its clients.

For global professional services firms, globalization is one of the defining issues of this time. Their response has been to transform the organizations so as to keep in step with the changing needs of their clients and their people. Clients need integrated, cross-border service and the same high quality wherever they do business around the world. People also want to build careers in an organization that is global in its outlook and inclusive in its approach. Chandler (1962) reasons that environmental changes influence the strategy, which in turn influences the choice of the appropriate organizational structure. Different kinds of organizations are therefore necessary for effectively handling different strategies and environments. In a stable environment, a hierarchical structure can be successful.

However in other circumstances, the disadvantages of such a structure, for example trusting a few key actors with complex decisions, is obvious.

The organizational structure of a company can, as expressed by Lawrence and Lorsch (1967), be seen as a system. As the system grows, it becomes differentiated into different parts that need to remain integrated in order for the whole system to function. An important function of any system is adjustment to the world outside. Increasingly clients and staff expect these firms to be more global in outlook, more integrated in thinking and more inclusive in their approach. EY has been proactive in responding to the globalization of its clients by integrating its country practices across Europe, the Middle East, India and Africa. This bold move has brought together 67,771 EY people in 90 countries generating revenues of $9.5 billion. EY is the first of ‘the Big 4’ firms to achieve a level of integration of this scale and scope and have set a new standard in professional services by bringing a truly borderless approach to their clients.

1.1.4 Financial Consulting Services Industry

Financial consulting activities cover various work streams, including: financial analysis, accounting, investment consulting, financial auditing, reporting, actuarial valuations, regulatory compliance and financial planning. In an economy in which knowledge often provides a competitive edge, companies rely on financial consultants to recommend best-in-practice methodologies. Individuals also seek the guidance of financial experts to reach long-term investment goals or navigate the subtleties of fiscal legislation. EY, PwC, KPMG and Delloite are the four largest international professional services networks in accountancy and professional services, offering audit, assurance, tax, consulting, advisory, actuarial, corporate finance and legal services. They handle the vast majority of audits for publicly traded companies as well as many private companies, creating an oligopoly in auditing large companies. None of these accounting firms is a single firm - rather, they are accounting networks. Each is a network of firms, owned and managed independently, which have entered into agreements with other member firms in the network to share a common name, brand and quality standards. Each network has established an entity to co-ordinate the activities of the network.

The leading four firms were initially eight, made up of: Arthur Andersen, Arthur Young & Co, Coopers & Lybrand, Ernst & Whinney, Deloitte, Haskins & Sells, KPMG, Touche Ross, and Price Waterhouse. It was after a series of mergers and dissolutions that brought about the current four. In 1898, two huge mergers reduced the 8 into the 6. Ernst & Whinney merged with Arthur Young to form Ernst & Young; and Deloitte, Haskins & Sells with Touche Ross to form Deloitte Touche. Then in 1998, Price Waterhouse merged with Coopers & Lybrand to form PricewaterhouseCoopers, famously known as PwC. It further reduced the group into five. In 2002, the five was cut by one due to the fall of Arthur Andersen after its involvement in the world-shocking Enron scandal. From then on, the four largest existing accounting firms have been known as the 'Big 4'.

1.1.5 Ernst & Young Global

EY is a global leader in assurance, tax, transaction and advisory services. Its global headquarters are based in London, UK and the U.S. firm is headquartered at 5 Times Square, New York, New York. As of 2014, it is ranked by Forbes magazine the 9th largest private company in the United States. Over 140 associated firms come together in seven geographic Areas. Each one is led by an Area Managing Partner, who is a member of its Global Executive. This integrated business model allows EY to meet the global demands of its clients, as well as the legal and regulatory requirements that impact the organization.

Through the seven areas, EY brings together the power of the global organization, sharing knowledge and resources, and driving global consistency and quality. The firm's Global Executive focuses on strategy, execution and operations, so that it deliver on the promise it make to their clients — to deliver seamless, consistent, high-quality client service worldwide.

1.2 Research Problem

With the world quickly becoming a global village, firms operating in multiple countries all over the world have to find a way of standardizing their offer. This is especially true for service organizations, as it will give an indication of guaranteed quality service. Studies have been done on Strategic Planning Practices in audit firms in Nairobi by Boro (2008), where he discusses the various strategies that audit firms use to stay ahead in the field. Nyakang'o (2008) also discusses the same in her study on competitive strategies adopted by audit firms in Nairobi.

Maina (2008) conducted a study on response of small and medium size audit firms in Nairobi to the regulatory changes affecting the audit industry. This study focused on the regulatory aspect of the firms' operations. With integration being a relatively new strategy in the financial services industry, no studies have been done as yet which specifically focus on integration of global financial services firms. This leaves the knowledge gap of the effects of adapting integration as a strategy for financial services firms which have a global outreach. Therefore this study sought to fill the research gap by answering the following question: What are the benefits of integration of global as a strategic orientation by global professional services?

1.3 Research Objectives

This study addressed the following two (2) research objectives:

(i) To determine the extent to which EY Kenya has adopted integration in its operations.

(ii) To determine the benefits of such approach by EY Kenya.

1.4 Value of the Study

This study might be used by EY Kenya in evaluating the progress or otherwise made by the respective forms as a result of adoption of the integration process. The study would also be useful to other EY offices within the East Africa region - as they may be facing similar situational circumstances as the Kenya office - to assess their success as part of a globally integrated financial services firm.

The study might also be useful to other professional services firms, more specifically financial services firms, to aid in decision making on whether or not to integrate their services with member firms. The study could act as a guide to the process of integration for these firms.

The study would benefit the management of other multinational corporations (MNCs) who are responsible for development, execution and implementation of strategies in understanding how global integration strategies would help them be more competitive and successful as they expand their operations. The study would benefit MNCs as regards their integration policies.

To the academicians, the study would provide useful basis upon which further studies on how global integration strategies in Kenya can be researched. Specifically, the study would make theoretical, practical and methodological contributions. The findings would contribute to existing knowledge in international business environment by helping to understand the importance of strategies that firms employ in globalization.

Owing to the importance of operations of MNCs in countries they operate in, the study would also be of interest to the government and policy makers to appreciate the strategies MNCs implement based on the market environment. The study would be useful to the government in policymaking regarding international business. The policies designed, would serve as guidelines in assisting the management in knowing what the procedures and policies to follow when deciding to expand into a new market.

1.5 Chapter Summary

This chapter provided background information of the study relating to global professional services, integration as a strategic approach for global financial services, financial consulting services industry and Ernst & Young Global from global, regional and local perspectives. It highlighted the research problem clearly bringing out the research gap to be filled by the study. The chapter also presented the research objectives and the value of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focuses on global integration strategy and the different types of integration strategies that can be adopted by firms. The chapter also focuses on effectiveness and global integration strategy and how companies are trying to achieve competitiveness globally. Then finally the chapter looks at global integration strategy and multinational corporations and what different authors have put forward on the same.

2.2 Theory of Global Strategic Management

Global strategic management gives an understanding of how to effectively manage the global operations the world over. It is evident that something fundamental is happening, or indeed has happened within the world economy, the issue of change. Currently, there is no doubt that, the world is being buffeted by extremely volatile forces coming from within the environment, e.g. technological advances, competition, political interventions, fluctuations in economic conditions, among others.

The long-term impacts of these major forces of change are enormously enhanced by the growing interconnectedness between all parts of the world. The most significant development in the world economy has been the increasing internationalization, and arguably, the globalization of economic activities throughout the world. The nature of the world economy has changed dramatically since the 1950s. That is, national boundaries no longer act as ‘watertight’ containers of the production processes. They are now like sieves through which extensive leakage occurs.

The implication is that, many of firms are now involved in global economic system. At present most industries have much ‘natural protection’ from international competition, whereas, in the past, geographical distance created a much insulating effect.

Global strategic management is concerned with managing a firm's relationship with the global business environment. More specifically, it is concerned with strategies for managing the challenge of international competition. The global business environment is both locally and foreign based. This is because the global business challenge is pervasive or "omnipresent". Therefore, besides the general competitive strategies, international business strategies are part and parcel of the strategies of global strategic management.

2.3 Global Professional Services

Global professional services are firms operated under professional services networks, which are networks of independent firms who come together to cost-effectively provide services to clients through an organized framework. They are principally found in law and accounting. They may also be found in investment banking, insurance, real estate and architectural services. Any profession that operates locally, but has clients in multiple locations, are potential members of a network. Today members of these networks employ more than one millions professionals and staff and have cumulative annual revenues that exceed $200 billion.

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(SEC) of public company audits in the United States of America (USA). They include the well-known accounting networks like PwC, KPMG, Deloitte, and EY as well as more than 30 other accounting networks and associations. They are highly structured entities in terms of their operations and work methodology. The law firm network developed in the late 1980s. They include legal and law firm based multidisciplinary networks like Lex Mundi, World Services Group, TerraLex, Meritas_(law), and the State Capital Law Firm Group. There are more than 175 known networks in law, 40 in accounting, and 20 specialty networks. Individual networks have revenues exceeding $20 billion dollars.

Global professional services are in effect multinational corporations (MNCs) which provide similar service packages to its clients across the globe. MNCs are organizations that are based in one country and carry out operations in other countries where they own income generating assets (Yabs 2007). They engage in buying and selling of goods and services in more than two countries. MNCs own income generating assets and derive their income from activities across nations. The entity can be conceptualized as an inter-organizational network that is embedded in an external network consisting of all other organizations such as customers, suppliers, regulators with which the different units of the MNCs must interact. MNCs are important units in the globalization processes. They have offices and/or factories in different countries and ordinarily have a centralized head office where they coordinate global management. MNCs like to diversify their investments into other countries to spread their risk and also to serve their client base outside their borders. The latter is usually the case with global professional services.

Yabs (2007) argues that benefits of MNCs to the host country include bringing in capital, creation of facilities and infrastructure, creation of employment, transfer of technology, transfer of managerial expertise, payment of taxes to the government, improvement in standards of living, improved quality of goods and services and contribution towards the improvement of balance of payments. MNCs are allies in the development process of host countries. These firms also rent buildings and land; sometimes buy them, thus generating higher incomes for their owners. MNCs play an important role in developing the economies of developing countries, for example provide employment, choice of multi goods among others.

2.4 Integration as a Strategic Approach in Global Financial Services

Global integration involves a strategy whereby international markets are viewed holistically and operations are fused into a single worldwide strategic entity. Integration in an organization can be related to the existence of administrative measures in terms of planning procedures, liaison roles, team work and matrix structures. The more of these measures in an organization then the more of integration because they're expected to improve the exchange of information and cooperation between units in the corporation. Some researchers have therefore chosen to estimate the degree of integration more directly by delineating the closeness of the relationships between the subsidiary and the headquarters (Egelhoff, 1988).

As Cray (1984) noted, global integration refers to coordination and control of business operations across borders. Coordination concerns developing linkages between geographically dispersed units of a function, whereas control concerns regulating business activities to align them with the expectations set in targets. This assures centralized control over key resources and operations that are strategic in the value chain and that all major decisions are made from a global perspective. The control and coordination of value chain processes of business units belonging to a single multinational firm includes the sourcing of raw materials and basic service components, production processes and linkages, marketing strategies, distribution networks, and support activities encompassing the operations of business units located in different countries but comprising the sub-units of the multinational firm.

The concept of coordination has found close links to global integration. Mintzberg (1983a; 1983b) stated that coordination constitutes a fundamental element of management and since the management of global operations involves coordination, then integrating the operation of subsidiaries with the operations of the mother company necessitates coordination. Global integration was characterized as a change process involving centralization, combination, concentration, and standardization. Coordination also meant cross-border coordination that pertains to the business efforts directed towards the alignment of the operations of various business units to ensure the completion of the tasks of these units in contributing to aggregate productivity.

Global integration is mandatory, rather than discretionary, for MNCs facing increased global competition (Yip, 1992). This suggests that the effectiveness of global integration has implications for business performance (Birkinshaw et al., 1995). Hence a genuine concern for global managers is how to design an organization to achieve effective global integration of business operations. Global integration does not necessarily mean selling the same product or service in the same way all over the world. It means that decisions on how to address local customer needs or market differentiation are made by managers who have an integrated global point of view. Global integration, a key element of navigating change, is in fact quite complex, risky and challenging, both within and beyond the organization borders. The complexity reaches far beyond the organization to suppliers, regulators and others dealing with national standards that are often quite different, in areas such as product safety, environmental impact and intellectual property rights and the often ignored cultural issues.

2.4.1 Benefits of Integration

Global integration can provide a firm operating internationally with a several key benefits drawn from a worldwide optimization of resources, including economies of scale, value chain linkages, global customer coverage, global branding, capability leverage, process standardization and information advantage. Global integration may cover various business activities. One of these is sourcing, where multinational subsidiaries receive inputs or supplies for their operations. Jarillo and Martinez (1990) assessed the global integration of multinational corporation subsidiaries by measuring the percentage of inputs that the subsidiaries sourced from their parents and their networks. The more a subsidiary places reliance on its holding company for supplies, the more globally integrated are the subsidiary's operations. Similarly, global integration can also be measured by the level of centralization of research and development functions, and the subsidiary's self-sufficiency in selling its products to local markets or through its parents' integrated systems (Rugman and Verbeke 2001). Existing literature argues that global integration helps MNCs save costs and achieve global efficiencies. Ghoshal (1987) puts forward that MNCs gain efficiency advantages from national differences in labour costs (i.e., getting supplies from low labour cost countries), and from global economies of scale and scope, which are generated by the scale of operations/sourcing rather than by the low cost of some locations

The concept of coordination can be closely linked to global integration. Mintzberg (1983) stated that coordination constitutes a fundamental element of management and since the management of global operations involves coordination, then integrating the operation of subsidiaries with the operations of the mother company necessitates coordination. Global integration has two specific elements, which are the configuration and coordination of the multinational corporation's value chain and the standardization of marketing strategies. Porter (1985) explained that configuration of the value chain pertains to the spatial decisions of the multinational corporation covering the location or site of business units together with the number of business units within the multinational corporation and in the different sites. Porter (1985) further says that coordination refers to the manner and extent that the activities of the different business units are combined as opposed to being independent. The configuration and coordination of value chain processes of business units belonging to a single multinational firm includes the sourcing of raw materials and basic service components, production processes and linkages, marketing strategies, distribution networks, and support activities encompassing the operations of business units located in different countries but comprising the sub-units of the multinational firm.

2.4.2 Rationale for Integration

There are two well-defined perspectives for the rationale of global integration namely environmental contingency and strategic choice. These determine the driving factors for global integration as either industry forces and other factors in the external environment or firm-specific capabilities and other factors within the internal environment of the multinational firm. Based on the development of various typologies, three general structural and strategic distinctions emerge, which are the multinational, transnational and global configurations. These types involve different integration strategies.

Firstly, the global configuration involves the strategy of tight integration of the value chain processes of the different business units resulting to a high level of centralized strategic resources including knowledge and research and development (Bartlett & Ghoshal, 1987a; 1987b). The activities of the business units are likely to revolve around the utilization of raw materials and application of service policies instead of focusing on activities that promote the independence of the business units. Moreover, the business units under the global configuration are unable to function without consulting company headquarters. As such, the high level of centralized control leads to the importance of a strong centralized leadership and decision-making. Firms adhering to the global configuration tend to achieve high levels of integration because of centralization but low levels of responsiveness on a national level because of the lack of development and innovation coming from the business units operating in various national contexts.

Secondly, the multinational or multi-domestic configuration pertains to the fostering of high levels of autonomy on the part of the subsidiary units because of the corresponding high degrees of decentralization in decision-making (Roth & Morisson, 1990). Business units or subsidiaries are self-sufficient in their operations on a national level. Corporate headquarters manage this situation by considering the business units as independent firms but manages the productivity of the subsidiaries through output controls, especially financial measures. An informal network exists between the top managers assigned in the corporate headquarters and the expatriates serving as representatives of the headquarters in the subsidiaries (Gupta & Govindarajan, 2001). Multinational business units exercise relatively high levels of independence because of the minimal intervention and interference from the corporate headquarters except only the application of output controls. The application of the multinational configuration leads to a high level of responsiveness on a national or local level but resulting to limited integration.

Thirdly, the transnational configuration involves the creation of international business firms with the simultaneous capability for responsiveness on a local level, integration on a global level, and learning on a worldwide level. This configuration involves the ability to consider various areas of responsiveness or ambidexterity, which refers to the ability to target conflicting demands at one time (Birkinshaw & Gibson, 2004). As such, the transnational configuration involves greater integration relative to the multinational configuration but involves greater responsiveness relative to the global configuration. The subsidiaries play pre-determined roles within the context of the multinational goals instead of just focusing on the maximization of opportunities in the local level. Flow of resources is also expanded to encompass resources, products as well as knowledge across the various business units.

2.4.3 Challenges of Global Integration

The challenges of global integration can be classified as those encountered by corporate headquarters and those felt by the subsidiaries. Corporate headquarters experience a number of integration challenges. One major challenge is ensuring the creation of value to support the extent of integration i.e. the choice to integrate should create greater value compared to the previous status of the firm. Other challenges include preventing any misguided intervention that depend on the context of business units since excessive guidance can hinder much needed innovative action on the subsidiary level, enhancing the quality of execution and support staff services of the company headquarters, avoidance of the building of empires at headquarters by clearly establishing the roles of top management in maintaining corporate entity and adding value to the subsidiaries and avoidance of multiple levels of parenting that could lead to redundancy and contradictions. Another challenge is the management of various kinds of intra-firm reporting so that the type of reporting should match the simplicity or complexity of the multinational firm (Prahalad & Doz, 1987).

MNCs are highly heterogeneous organizations, which must make optimal trade-off for different businesses, countries, functions and tasks as a function of the whole range of economic and socio-political characteristics that differ between countries and affect individual businesses and tasks in varied ways (Doz and Prahalad, 1991). The Integration-Responsiveness paradigm holds that today's operating environment requires MNCs to link their strategic resources and organizational infrastructure in a way that would allow them to leverage their capabilities for achieving integration and responsiveness simultaneously (Bartlett and Ghoshal, 1988; Prahalad and Doz, 1987).

The integration process cannot be isolated from an MNC's capability and infrastructure such as global experience, competitive advantages and corporate systems in coordination, information flow and resource flow. In designing and maintaining global integration, MNCs should not only align appropriately with external pressures, including institutional and structural factors, but also cleverly configure with internal forces such as organizational capabilities, infrastructures and needs.

2.5 Financial Consulting Services Industry

A consulting firm is a firm of experts providing professional advice to an organization or an individual for a fee. The primary purpose of a consulting firm is to provide access to industry-specific specialists and subject matter expertise. There are different types of consulting firms serving different sectors. They mainly fall under the following fields: Financial, Information technology, Management, Human Resources, Legal, Hotel and Hospitality industry as well as in niche sectors like Advertising, Marketing, Public relations, Environmental, the Public Sector, Real Estate consulting.

Financial services are the economic services provided by the finance industry, which encompasses a broad range of organizations that manage money, including credit unions, banks, credit card companies, insurance companies, consumer finance companies, stock brokerages, investment funds and some government sponsored enterprises. Financial consulting is one of the most prevalent types of consulting throughout the world because the services that it provides are of particular interest to individuals as well as businesses.

Financial consultants provide a wide range of services to businesses ranging from small companies all the way up to large corporations with global presences. Some of the primary services they provide include budgeting, debt management, fundraising, and even in the role of financial advisor to the company's employees. Financial consultants working on large projects are often part of a consultation team. In these scenarios, they work alongside the other management consultants and contribute expert advice on the financial aspects of strategies and goals. It is common to see that the financial consultant and business consultant is one in the same on small projects.

Financial consultants are especially important during the business planning stages. In tough economic times, it can be difficult to find funding even with an amazing business plan in hand. With so many opportunities presenting themselves, investors make headway by focusing on reasons to say no rather than reasons to say yes. Because of this, without the specialised training and experience, even the most well informed business people find it difficult to avoid all of those early pitfalls. Financial consultants will often serve as the primary consultant for these budding businesses. The first stage of their involvement will be to help the business develop the right strategy, an executive summary, and a business plan. The financial consultant is also a crucial component in pitching the business plan to prospective investors. He or she uses their expertise to cater the plan to the investors that the business will be targeting. One of the major mistakes that many new businesses make is trying to be all things to all people. A financial consultant will be able to focus and tune the business plan to make it attractive to potential investors. The consultant then continues to work with the business to meet with the investors, raise the capital, and then execute the plan.

In an economy in which knowledge often provides a competitive edge, companies rely on financial consultants to recommend best-in-practice methodologies. Individuals also seek the guidance of financial experts to reach long-term investment goals or navigate the subtleties of fiscal legislation. EY, PwC, KPMG and Deloitte are the four largest international professional services networks in accountancy and professional services, offering audit, assurance, tax, consulting, advisory, actuarial, corporate finance and legal services. They handle the vast majority of audits for publicly traded companies as well as many private companies, creating an oligopoly in auditing large companies. None of these accounting firms is a single firm - rather, they are accounting networks. Each is a network of firms, owned and managed independently, which have entered into agreements with other member firms in the network to share a common name, brand and quality standards. Each network has established an entity to co-ordinate the activities of the network.

2.6 Chapter Summary

This chapter reviewed the literature that informs the formation of study variables. In particular, it reviewed the theoretical perspective where the theory of global strategic management was reviewed. The study then presented global professional services, integration as a strategic approach in global financial services where it reviewed the benefits of integration, rationale for integration and challenges of global integration. The study further looked at the financial consulting services industry as urged out by other scholars and researchers. It also presented the summary and research gaps to be filled by the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in accomplishing the objectives of the study. Procedures and techniques that were used in the collection, processing and analysis of data are discussed. Specifically research design, target population, description of research instruments, sampling design, data collection instruments, data collection procedures and data analysis.

3.2 Research Design

The research adopted a case study approach aimed at conducting an in-depth research at EY in Kenya in relation to integration of global professional services as a strategic orientation. Case studies have various advantages, in that they present data of real-life situations and they provide better insights into the detailed behaviors of the subjects. Musa (2005) indicates that one can use interviews, questionnaires and observations to get study behavior patterns and obtain raw data.

3.3 Data Collection

This study collected both primary and secondary data. Primary data is raw data collected for specific purpose (Kotler, 2006). Secondary data exists somewhere having been collected for some other purposes. Available in text books, online journals, previous researches, and the internet. The primary data was collected by way of an interview guide. The study was concerned with variables which could not be directly observed such as opinion, perception and feelings of respondents. The data was collected face to face with personal interview of 10 respondents. As observed by Parasuraman (1986) personal interviews have potential of yielding highest quality data as compared to other modes and are flexible.

The respondents comprised of the partners and senior staff in all its service lines. Such partners and senior staff include Directors, Associates Directors and senior managers. These are the people best placed to provide the required information. The interview guide contained open ended questions and provided a structure for the personal interview. Its purpose was to collect a lot of information over a short period of time. It was used since the respondents are literate. Also, information required could easily be described in writing (Oso, 2009). It was developed in accordance with the research objectives and questions to address each research question were included.

3.4 Data Analysis

Data collected was qualitative data hence content analysis was used. Content analysis enables researchers to sift through large volumes of data with relative ease in a systematic fashion (GAO, 1996). The information gathered was analyzed and divided into logical groupings using qualitative analysis to facilitate interpretations.

3.5 Chapter Summary

This chapter presented, explained and justified the different research approaches, techniques and processes the researcher adopted in the course of the study. These included the research design, population of the study, data collection methods and data analysis techniques.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research objective and methodology. The objectives of the study were to determine the extent to which EY had adopted integration in its operations and determine the benefits of such approach by EY. The study targeted a total of 10 interviewees comprising of partners and senior staff in all its service lines. Such partners and senior staff include Executive Directors, Associate Directors and senior managers. Out of the target 10 respondents, 7 managers availed themselves for an interview with the researcher thus giving a response rate of 70%.

This response rate was excellent, representative and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. This response rate was achieved after the researcher made extra efforts to contact the target interviewees via personal calls and visits to book appointments and informing them of the importance of this research.

4.2 General Information

The study collected some background information about the interviewees so as to determine their suitability in providing the information sought by the study. The interviewees were requested to indicate the position they held in the organization. From the responses, two of the interviewees were partners while five were senior managers.

The interviewees serviced in different service lines including: Assurance; Core Business Services; Tax; Advisory and Transaction Advisory Services. These findings show that the interviewees were distributed across all business service lines hence are more representative of the organization.

The interviewees were further required to indicate the period they had served in the organization so as to determine how well they understood the operations of the organization in terms of integration in its operations and the benefits of such approach by EY Kenya. From the responses, the study established that the interviewees had worked with the organization for a long period ranging from 10 to 20 years. These findings show that they had worked in the organization long enough to understand the level of integration and how this integration benefited the organization. Therefore the information provided was highly reliable.

4.3 Extent of Global Integration

The interviewees were requested to indicate the extent to which they felt as part of a globally integrated firm - Ernst & Young. From the responses, the interviewees indicated that they felt as part of the international EY as they operated on similar terms and conditions espoused by the EY global registered in the United Kingdom and which have been disseminated to member firms across the globe. The interviewees noted that several changes had taken place in the firms operations that were a clear indication of the current integrated nature of the firm. They indicated that the integration journey started as a vision for the global firm.

The interviewees indicated that in the years 2008, the integration journey got into full gear as the Global Executive made it clear that all member firms had to be fully integrated in terms of having one Global Executive and dividing the firms into areas with area leadership taking clear leadership roles of their areas, such that amalgamation of the areas give a global setting. The interviewees noted that full integration may not have been achieved although good progress had been made towards realization of this strategy. The interviewees noted that after an implementation period of about 5 years, the firm had come up with ‘Vision 2020’ to accelerate the integration process. This provided adequate time for the implementation team to monitor the integration process and develop ways on how to overcome any challenges that may be realized along the way.

One of the most noticeable feature of global integration included use of same systems globally for the various functions including: Human Resource system, accounting system, leave system, time and expense tracking system, learning system, client acceptance system among other functions in the firm. This made it easy for the firm to adapt to global integration strategy espoused by the EY global registered in the United Kingdom. In addition, the interviewees noted that EY Kenya was now among the most integrated of the big four auditing firms in Kenya which was a great indication of their level of global integration.

4.4 Effects of Integration Strategy on the Firm’s Operations

The study sought to establish the effects of integration strategy on the firm’s of operations. The interviewees identified a number of ways in which the integration had affected the operations of EY Kenya. The interviewees noted that in terms of markets served and sourcing for clients, EY Kenya then had access to global clients simply by operating the integration model. The world had become a global village and businesses were also structured as such. This therefore meant that EY's multinational clients were also structured in an integrated design and basically EY was aligning itself in the market structure. This gave the firm an easier avenue to service the clients. This also meant that EY firms globally had access to 'Global 360 accounts' which were the firm's key accounts across all service lines and across the globe. This resonated well with the clients globally hence improved overall business performance of each member firm.

Another effect on operations of the firm was in terms of services offered and mode of serving clients. The interviewees noted that integration had widened the scope of services offered by the country practice especially the case for advisory services. This meant that in cases where a country practice did not offer a specific services being requested for by a client, they can easily involve other country practices by making use of their expertise and know how. This made it easy for the country practices to meet and satisfy customers needs globally. Therefore service lines and service offerings that had not been invested in within a certain country did not mean an end of that offering in the country and the firms could continue to provide clients with what they need at all locations. This improved customer satisfaction and their desire to continue transacting their business with EY brand.

As a result of global integration, the interviewees noted that the global firm was also investing where it had identified a need for certain services or resources to be present. This ranged from engaging resources in the local firms, opening offices in new locations and also bringing in EY resources from other countries to work and drive service lines in various capacities in the local firms. This led to the local firms offering more services than they could prior to implementation of the integration strategy. Also as a result of this, administrative activities like billing, collections, accounting and other records, hiring staff and procurement were integrated. The global firm had leveraged on global systems to perform various administrative work resulting in uniformity in the way things were done across the globe. This led to high level of cohesion and better understanding of the global firm's operations.

In addition, the interviewees noted that centres of excellence had been developed to work on these global systems thereby reducing the number of resources required to perform certain tasks. Solutions were obtained and disseminated uniformly across the globe making operations much more efficient as replication of resources had been eliminated. The interviewees further noted that in terms of hiring talent and other procurement, the principles and policies were consistent across the globe with minor local customizations to take care of local rules or legislation. This ensured uniformity in the human capital working in the firm and also how they interacted with suppliers and entered into other business relationships. This improved the level of productivity in the country practice.

The interviewees further noted that as a result of integration, a number of procurement functions were contracted globally leading to economies of scale and improved efficiency in operations. Global procurement was especially made possible in computer equipment, where a central agreement was in place with a service provider and countries could then only make the decision on the number of units they required as the acquisition costs had already been agreed upon at a price lower than what is available on the market. All other specifications had been agreed well in advance and were in line with the use the EY requirements for use of the equipment.

The interviewees noted that in terms of tools and methodology used at work, the firm had for the longest time developed tools in house by involving teams from various countries across the globe. Revision of the tools was done as a result of contribution of users globally thereby making the tools all-encompassing and acceptable to all global users. The interviewees noted that less developed countries like in East Africa had also benefited a lot from the advanced countries within the member firm network by being exposed to mush more sophisticated tools than would not have been available to them if they were operating as a standalone firm.

The interviewees noted that in terms of policies and procedures of operations, both internally and externally with the clients, global policies and procedures had been developed as a minimum guide for all member firms to comply with. The interviewees noted that these policies and procedures were enhanced with respect to local laws and regulations as need arose. This included areas of talent management, procurement, minimum gross margins as well as client and engagement acceptance and continuance procedures.

The interviewees further noted that in terms of communication channels for dissemination of information and frequency, there was a global communications office that dealt with both internal and external communication. The team included public relation experts, legal officers and risk managers. This meant that certain communication could only be provided by the global leader depending on its nature and impact to protect the operations of the firm in other country practice. The communication channels were clearly spelt out in terms of which leader could communicate on behalf of the global firm, regions, clusters, service lines among other dynamics and all country practices were required to comply with these protocols.

The interviewees noted that with integration, communication among partners within member firms had become more frequent and formal. This communication then trickled down to the rest of the firm staff using various forums including partner/manager connect sessions, counsellor/counselee sessions, service line meetings. This channels and structure ensured a well coordinated flow of information.

4.5 Integration Quality Standards as Evaluated by Staff and Clients

The interviewees were requested to indicate the way in which integration had affected quality standards of services to customers and staff. The responses showed that there was standardised ways of obtaining feedback from both staff and clients designed by global firm linked to the score cards used for annual performance evaluations. Integration of the evaluations made more meaningful and useful sense to the country practice in Kenya in terms for the quality of feedback received.

For staff, the interviewees noted that the global performance review had been standardised such that the ratings given to staff in various member firms signify similar capabilities among staff at the same level. This made the staff more ‘international’ as they could fit any country practice setting with much ease, and made it easier to move staff across countries and firms based on their rank and performance rating. It also brought about consistency within the global firm because evaluation was done on the same platform.

In terms of decision making and level of autonomy, the interviewees noted that since integration started, local partners ceded certain decision making powers to global or regional executive thereby strengthening the global executive. The interviewees indicated that about 80% of decisions were now made at global level. However, there existed a partners' forum which had representation from partners of various member firms in all regions that provided governance over the executive and monitored the decisions and provided oversight to ensure that the rest of the partner group's views were reflected in all decisions made.

4.6 Challenges Encountered in Executing Integration Strategy

The interviewees were requested to identify some of the challenges encountered in trying to execute the integration strategy. From the responses, the interviewees identified change management as having been the greatest challenge faced especially by the partners. Change resistance was experienced among staff in terms of new ways of doing things. Majority of the staff were not ready to take up the global integration idea as it did change their comfort zones and meant that there had to be restructuring to fit into the global structure developed. This led to some reshuffles in the firm in terms of role allocation.

Another challenge as identified by the interviewees was how to harmonise the diversity of the systems in all the member firms as the global or regional executive try to align local processes in view of the different laws, regulations, procedures, policies, markets, cultures, political and regional systems and make decisions that uniformly affect the member firms. This meant that the policies and guidelines developed had to be considerably flexible so as to accommodate the local provisions in different country of practices.

4.7 Effects of Challenges on Integration Process at Ernst & Young

The interviewees were required to identify some of the effects that the challenges identified above had on the integration process. From the responses, the interviewees noted that the challenges limited or slowed down realization of full integration of the firm and any benefits that were to be accrued. For instance, the interviewees noted that resistance among staff meant that the implementation process had to take longer that originally envisioned.

In reaction to the envisaged delays in delivery on the set deliverables, the interviewees noted that the global firm had to launch a strategy named 'Vision 2020' which sought to drive the firm towards full integration and had various elements that took advantage of integration and took care of the challenges that had been foreseen with integration.

4.8 Benefits of Integration Strategy

The interviewees were requested to identify the benefits of integration strategy to the organization. From the responses, the interviewees noted that integration had helped in communicating the firm's vision, cost saving, helping EY Kenya in managing risk thereby helping develop common policies that apply across the globe. Other benefits included improvement on customer focus, an increase in client base, and improvement in work methodology.

The interviewees noted that it had helped to improve the firm's competitive advantage making EY the most integrated firm among the 'Big 4' in Kenya. Therefore with the structure aligning to the client structure it gave the firm a competitive advantage. Integration enabled faster and better decision making and faster response to key business issues. It enabled building consensus on priorities and investments and facilitating joint action. It also resulted in the firm having one executive enabling all investment decisions to be guided by the global strategy. The interviewees further noted that it was only a matter of time for investment to bear fruits although revenue growth had been witnessed in various service lines that were newly introduced in the region as a result of integration and expansion. The Global 360 accounts had also provided revenue which would not have been available to the firm without integration.

The interviewees further noted that the strategy resulted in an expansion of the knowledge base and improved information exchange. It also helped to increase levels of organization learning and competence. It enabled the firm to keep up with technology advancements. The global technology team ensured that all member firms across the globe are on the same platform.

In terms of attracting and retaining staff and providing opportunities for career contacts and social contacts, the interviewees noted that with the firm's strategy, the focus had shifted to establishing individual staff goals as resources came into EY and working on how to actualize these goals and make their EY experience fruitful and to build a meaningful EY alumnus. The strategy also improved brand recognition and appreciation. EY in Kenya had changed names a number of times, which led to confusion on who the firm was. Therefore, with 'Vision 2020' and changing brand name to EY, it is anticipated that the firm will be a household name and its branding will be standard globally. Further, the interviewees noted that EY was looking at being a global leader, best employer, integration leader and being a firm that builds a better working world.

4.9 Chapter Summary

This chapter presented data analysis, findings and discussions as collected from the respondents according to the two study research objectives. The findings are arranged in thematic areas to enable adequate response to the objectives of the study. The areas covered included general information, extent of global integration, effects of integration strategy on the firm's operations, integration quality standards as evaluated by staff and clients, challenges encountered in executing integration strategy, effects of challenges on integration process at Ernst & Young and benefits of integration strategy.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This study sought to determine how integration of global professional services could be used as a strategic orientation by Ernst & Young Kenya. The summary of findings, discussions, conclusion and recommendations are presented below.

5.2 Summary of Findings

On the extent of integration, the study established that the integration made employees feel as part of the international EY as they operated on similar terms and conditions espoused by the EY global registered in the United Kingdom and disseminated to member firms across the globe. Following the integration, several changes had taken place in the firms operations that were a clear indication of the current integrated nature of the firm. In the years 2008, the integration journey got into full gear as the Global Executive made it clear that all member firms needed to be fully integrated in terms of having one Global Executive and dividing the firms into areas with area leadership taking clear leadership roles of their areas, such that amalgamation of the areas give a global setting.

After an implementation period of about 5 years, the firm had come up with 'Vision 2020' to accelerate the integration process. This provided adequate time for the implementation team to monitor the integration process and develop ways on how to overcome any challenges that may be realized along the way. One of the most noticeable features of global integration included use of same systems globally for the various functions including: human resource system, accounting system, leave system, time and expense tracking system, learning system, client acceptance system among other functions in the firm.

In terms of markets served and sourcing for clients, EY Kenya then had access to global clients simply by operating the integration model. The world had become a global village and businesses were also structured as such. This gave the firm an easier avenue to service the clients. This also meant that EY firms globally had access to 'Global 360 accounts' which were the Global firm's key accounts across all service lines and across the globe. This resonated well with the clients globally hence improved overall business performance of each member firm.

Another effect on operations of the firm was in terms of services offered and mode of serving clients. Integration had widened the scope of services offered by the country practice especially the case for advisory services. This meant that in cases where a country practice did not offer specific services being requested for by a client, they can easily involve other country practices by making use of their expertise and know how. As a result of global integration, the interviewees noted that the global firm was also investing where it had identified a need for certain services or resources to be present. This ranged from engaging resources in the local firms, opening offices in new locations and also bringing in EY resources from other countries to work and drive service lines in various capacities in the local firms.

Centres of excellence had been developed to work on these global systems thereby reducing the number of resources required to perform certain tasks. Solutions were also obtained and disseminated uniformly across the globe making operations much more efficient as replication of resources had been eliminated. In terms of hiring talent and other procurement, the principles and policies were consistent across the globe with minor local customizations to take care of local rules or legislation. This ensured uniformity in the human capital working in the firm and also how they interacted with suppliers and entered into other business relationships.

In terms of tools and methodology used at work, the global firm had for the longest time developed tools in house by involving teams from various countries across the globe. Revision of the tools was done as a result of contribution of users globally thereby making the tools all-encompassing and acceptable to all global users. In terms of policies and procedures of operations, both internally and externally with the clients, global policies and procedures had been developed as a minimum guide for all member firms to comply with. This included areas of talent management, procurement, minimum gross margins as well as client and engagement acceptance and continuance procedures. In terms of communication channels for dissemination of information and frequency, there was a global communications office that dealt with both internal and external communication. The communication channels were clearly spelt out in terms of which leader could communicate on behalf of the global firm, regions, clusters, service lines among other dynamics and all country practices were required to comply with.

In terms of integration quality standards as evaluated by staff and clients, there was standardised ways of obtaining feedback from both staff and clients designed by global firm linked to the score cards used for annual performance evaluations. Integration of the evaluations made more meaningful and useful sense to the country practice in Kenya in terms for the quality of feedback received. In terms of decision making and level of autonomy since integration started, local partners ceded certain decision making powers to global or regional executive thereby strengthening the global executive as about 80% of decisions were now made at global level.

In terms of the challenges encountered in executing integration strategy, change management was the greatest challenge faced especially by the partners. Change resistance was experienced among staff in terms of new ways of doing things. Another challenge was how to harmonise the diversity of the systems in all the member firms as the global or regional executive try to align local processes in view of the different laws, regulations, procedures, policies, markets, cultures, political and regional systems and make decisions that uniformly affect the member firms. The challenges limited or slowed down realization of full integration of the firm and any benefits that were to be accrued.

Integration strategy brought many benefits including helping in communicating the firm’s vision, cost saving, helping EY Kenya in managing risk thereby helping develop common policies that apply across the globe. Other benefits included improvement on customer focus, an increase in client base, and improvement in work methodology. It helped improve the firm’s competitive advantage making EY the most integrated firm among the ‘Big 4’ in Kenya, enabled faster and better decision making and faster response to key business issues. It further helped in building consensus on priorities and investments and facilitating joint action and resulted in an expansion of the knowledge base and improved information exchange. It also helped to increase levels of organization learning and competence. The strategy also improved brand recognition and appreciation of EY in Kenya which had changed names a number of times, leading to confusion on who the firm was. Therefore, with ‘Vision 2020’ and changing brand name to EY, it is anticipated that the firm will be a household name and its branding will be standard globally.

5.3 Conclusion

From the data findings, the study makes several conclusions. First, integration strategy had been significantly implemented as many of the operations in the firm were globalized and brought on the same platform as member firms in all countries across the globe. For instance, all countries were now using the same financial accounting system. The implementation of the strategy witnessed several changes in the firm including restructuring where some roles were done away with to fit into the global structure and reporting structure. The integration strategy was clearly divided into short-term quick wins, medium and long terms plans for better planning and execution.

The study further concludes that integration brought about many effects on firm performance. For instance, the markets served were expanded globally thereby enabling the firms to conveniently serve its globally spread customer base. This increased the satisfaction of customers and brought the firm more business. It also helped in creating international employee skills such that employees could easily work in a globalized economy from within the comfort of their offices. The integration strategy brought out revision of tools and methodology for optimal client satisfaction. Integration further helped standardize service quality standards as evaluated by staff and clients thereby creating uniformity in service delivery among different firms globally.

The firm encountered several challenges in executing integration strategy. These included resistance to change among staff as they preferred the status quo. The firm has also had challenges on how to harmonize diversity of the systems in all the member firms as the global or regional executive try to align local processes in view of the different laws, regulations, procedures, policies, markets, cultures, political and regional systems and make decisions that uniformly affect the member firms.

The study further concludes that the integration brought many benefits to the firm including: helping in communicating the firm's vision, cost saving, helping EY Kenya in managing risk thereby helping develop common policies that apply across the globe. It also helped the firm improve its competitive advantage, customer focus, increase its client base, and improvement in work methodology. It further helped in building consensus on priorities and investments and facilitating joint action and resulted in an expansion of the knowledge base and improved information exchange. The strategy also improved brand recognition and appreciation of EY in Kenya which had changed names a number of times leading to confusion on whom the firm was.

5.4 Limitations of the Study

This study considered limitation as any factor that was present during the study and affected the achievement of the objective of the study. The study faced a limitation as regards respondents confidence that the information provided would not be misused but used for the purpose for which it was meant. To overcome this challenge, the researcher assured the respondents that the information they provided would be treated with confidentiality and used for academic purposes only.

The study was a case study of one organization and therefore it may not be expanded to include more organizations. Therefore the applications of the study findings are limited to one organization.

5.5 Recommendations

From the data findings, the study recommends that the firm continues to motivate employees to fully embrace implementation of the integration strategy. This is because the employees are key implementing agents and from the study, it could be noted that some employees were not happy with the integration strategy implementation. This in turn brought about resistance which hampered integration strategy implementation.

The study further recommends that the management avails necessary and adequate resources for strategy implementation so as to achieve the 'Vision 2020' goals. This will harmonize the operations of the EY and bring in more business and thus expand the market share of the global firm.

The study further recommends that the global firm clearly documents the integration strategy success so as to help employees measure the milestones attained. This will motivate them to work extra hard to ensure the 'Vision 2020' targets are attained.

This study concentrated on the integration of global professional services as a strategic orientation by Ernst & Young Kenya. This study therefore recommends that another study be done on the strategies used by organizations to achieve global integration. The new studies should evaluate the exact strategies adopted by international organizations to integrate their operations in different markets.

Further, this study recommends that future studies be conducted on the effects of integration strategy on employee motivation, retention and satisfaction. As noted above, there was some level of demotivation among staff as regards integration strategy as it brought about uncertainty in their operations. Therefore studies to ascertain the effects of integration on employee welfare will help improve management's decision on how to look into the welfare of employees while deciding to integrate globally.

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APPENDICES

Appendix 1: Interview Guide

Category I: Officer and organization information

1. What is your position in the firm?
2. What is your title?
3. How long have you been with this firm?
4. Which service line do you work in?

Category II: Global integration strategy – Extent of integration

1. Do you feel you are part of a globally integrated firm?
2. How has the integration strategy affected the firm's various aspects of operations in terms of:
    - **a.** Markets served and sourcing for clients?
    - **b.** Services offered and mode of serving clients?
    - **c.** Administrative activities – billing, collections, accounting and other records, hiring staff, procurement?
    - **d.** Tools and methodology used at work?
    - **e.** Policies and procedures of operations, both internally and externally with the clients?
    - **f.** Communication channels – dissemination of communication, frequency?
    - **g.** Compliance issues – business regulations and contexts?
    - **h.** Evaluation: Staff, clients – how has integration affected quality standards?
    - **i.** Decision making and level of autonomy?
3. What challenges have you encountered so far in trying to execute this strategy?
4. Will these challenges limit/slow down realization of full integration of the firm and any benefits that were to be accrued?

Category III: Benefits of the strategy

1. Has integration helped in communicating the firm’s vision?
2. Has there been any cost savings accruing from this strategy?
3. Has the strategy helped EY Kenya in managing risk?
4. Has there been improvement on customer focus?
5. Has there been an increase in client base?
6. Has the strategy helped to improve the firm’s competitive advantage?
7. Has integration enabled faster and better decision making and faster response to key business issues?
8. Has integration enabled building consensus on priorities and investments and facilitating joint action?
9. Has there been any revenue growth attributable to the integration strategy?
10. Has the strategy resulted in an expansion of the knowledge base and improved information exchange?
11. Has there been and improvement in work methodology?
12. Has integration helped to increase levels of organization learning and competence?
13. Has integration enabled the firm to keep us faster with technology advancements?
14. What benefits has the firm accrued in terms of attracting and retaining staff and providing opportunities for career contacts and social contacts?
15. Has the strategy improved brand recognition and appreciation?
16. Are there any future benefits expected to be derived from continued use of this strategy?