KNOWLEDGE MANAGEMENT AND PERFORMANCE OF KPMG IN NAIROBI
CITY COUNTY, KENYA

Knowledge management and performance of kpmg…

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DECLARATION

I declare that, this project is my own original work and has not been presented for the award of any degree in any University.

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This research project has been submitted for the course examination with my approval as the University supervisor.

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DEDICATION

This research project is dedicated to my wife, Mrs. Okillah for her encouragement, financial and moral support. God Bless you my dear.
ACKNOWLEDGEMENT

I thank my parents who supported them morally and financially to further my academics. I also thank my friends and colleagues for their encouragement and ideas along the process. I thank my Supervisor, Mr. Shadrack Bett without whom this study would not have succeeded. I also thank my lecturers and university staff for assisting me improve my research work. I also thank my Creator for giving me a chance to be alive and strength to further my education.
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OPERATIONAL DEFINITION TERMS

**Knowledge dissemination** the process of retrieving information, skills, processes that were stored to enable spur new skills and counter competition. It involves converting knowledge stored into use

**Knowledge creation** process involved in generating know-how, skills and experience and processes in an organization and integrating it in the employees and firm systems to improve performance

**Knowledge management** the process of sourcing, creating, sharing, storing and disseminating ideas, skills and experience in an organization

**Knowledge sharing** the process of transferring knowledge, skills and competencies to new staff, existing and growing human resource to foster performance

**Knowledge storage** the preservation and maintenance of knowledge, processes, methods and skills developed by a firm to use later and improve performance and remain competitive

**Organizational Performance** the efficiency and effectiveness of service delivery and employee output
ABSTRACT

Competition have been high in the audit industry making most of the start ups collapse or underperform. Performance for KPMG equally has face stiff competition from her core giants include PriceWaterCoopers, Delloite and Ernst and Young. The performance of KPMG has been dwindling due to poor knowledge management strategies. The business environment within which firms operate has been very unstable. The political anxieties and competition from new entrants are challenges greatly affecting its growth. Adoption of urgent measures has helped control these challenges as this industry is of much importance to the country’s economy. However, they have been the cause of downfall for some companies, which were unable to be resilient. The study sought to establish the influence of knowledge management on the performance of KPMG, Kenya. The specific objectives were to determine the effect of the knowledge creation, sharing, storage and dissemination on the performance of KPMG Kenya. The study was anchored on the following three theories which include resource based view theory of a firm, Knowledge based view of a firm and Organizational learning theory. The study used a descriptive research design. The population of study was management staff at the firm head offices in Nairobi City County. This consisted of one hundred and sixty two respondents who are the management staff of the audit firm. A sample of forty nine respondents was taken which forms thirty percent of the target population which was evenly spread across the three levels of management. The primary data was collected by use of semi-structured questionnaires. Data analysis was done by use of descriptive statistics such as frequencies, percentages, mean scores and standard deviation with the aid of Statistical Package for Social Scientists and presented through tables, charts, graphs, frequencies and percentages. The study found out that knowledge creation significantly influenced firm performance, knowledge sharing significantly influenced firm performance, knowledge storage significantly influenced firm performance and knowledge dissemination significantly influenced performance. The study concludes that at KPMG there was training and development programs to improve capacity, had a global network aimed at getting new insights in audit. KPMG operated a blog to share ideas and interact with clients had online interactions with clients and partners over the social media platform and also a document repository to store information and invested in people to enable store data. KPGM released reports regularly on its operations to the users and stakeholders. KPMG had a policy on dissemination of knowledge to other entities. KPMG through marketing, disseminated information about its products and services to the public. The study recommends that KPMG ought to train and development programs to improve capacity. KPMG ought to have a reliable internet coverage. KPMG ought to have an interactive website with all services and products and invest in knowledge sharing. KPMG ought to invest in storage of information and keep hardware’s to enable store knowledge and information. KPMG ought to market so as to disseminate information about its products and services to the public, conducted meetings, workshops and seminars to sensitize the public. The study would be vital for policy invention in Kenyan Auditing Sector, beneficial to other policy makers. Knowledge is vital in building and sustaining competitive advantage in the auditing sector. Improvement to auditing firms, beneficial to scholars if it was added to the knowledge in the field of competitive strategy. Highlights the how implementing knowledge resources affects organization’s performance. In addition, act as future reference in KMPG and how organizations operate.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Company performance informs the reason as to why it was initiated and exists. Investors and shareholders always anticipate high returns on their investment and equity. However this has not always been realized especially in the current regime of high competition given the high number of entrants and free market economy (Ongeti, 2014). Audit firms have been faced with stiff competition due to poor strategic management and implementation. One of these key strategy is knowledge management.

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

A fundamental question in the field of strategic management is how organizations achieve sustainable competitive advantage (Porter, 1985). Accordign to an analysis on knowledge management among audit firms in the USA, Lopez & Esteves (2013), indicate that knowledge is considered a key resource that leads to innovation and prevents wheel re-invention. Knowledge sharing (KS) helps in combining various levels of expertise to create new organizational knowledge and acquire deeper levels of understanding leading to better business performance (Bollinger and Smith, 2001). For KS to take place, organizations should be structured in such a way that new patterns are nurtured and collective aspirations
encouraged (Senge, 1990). KS leads to organizational learning (OL) by making employees better problem solvers, more creative and innovative thinkers, more confident and proficient workers through provision of skills, insights and competences to perform work well (Kumaraswamy & Chitale, 2012). A firm’s ability to gather, analyze and use knowledge is a requirement for business success (Senge, 1990).

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

Audit firms in Kenya are influenced by both the external and internal environment such regulatory changes, socio-cultural changes, technological changes, economic challenges, systems and structures and inadequate resources. Audit firms engage in knowledge management because of the numerous benefits that KM brings in enhancing business performance (Wong, Yee, Ling, Lin & Leong, 2012). For a company to be assimilated into a knowledge-based economy is usually turned into a critical stage by the adoption and implementation of KM practices among audit firms. For audit firms to increase learning and improve performance, they need to capture, share and use productive knowledge within their
companies. New strategic imperative of organizations is progressively being acknowledged as Knowledge. Changing of operating environment according to Aosa (2002), is leading to the renovation of the business landscape. For adaptation of the changing business environment, strategy was therefore vital. The study hence tries to establish the influence of knowledge management on performance of selected audit firms in Kenya.

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

Knowledge management processes include knowledge identification, creation, acquiring of knowledge, transferring this knowledge, sharing this knowledge, and exploitation and they could affect companies by: creating knowledge, which would in turn contribute to improved firm’s performance. Similarly, as noted by Mohrman, Finegold and Mohrman, (2003) a firm’s performance can be improved when the organisation creates and uses knowledge and knowledge development moreover as noted by Marques and Simon, (2006) transfer and protection improve firm’s performance. There is a significant relationship between KM processes and organization performance as stated by Salina and Wan Fadzilah (2008).
KM processes as used by David and Yusoff (2010) included acquiring of knowledge and applying this knowledge, to increase social capital and having the company’s performance improved. Knowledge is the most strategically significant resource of the firm as considered by the KBV theory. This opinion is made up of knowledge-holding employees considers a firm to be a distributed knowledge system. Moreover it maintains a firm's role to be coordination of the employees’ work so that the knowledge and value for the firm is created (David & Yusoff, 2010; Spender, 1996).

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

1.1.1 Organizational Performance

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

The organization performance approach examines indicators the firm financial indicators only. New performance measurement frameworks that accommodate both the financial and non-financial measurements have been introduced. This includes the balanced score card, integrated performance measurement, shareholder model and the performance management framework. Some scholars have advocated for a mixture of the financial and non-financial performance measures. This mixture recommended organizational performance as stated by Mwandebe, (2009) in his study used profitability as the only financial measure of performance. Firm market share, productivity, leadership, corporate social responsibility, staff development and one financial and seven nonfinancial metrics namely Profitability, Market share, Productivity, Product leadership, Public responsibility, Personnel development, Employee attitudes and Balance between short range and long-range objectives.

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

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

1.1.2 Knowledge Management

Firms acquiring, applying and storing their own intellectual capital is referred to as Knowledge management (Wickramasinghe, 2003). Liew (2007) argues that knowledge management encompasses creation of knowledge, sharing of knowledge and its application, in order for an organization to maintain its value and competitiveness. Kakabadse and Kouzmin (2001), Levine and Moreland (1999) all recognize that an important factor for organization’s success and competitiveness is creating and transferring of knowledge. An organization must develop efficient means for creating knowledge, transferring knowledge for him/her to achieve and maintain a competitive advantage. Successful organizations as stated by
Jashapara, (2004) are those that adopt knowledge management in a strategic manner. The exploitation and development of knowledge assets in order to fulfill an organization’s objectives is linked to knowledge management.

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

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

1.1.3 KPMG

KPMG provides audit, tax & advisory services. The firm works closely with clients, helping them to mitigate risks and grasp opportunities. There are 16 Partners and more than 800 professional staff who provide a full range of services to organisations in the region. KPMG
East Africa has considerable experience in audit, tax and advisory services. The Nairobi office serves as the regional co-ordinating office providing the required networking to facilitate delivery of services on a timely basis to meet and exceed our clients’ expectations. The firm is located at the ABC Towers 8th Floor, Westlands, Nairobi.

KPMG is among the 4 audit firms which include Ernst & Young, PricewaterhouseCoopers, and Deloitte & Touche, which are both local and international, oriented. These firms are registered as local partnerships and operate under the mandate of Institute of Certified Public Accountants of Kenya. They are subject to international quality performance reviews from the global network to ensure optimum performance and manage reputational risk. Four international accounting firms dominate the accounting profession in Kenya, which includes about 50 publicly traded companies listed on NSE.

Local and expatriate actively participate in various committees of the accountants’ professional body. The evolution of external auditing (checking the book of accounts to aid in the authority process of companies) is affected by volume of transactions; information technology etc. and their auditors. As stated by Marx, (2011) the company collapsing, failing in business and deceitful financial reports of the late 1990s and early 2000s led to a very hard time and chaos and crisis for the auditing sector. A further result was the government, regulators and the auditing sector itself coming in between which in turn has given rise to various new laws, regulations and standards that govern financial reporting and the auditing thereof. Some challenges faced include regulation and standards, new legislations. Emphasis on corporate strategy is being caused by increased competition.
Four (4) auditing firms are in control of Kenya’s auditing industry with KPMG coming 3rd after PWC and Delloite. These firms in addition have global roots. The difference in their strategies development and implementation is that the Big 4 has global standards. Local audit firms on the other hand, independently develop and implement their own strategies.

1.2 Statement of the Problem

Performance of firms globally and locally has been on the decline due to high competition, unfavourable government fiscal and monetary policies, poor management coordination and stakeholder involvement and above all poor knowledge management. Audit industry involves firms that check on the integrity and accountability nature of the accounting and finance structures among organizations.

According to ICPAK (2017) there are 619 registered audit firms, of these only a few have been active and others have local presence. Only 4 have a global presence. Competition have been high in the industry making most of the start ups collapse or underperform. Performance for KPMG equally has face stiff competition from her core giants include PWC, Delloite and Ernst and Young. The performance of KPMG has been dwindling due to poor knowledge management strategies. The business environment within which firms operate has been very unstable. The political anxieties, competition from new entrants, etc. as stated by Leggatt and Martin, (2003) are challenges greatly affecting its growth. Adoption of urgent measures has helped control these challenges as this industry is of much importance to the country’s economy. However, they have been the cause of downfall for some companies, which were unable to be resilient. The operating environment changes, which in turn would cause a change in the business landscape, would need coming up with effective strategies (Aosa, 2002).
Audit firms respond to competition in different ways. KBV has identified that what audit firms need to improve the industry is advanced knowledge as stated by Malik and Malik, (2008). Despite knowledge being recognized as an important asset many audit firms are not doing enough to effectively manage this important asset for competitive advantage (Gan, Ryan & Gururajan, 2006). Furthermore, effective knowledge management can help audit firms to improve internal processes, customer services and products (Rono, 2011). Audit firms can effectively use knowledge management to enhance their competitiveness. Newman (2009) views KM as a discipline sought to enhance how individuals and companies by maintaining the present and future value of knowledge assets.

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

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of the study was to determine the influence of knowledge management on performance of KPMG Kenya.

1.3.2 Specific Objectives

The study was guided by the following specific objectives:

i. To find out the influence of knowledge creation on the performance of KPMG Kenya
ii. To establish the effect of knowledge sharing on the performance of KPMG Kenya
iii. To assess the influence of knowledge storage on the performance of KPMG Kenya
iv. To assess the influence of knowledge dissemination on the performance of KPMG Kenya

1.4 Research Questions

The study sought to answer the following research questions:

i. What is the influence of knowledge creation on the performance of KPMG Kenya?
ii. How does knowledge sharing influence the performance of KPMG Kenya?
iii. Does knowledge storage affect the performance of KPMG Kenya?
iv. What is the influence of knowledge dissemination on the performance of KPMG Kenya?
1.5 Significance of the Study

The study would be vital for policy invention in Kenyan Auditing Sector. This study ultimately facilitated utilization of knowledge resources effectively in Kenyan auditing firms resulting to enhanced performance. It would also be beneficial to other policy makers. Knowledge is vital in building and sustaining competitive advantage in the auditing sector and would be enhanced by the results of this study. If well implemented, this knowledge would improve Kenyan auditing firms by far.

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

1.6 Scope of the Study

The study sought to establish the effect of knowledge management on the performance of KPMG. The aspects of knowledge management considered were knowledge creation, knowledge sharing, knowledge dissemination and knowledge storage. This study was done at KPMG Kenya head offices in Nairobi City County. The population consisted of management staff at the firm head offices in Nairobi. The study sought to determine the role of knowledge creation, sharing, storage and dissemination on the performance of KPMG Kenya. The unit of observation was KPMG, the unit of analysis was the top management and middle management from KPMG.

1.7 Limitation of the Study

The respondents approached may be reluctant in giving information fearing that the information sought would be used to intimidate them or print a negative image about them or
their firm. Some may even turn down the request to fill questionnaires. The study had an introduction letter from the University and assured them that the information they gave was treated confidentially and it was used purely for academic purposes.

The researcher may also encounter problems in eliciting information from the respondents as the information required was subject to areas of feelings, emotions, attitudes and perceptions, which cannot be accurately quantified and/or verified objectively. The researcher encouraged the respondents to participate without holding back the information they may be having since the research instruments do not bear their names.

1.8 Organization of the Study

This research project comprises of three chapters. Chapter one involved background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, and significance of the study, limitation of the study, assumptions of the study and organization of the study. Chapter two reviews literature which include theoretical review, empirical review, research gaps and the conceptual framework.

Chapter three dealt with research methodology which explained the research design, target population, sampling design, rationale for sample selection, data collection instruments, questionnaires, validity of the research instrument, reliability, data analysis and ethical considerations. Chapter four presented data analysis, interpretation and presentation. Chapter five presented summary of the findings as drawn in chapter four per objective. Conclusion and recommendation are drawn as per the study findings. The chapter also presents limitations, contribution to knowledge and areas for further research.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
This chapter presented the literature review on knowledge management employed by various organizations and how they have contributed to organizational performance. It summarizes the information from other scholars who have carried out their research in the same field of study. The chapter presents the theoretical review, empirical review, summary, the research gaps and the conceptual framework.

2.2 Theoretical Literature Review
This study was guided by three theories which include RBV of the firm, KBV of the firm and organization learning theory

2.2.1 Resource Based View theory
This theory was postulated by Penrose in 1989. The theory argues that firms perform differently due to their unique internal and external resources that may not be imitated or transferred. Resources are inputs into a firm's production process, such as capital, equipment, skills of individual employees, patents, finance, and talented managers. Resources are either tangible or intangible in nature. With increasing effectiveness, the set of resources available to the firm tends to become larger. Individual resources may not yield to a competitive advantage. It is through the synergistic combination and integration of sets of resources that competitive advantages are formed. The Resource-based Theory (RBT) is a strategic management theory that is widely used in project management. It examines how resources can drive competitive advantage (Killen et al., 2012).
This theory emerged in 1980s and 1990s, and it aided to achieving competitive advantage. Wenerfelt’s book (1984) suggests that the firm’s resource profile determines performance while having resources difficult to imitate influences the source of superior performance. According to Barney, (1991) Possession of certain key resources and effectiveness in deploying these resources in chosen markets can aid firms in achieving sustained competition as proposed by RBV. It is further stipulated that attributes of a firm’s assets and their rare, valuable capabilities influence the company’s competitive advantage and performance.

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

2.2.2 Knowledge based view of the firm

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

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

2.2.3 Learning Organization Theory

Organization learning theory was pioneered by Easterby-Smith, Crossan and Nicolini (2000), an organization that assists in learning its members and constantly improves itself is called a learning organization. It is developed when modern organizations face challenges. The main characteristics for a company to have sustainable competitive advantage in a turbulent business environment are business personal competencies, organization culture, teamwork and system thinking. This concept motivates a more interconnected way of thinking from companies. Organizations as stated by Serenko, Bontis and Hardie, (2007) should emulate communities by making employees be committed hence work harder.
Learning organization as stated by Janz and Prasarnphanich, (2003) states that, organizations should reconsider their goals and actions so as to become competitive in a changing environment hence achieve their set goals. In spite of this a company has to make a sound decision for learning to occur by changing actions in accordance to the changing situation. Hence one has to link the action to the result and remember the result. It is similar to psychology and cognitive research to a very great extent because learning begins at a discrete level. But once information is shared, stored in a way that is transmittable and accessible and used as a goal by the organization as stated by Cha, Pingry and Thatcher, (2008), then does it become learning organization and once the information is shared then does it become organizational learning.

2.3 Empirical Literature Review

This section analyses the studies done by other authors/researchers in the area of knowledge management and organizational performance. The relationship between knowledge creation, sharing, storage and dissemination and organizational performance are the areas of focus.

2.3.1 Knowledge Creation and Firm Performance

According to Grant, (1997), the addition of knowledge as stated by strategists as a primary asset and RBV extension to one that is knowledge based. Knowledge is acquired both internally and externally. According to Kaser, Acharya, Rao and Kodepaka, (2002) research and development is internal knowledge acquisition’s major source to a successful organization. In spite of that, distributing knowledge in the company where it can be of help is one of the difficult tasks knowledge activists face. According to Hamal, (2001) building knowledge within a firm effectively is dependent on how a company takes in newly acquired knowledge from many sources and then breaks it into its existing knowledge base.
Weill et al. (2002), we suggest that knowledge creation processes similarly supply a solid basis for firms to detect environmental changes and launch rapid responses. Knowledge creation processes increase organizational agility because they enhance the organization’s knowledge reach and richness. The level of knowledge reach and richness significantly determines an organization’s agility, as current and substantive knowledge stock allows firms to make quick decisions with a high degree of certainty, notwithstanding change and uncertainty in the environment (Sambamurthy et al. 2003). People and information are key differentiators in the presence of agile competition (Goldman Nagel and Preiss 1995), and knowledge creation processes allow firms to maximally mobilize these intellectual resources.

New knowledge generated as a result of knowledge creation processes contributes to the firm’s digital knowledge capital, “the IT-enabled repository of knowledge and the systems of interactions among organizational members to generate knowledge sharing of expertise and perspectives” (Sambamurthy et al., 2003). Knowledge codified through the externalization process, for example, can be digitally transmitted to a broader set of functional units and organizational members across geographical boundaries, reaching a more diverse audience that can benefit from such knowledge.

At the same time, insights derived from knowledge creation processes enrich the quality of the firm’s digital knowledge capital. Socialization, for instance, enables organizational members to share and develop tacit knowledge that forms a rich basis for intellectual capital. Combination, on the other hand, engages organizational members in idea exchanges that inspire them to take new perspectives, again enhancing the richness of the firm’s knowledge (Sambamurthy et al. 2003). In new product development, peer reviews are an important part
of knowledge creation processes for ensuring the quality of knowledge products and justifying design decisions (Donnelan et al. 2005; Nonaka et al. 1995).

Greater knowledge reach and richness fostered by knowledge creation processes enable stronger organizational agility (Sambamurthy et al. 2003). Externally, enriched knowledge allows the organization to more accurately detect a relevant change in the environment (e.g., market opportunities, or evolving customer needs), and to more quickly comprehend the meaning of such events. This enhanced speed in perception and comprehension is a key element in organizational agility. Internally, greater knowledge reach and richness promote tighter integration and coordination across functional units. This higher level of rapid coordination allows the organization to respond quickly as soon as it senses significant changes or critical events in the environment (Andrade and Fladeiro 2002; Sambamurthy et al. 2003). Moreover, a constant supply of new knowledge from well-established knowledge creation processes helps the firm build a solid knowledge base for continuously creating small and short-term advantages. The know-how advantages from having a strong knowledge base enable firms to quickly outmaneuver competitors and to gain timing advantages (D'Aveni 1994).

Organizational agility, in turn, stimulates firm performance by allowing new ideas to flow and by encouraging risk taking and experimentation. “Innovation is intendedly adaptive, and it is undertaken typically in response to unfamiliar, unexpected, or nonroutine problems” (Glynn 1996, p.1095). An agile organization is nimble in both sensing problems and unexpected changes arising in the environment, and developing an opposite response plan and executing it in a speedy manner. The agile organization’s response is often an innovation with varying degrees of proven track records. The ability to sense problems quickly and identify
proper solutions accurately gives the organization higher degree of certainty in adopting and implementing innovative ideas. In other words, the agile organization is more capable of dealing with the risks associated with innovation not because they have strong tolerance for risks, but because their solid operating capabilities enable them to commit the right resources and to act with maximal speed and confidence (Overby et al. 2005; Sambamurthy et al. 2003).

The impact of knowledge creation on firm performance, therefore, could be mediated by organizational agility. Specifically, two forms of organizational agility are critical to this mediation process - customer agility and operational agility. Customer agility is “the co-opting of customers in the exploration and exploitation of opportunities for innovation and competitive action moves” (Sambamurthy et al., 2003). More concretely, customer agility allows the firm to quickly implement demand-side initiatives such as a manufacturer’s new system to monitor retail sales and inventory level (Weill et al. 2002). When knowledge creation processes are in place, firms are able to absorb customers’ ideas rapidly as sources of innovation.

2.3.2 Knowledge Sharing and Firm Performance

As one of the knowledge-centred activity, knowledge sharing is the fundamental means through which employees can contribute to knowledge application, innovation, and ultimately the competitive advantage of the organization (Jackson, Chuang, Harden, Jiang, & Joseph, 2006). Knowledge sharing is also known as knowledge transfer which means sharing knowledge between individuals and groups in an enterprise (Disterer, 2001). According to Lee & Al-Hawamdeh (2002) knowledge sharing is a deliberate act that makes knowledge reusable by other people through knowledge transfer. Van den Hooff, Elving, Meeuwsen &
Dumoulin (2003) define knowledge sharing as a process where individuals exchange knowledge (tacit or explicit) and together create a new knowledge. Yang (2004) asserts knowledge sharing as a dissemination of information and knowledge to the entire organization or department.

Knowledge sharing between employees and within and across teams allows organizations to exploit and capitalize on knowledge-based resources (Cabrera & Cabrera, 2005; Damodaran & Olphert, 2000; Davenport & Prusak, 1998). Research has shown that knowledge sharing and combination is positively related to reductions in production costs, faster completion of new product development projects, team performance, firm innovation capabilities, and firm performance including sales growth and revenue from new products and services (Lin, 2007d; Mesmer-Magnus & DeChurch, 2009).

Because of the potential benefits that can be realized from knowledge sharing, many organizations have invested considerable time and money into knowledge management (KM) initiatives including the development of knowledge management systems (KMS) which use state-of-the-art technology to facilitate the collection, storage, and distribution of knowledge. However, despite these investments it has been estimated that at least $31.5 billion are lost per year by Fortune 500 companies as a result of failing to share knowledge (Babcock, 2004).

Knowledge is a combination of data, information, facts, description and skills learnt through experience and practice (Keskin, 2005). Knowledge in this study encompasses tacit and explicit knowledge that employees learn by combining practical understanding of workplace routines, experiences and insights that contribute to individual and collective action (Davenport and Prusak, 1998). This study adopted the definition by (Manaf, 2012) who defines knowledge...
sharing as the exchange of knowledge between and among individuals, teams, departments and organizations.

Knowledge is created through interaction among individuals with different types and contents of knowledge. Knowledge is created by tapping the tacit often subjective intuitions of individual employees and making those insights available for testing and use by the company as a whole. Nonaka (1991) holds that the key to knowledge creation is personal commitment and employees sense of identity with the enterprise and its mission. After knowledge generation, knowledge sharing creates the ability to exchange relevant ideas, knowledge, experiences and information.

Knowledge sharing is a learning activity which occurs through asking questions, sharing ideas, suggesting potential solutions and adopting new behaviour patterns (Manaf, 2012). It is the dynamic processes of interpersonal interaction (Nonaka and Takeuchi, 1995). Knowledge sharing fuels growth in regional and national economies by fostering communities of innovators and ensuring knowledge diffusion (Appleyard, 1996). According to Dunford (2000), knowledge sharing is so important since much of the key knowledge is held by individuals unless there is some structure to retain it within the organizational memory. Impliedly, knowledge sharing can be used to capture, organize, reuse and transfer experience-based knowledge; contributing to knowledge staying in the organization long after the employee leaves it.

Knowledge sharing helps the organization to use available resources in the most efficient way by transferring the best practices from one department to another, from one project or client to another. Knowledge sharing not only reduces the cost of production or service but also contributes to the success of the organization since it helps in avoiding mistakes and develops the ability to innovate (Keskin, 2005). When knowledge is shared, it becomes cumulative and embedded within organizational processes, products and services. According to Ramirez, Garcia and Rojas (2011) research on knowledge sharing and organizational performance is ongoing;
however, how this relationship is influenced by firm-level institutions and organizational learning is scantily known.

2.3.3 Knowledge Storage and Firm Performance

Knowledge storage involves both the soft or hard style recording and retention of both individual and organizational knowledge in a way so as to be easily retrieved. Knowledge storage utilizes technical systems such as modern informational hardware and software and human processes to identify the knowledge in an organization, then to code and index the knowledge for later retrieval (Karadsheh, 2009). In the other words, organizing and retrieving organizational knowledge means knowledge storage by providing the ability to retrieve and use the information by the individuals. It is vital that people know where to find the information they require. Early KM practitioners focussed on using technology such as intranets, document repositories and collaborative software, but many of these systems failed as they overlooked people and process issues (Davenport & Prusak, 2000). The storage and retrieval stage bridges upstream repository creation and downstream knowledge distribution (Zack, 1999).

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

Improved yield from the company, improved effectiveness from the company and devising a way to capture best practices, enhancing how you make decision, improving the company’s innovation and a source of competitiveness and improving performance are some of goals and outcomes of a company with effective knowledge management.

The company being able to come up by either improved processes or improved products and services connects the effect of KMS on performance as stated by Soo et al. (2002). According to Kaseret al., (2002), innovation is highly enhanced once the amount and quality of knowledge sharing among firms is considered. Exchange of party formed ideas brings about new knowledge, which pushes product and process innovation hence triggering new insights.

Knowledge embedded in the organization’s business processes and employees’ skills provide the firm with unique capabilities to deliver customers with products or services. Knowledge is therefore a unique resource which, if well managed, can confer an organization with competitive advantages. In a case study of a Danish knowledge-intensive business service firm, Larsen (2001) found that knowledge not only resides in the minds of individual employees, but is also constructed in the social interactions between members of teams.
Birkinshaw, Fey and Teigland (2000) found that flow in an MNC appeared to be facilitated by establishing a one-company culture through; incorporating teamwork as a company value, evaluating individual knowledge contribution and assimilation in performance appraisals, implementing a goal that promotes overall company improvement, and facilitating extensive personnel rotation. This finding underscores the importance of corporate culture in knowledge management with specific emphasis on how knowledge is generated and shared. The implication is that operations on corporate culture should enhance knowledge use. Senaji and Nyaboga (2011) studied knowledge management process capability: operations strategy perspective in Kenya. The objective of their paper was to document empirical evidence from existing literature on the effect of KM process capability on performance of firms and to identify opportunities for further research which can generate more knowledge to help in the understanding of this relationship leading to the improvement of the contribution of knowledge to performance. An empirical literature survey method was used to collect information regarding KM process capability and its effect on performance. The results suggested that knowledge management process operations positively impact performance. Bosieri, Ombui and Oeba (2013) looked at the overall teachers agreed that the culture of sharing information on various subjects among staff has enabled their schools to improve in national examination. They also agreed that the culture of openness among teachers, students and parents has enabled their school to excel. Knowledge management therefore needs to be entrenched in schools to improve performance and administration.
2.3.4 Knowledge Dissemination and Firm Performance

Knowledge is viewed in different ways by different scholars: a flowing mix of framed experiences (Remenyi, Money, Price, & Bannister, 2002), justified true belief (Mingers, 2008), organised information with a high proportion of human value added to include insight, interpretation, context, experience, wisdom (Davenport & Vöpel 2001); the art of knowing (Minbaeva, 2007; Mitchell & Boyle, 2010) and a product of human reflection and experience (Roth 2003).

Similarly, researchers have used various terms to describe knowledge dissemination. These include knowledge transfer (Argotre, McEvily & Riis, 2003; Yang, 2007), knowledge flow (Gupta & Govindarajan, 1991), and knowledge sharing (Sparrow, 2006) among others. Essentially, knowledge dissemination relates to the distribution of embodied knowledge throughout an organisation or a value chain (Makore & Eresia-Eke, 2014). It is therefore the transfer of knowledge within and across settings, with the expectation that the knowledge would be used conceptually or instrumentally, in the form of modified or new practices.

Nonaka and Takeuchi (1995) present a structured approach to knowledge dissemination in their knowledge creation spiral in which they identify four categories of knowledge dissemination namely socialisation, externalisation, combination and internalisation.

Socialisation involves the transfer of tacit knowledge from one individual to another. This is usually facilitated in an informal and social setting where there is trust amongst those involved. Externalisation is the process of changing tacit knowledge to explicit knowledge in team interactions involving dialogue, and the use of metaphors in the language would be quite evident. Combination is the cycle where individuals add and contribute their own
explicit knowledge to that which has already been created within the organisation. Internalisation entails converting new explicit knowledge into new tacit knowledge through repeated practice.

This means the application of knowledge and the use of the existing knowledge for decision-making, improving performance and achieving goals (Chong & Choi, 2005). Knowledge is transformed into action by embedding, using and exploiting it in the organisation’s processes, procedures, products, services, problem solving, decision making and training (Zack, 1999). New knowledge is developed from the application of existing knowledge. Reviewing is crucial in ensuring that knowledge remains current and useful, and is updated (Debowski, 2006). Organizational knowledge should be implemented in the services, processes and products of the organization.

2.4 Research Gaps

<table>
<thead>
<tr>
<th>Author</th>
<th>Topic</th>
<th>Findings</th>
<th>Research gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weill et al (2002)</td>
<td>Knowledge creation and organizational agility</td>
<td>Knowledge sharing processes increases organizational agility because they enhance the organization’s knowledge reach and richness</td>
<td>The study focused on organizational agility which is an ingredient of performance but the current study relates knowledge creation and firm performance</td>
</tr>
<tr>
<td>Cabrera &amp; Cabrera (2005)</td>
<td>Knowledge sharing and employee performance in Ghana</td>
<td>Knowledge sharing allows organization to exploit and capitalize on knowledge based resources</td>
<td>The study did not indicate the cause-effect relationship and only focused on employee performance in Ghana while the current one is on knowledge sharing and firm performance in Kenya</td>
</tr>
<tr>
<td>Authors</td>
<td>Title</td>
<td>Description</td>
<td>Country/Region</td>
</tr>
<tr>
<td>-------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>Danskin (2005)</td>
<td>Knowledge storage and firm performance in Madagascar</td>
<td>Knowledge is a resource whose storage and use is critical in firm performance</td>
<td>Madagascar</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The study did not indicate how knowledge storage affects firm performance but its significance</td>
<td></td>
</tr>
<tr>
<td>Makere&amp;Eresia-Eke (2014)</td>
<td>Knowledge dissemination and organizational performance in Nigeria</td>
<td>Knowledge dissemination increases its value and improves firm performance and value chain</td>
<td>Nigeria</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The study was done in Nigeria while the current is based in Kenya</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Literature Reviewed*

### 2.5 Conceptual Framework

A conceptual framework is a basic structure that consists of certain abstract blocks which represent the observational, the experiential and the analytical/synthetical aspects of a process or system being conceived. It is a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation. The interconnection of independent and dependent variables completes the framework for certain expected outcomes. The independent variables include; knowledge creation, sharing, storage and dissemination while the dependent variable is organizational performance of KPMG.
<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge management</td>
<td>Performance of KPMG</td>
</tr>
<tr>
<td><strong>Knowledge creation</strong></td>
<td></td>
</tr>
<tr>
<td>• Innovation</td>
<td>• Efficiency</td>
</tr>
<tr>
<td>• Capacity Building</td>
<td>• Market share</td>
</tr>
<tr>
<td>• Collaboration</td>
<td>• Effectiveness</td>
</tr>
<tr>
<td><strong>Knowledge sharing</strong></td>
<td></td>
</tr>
<tr>
<td>• Organization website</td>
<td>• Quality service delivery</td>
</tr>
<tr>
<td>• Online platforms</td>
<td>• Customer loyalty</td>
</tr>
<tr>
<td>• Blogs</td>
<td></td>
</tr>
<tr>
<td><strong>Knowledge storage</strong></td>
<td></td>
</tr>
<tr>
<td>• Mode of storage</td>
<td></td>
</tr>
<tr>
<td>• Human processes</td>
<td></td>
</tr>
<tr>
<td><strong>Knowledge dissemination</strong></td>
<td></td>
</tr>
<tr>
<td>• Publications</td>
<td></td>
</tr>
<tr>
<td>• Marketing</td>
<td></td>
</tr>
<tr>
<td>• Reports</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2.1 Conceptual Framework
Source: Researcher, 2018
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter presented the methodology that was used to carry out the study. It further describes the type and source of data, the target population and sampling methods and the techniques that was used to select the sample size. It also describes how data was collected, analyzed and presented.

3.2 Research Design

Research design was the basic plan that indicated an overview of the activities that were necessary to execute the research project. This research problem was studied through the use of a descriptive research design. According to Mugenda and Mugenda, (2008) the purpose of descriptive research is to determine and report the way things are and it helps in establishing the current status of the population under study. Borg and Gall, (2009) note that descriptive survey research was intended to produce statistical information about aspects of a study that interest policy makers. The research study focused on the role of knowledge management on the performance of KPMG. The underlining concept selected several targeted cases where an intensive analysis identifies the possible alternatives for solving the research questions on the basis of the existing solution applied in the selected case study.

3.3 Target Population

A population is defined as a complete set of individuals, cases or objects with some common observable characteristics, (Mugenda & Mugenda, 2003). The population for this study was the management staff at the KPMG head offices in Nairobi, Kenya from the three main
directorates which include audit, tax and advisory services who are 162 according to the KPMG Human Resources (2018). KPMG was selected among the audit firms in Kenya since its growth has been statistic for a while despite the engagement of knowledge management among other strategic management measures. The target population for the study was therefore 162 respondents.

Table 3.1 Target Population

<table>
<thead>
<tr>
<th>Directorate</th>
<th>Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>31</td>
<td>19.14</td>
</tr>
<tr>
<td>Tax</td>
<td>49</td>
<td>30.24</td>
</tr>
<tr>
<td>Advisory Services</td>
<td>82</td>
<td>50.62</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>162</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: KPMG, 2018*

3.4 Sampling Procedure

Sampling techniques provided a range of methods that facilitated in reducing the amount of data that needs to be collected by considering only data from a sub-group rather than all possible cases or elements. According to Mugenda and Mugenda (2003), a sample of 25-30% is statistically significant to draw conclusions for a given study. The study therefore sampled 49 respondents from the population to inform the research findings which forms 30% of the target population.

Table 3.2 Sample Size

<table>
<thead>
<tr>
<th>Directorate</th>
<th>Population</th>
<th>Rate</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>31</td>
<td>0.3</td>
<td>9</td>
</tr>
<tr>
<td>Tax</td>
<td>49</td>
<td>0.3</td>
<td>15</td>
</tr>
<tr>
<td>Advisory Services</td>
<td>82</td>
<td>0.3</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>162</strong></td>
<td><strong>0.3</strong></td>
<td><strong>49</strong></td>
</tr>
</tbody>
</table>

*Source: Researcher, 2018*

3.5 Data Collection Instrument

With regard to the role of knowledge management on the performance of KPMG, the study used a semi-structured survey questionnaire administered to each member of the sample
population. The questionnaire was carefully designed and tested with a few members of the population for further improvements. This was done in order to enhance its validity and accuracy of data to be collected for the study.

3.6 Validity and Reliability of the study

3.6.1 Validity

Validity is a measure of the degree to which data obtained from the instrument accurately and meaningfully represent the theoretical concept and in particular how the data represents the variables. Where validity has been established, any inferences made from such data was accurate and meaningful (Mugenda & Mugenda, 2003). The validity of a study increases by using various sources of evidence (Yin, 2003). The data was collected from the management employees at KPMG head offices. This issue confirmed the validity of the data and relevant results. The study conducted a pilot study at the PKF East Africa, one of the upcoming audit firms in Kenya with a regional presence. The study involved the 10 departmental heads of the audit firm in its head offices in Westlands. This enabled improvement of content validity of the research instruments.

3.6.2 Reliability

To establish the reliability and validity of the research instrument the study sought for opinions of experts in the field of study, especially the study’s supervisor and lecturers in the school of business. This facilitated the necessary revision and modification of the research instrument thereby enhancing validity.

Cronbach’s Alpha was applied to measure the co-efficient of internal consistency and therefore the reliability of the instrument. Overall scales’ reliability of the present situation
and the desirable situation was tested by Cronbach's alpha, which should be above the acceptable level of 0.70 (Hair et al., 1998). Alpha above the value of 0.7 is considered acceptable (George & Mallery, 2003).

The study carried out a reliability test to establish the reliability of the research instruments, a pilot test was carried out and a Cronbach alpha computed. The findings are as shown in Table 3.3.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Percent</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge Creation</td>
<td>5</td>
<td>.872</td>
</tr>
<tr>
<td>Knowledge Sharing</td>
<td>5</td>
<td>.734</td>
</tr>
<tr>
<td>Knowledge Storage</td>
<td>5</td>
<td>.774</td>
</tr>
<tr>
<td>Knowledge Dissemination</td>
<td>5</td>
<td>.815</td>
</tr>
<tr>
<td>Performance</td>
<td>5</td>
<td>.801</td>
</tr>
<tr>
<td>Aggregate</td>
<td></td>
<td>0.7992</td>
</tr>
</tbody>
</table>

The study established that knowledge creation had a coefficient Cronbach alpha of 0.872, knowledge sharing had a Cronbach alpha coefficient of 0.734, knowledge storage had a Cronbach alpha coefficient of 0.774 and knowledge dissemination had a Cronbach alpha of 0.815. The study established that all the variables had a Cronbach alpha of 0.7992 which was above 0.7 an indication that the research instruments were sufficient to carry out the study. This is supported by George and Mallery (2003) who state that an Alpha coefficient value of above the value of 0.7 is considered acceptable.

### 3.7 Data Collection Procedure

The study administered the questionnaire individually to all respondents of the study. The study exercised care and control to ensure all questionnaires issued to the respondents are received and achieved this, the study maintained a register of questionnaires, which was sent,
and which was received. The questionnaire was administered using a drop and pick later method.

3.8 Data Analysis and Presentation

Before processing the responses, the completed questionnaires were edited for completeness and consistency. Quantitative data collected was analyzed by the use of descriptive statistics using SPSS (Version 22) and presented through percentages, means, standard deviations and frequencies. The information was displayed by use of bar charts, graphs and pie charts and in prose-form. This was done by tallying up responses, computing the percentages of variations in response as well as describing and interpreting the data in line with the study objectives and assumptions through use of SPSS (Version 22) to communicate research findings. Content analysis was used to test data that is qualitative in nature or aspect of the data collected from the open ended questions. In addition, the study conducted a multiple regression analysis. The multiple regression equation is:

\[
Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon
\]

Where;

\(Y\) = Performance of KPMG

\(\beta_0\) - intercept coefficient

\(\varepsilon\) - error term (extraneous variables)

\(X_1\) – Knowledge creation

\(X_2\) – Knowledge sharing

\(X_3\) – Knowledge storage

\(X_4\) – Knowledge dissemination
\(\beta_1, \beta_2, \) and \(\beta_3 =\) regression coefficients

However, qualitative data was anlayzed using a likert scale of 1 to 5 based on weights for the degree of influence of independent variables on the dependent. 1 for Not at all, 2 for Low extent, 3 for moderate extent, 4 for greater extent and 5 very greater extent

3.9 Ethical Considerations

Informed consent was obtained from all those participating in the study. Those not willing to participate in the study was under no obligation to do so. Respondents’ names were not indicated anywhere in the data collection tools for confidentiality and information gathered was only used for the purposes of this academic study. The necessary research authorities were consulted and permission granted. The refereed materials and sources was cited accordingly.
CHAPTER FOUR
RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the findings of the analyzed data, presentation and interpretation. The general objective of the study was to determine the influence of knowledge management on performance of KPMG Kenya. The collected data was then coded into SPSS Version 23.0 for analysis and presentation. The findings are presented in the form of figures and tables.

4.1.1 Response Rate

The researcher distributed 49 questionnaires to the management staff at the KPMG headquarters in Nairobi, Kenya from the three main directorates which include audit, tax and advisory services. 40 questionnaires were duly filled and returned, this gave a response rate of 82%. This is supported by Mugenda and Mugenda (2013) who state that a response rate of 50% and above is deemed sufficient for the study. The findings are as shown in Figure 4.1.

Figure 4.1: Response Rate
4.2 Demographic Information

The researcher asked the respondents to indicate their demographic information to assess their relevance in the study. The findings of age, gender, number of years worked, level of management and knowledge management applicable are as shown in subsequent sections.

4.2.1 Distribution of Respondents by Age

The respondents were asked to indicate their age, the findings are as shown in Table 4.1.

Table 4.1: Age

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 – 30 Years</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>30-40 Years</td>
<td>15</td>
<td>37</td>
</tr>
<tr>
<td>40 -50 Years</td>
<td>13</td>
<td>33</td>
</tr>
<tr>
<td>50 And Above Years</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field data, 2018*

The findings show that 37% of the respondents were aged between 30 - 40 years, 33% were 40 - 50 years, 18% were 50 years and above and 12% were 20 - 30 years. This shows that majority of the respondents were 30 years and above an indication that the respondents would give out informed views regarding the study.

4.2.2 Distribution of Respondents by Gender

The respondents were asked to indicate their gender, the findings are as shown in Table 4.2

Table 4.2: Gender

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>24</td>
<td>59</td>
</tr>
<tr>
<td>Female</td>
<td>16</td>
<td>41</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field data, 2018*
The study established that majority of the respondents 59% were male followed by 41% who were female. The findings show that majority of the respondents were male an indication that KPMG had hired more males as to women.

4.2.3 Respondents’ Length of Service at KPMG

Respondents were asked to indicate how many years they had worked at the KPMG the findings are as shown in Table 4.3

Table 4.3: Length of Service

<table>
<thead>
<tr>
<th>Period Worked at KPMG</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5 years</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>Between 5-10 years</td>
<td>17</td>
<td>43</td>
</tr>
<tr>
<td>Between 11-15 years</td>
<td>8</td>
<td>20</td>
</tr>
<tr>
<td>Over 15 years</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The study found out that 43% of the respondents’ length of service was 5-10 years, followed by 24% whose length of service was less than 5 years, 20% had severed between 11-15 years and 12% having served for over 15 years. The findings in Table 4.4 show that majority of the respondents had worked for more than 5 years and indication that the respondents were skilled hence reliable data was sought.

4.2.4 Level of Management

Respondents were asked to indicate the level of management at the KPMG. The findings are as shown in Table 4.4

Table 4.4: Level of Management

<table>
<thead>
<tr>
<th>Management Position</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Middle Level</td>
<td>16</td>
<td>39</td>
</tr>
<tr>
<td>Lower Level</td>
<td>19</td>
<td>47</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field data, 2018*
The study found out that 47% of the respondents were lower level, 39% of the respondents were middle level and only 14% were in the top management. The findings show that the study was carried out in all of the departments an indication that reliable data was sought.

4.2.5 Knowledge Management

Respondents were asked to indicate how knowledge management was applicable to organization performance at the KPMG. The findings are shown in the Table 4.5

<table>
<thead>
<tr>
<th>Knowledge Management</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge creation</td>
<td>40</td>
<td>82</td>
</tr>
<tr>
<td>Knowledge storage</td>
<td>42</td>
<td>86</td>
</tr>
<tr>
<td>Knowledge sharing</td>
<td>37</td>
<td>76</td>
</tr>
<tr>
<td>Knowledge dissemination</td>
<td>39</td>
<td>80</td>
</tr>
</tbody>
</table>

*Source: Field data, 2018*

The study found that knowledge storage applicable was the highest with 86%, followed by knowledge creation with 82%, knowledge dissemination with 80% and knowledge sharing with 76%. The study show that majority of the respondents agreed that all of the knowledge management indicators were applied at KPMG.

4.3 Descriptive Statistics

The researcher carried out descriptive statistics to establish the level of agreement on each statement per study variables. The findings are as shown in subsequent sections.

4.3.1 Knowledge Creation and Performance of KPMG

The respondents were asked to indicate the extent to which they agreed with the statement relating to the role of knowledge creation on the performance of KPMG on a likert scale of 1-5 where: Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1. The findings are as shown in Table 4.6.
Table 4.6: Knowledge Creation and Performance of KPMG

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our firm invests in new technology</td>
<td>3.973</td>
<td>0.864</td>
</tr>
<tr>
<td>Innovations are always encouraged and supported</td>
<td>3.794</td>
<td>0.926</td>
</tr>
<tr>
<td>There are training and development programs to improve capacity</td>
<td>4.283</td>
<td>0.673</td>
</tr>
<tr>
<td>The firm sponsors career development of staff</td>
<td>3.584</td>
<td>0.989</td>
</tr>
<tr>
<td>The firm collaborates with other audit firms to gain new knowledge and skills</td>
<td>3.361</td>
<td>1.083</td>
</tr>
<tr>
<td>The firm has a global network aimed at getting new insights in audit</td>
<td>4.218</td>
<td>0.794</td>
</tr>
</tbody>
</table>

Source: Field data, 2018

The findings in the Table 4.6 shows that majority of the respondents agreed that KPMG invested in new technology as supported by a mean of 3.973 with standard deviation of 0.864. Majority of the respondents agreed that KPMG encouraged and supported innovation as supported by a mean of 3.794 with a standard deviation of 0.926. Majority of respondents agreed that there were training and development programs to improve capacity as supported by a mean of 4.283 with a standard deviation of 0.673. This supported by supported by Donnelan et al. (2005) Nonaka et al. 1995 whose found that new product development, peer reviews are an important part of knowledge creation processes for ensuring the quality of knowledge products and justifying design decisions.

Majority of respondents agreed that KPMG sponsors career development of staff as supported by a mean of 3.584 with a standard deviation 0.989. The majority of respondents were moderately agreed that KPMG collaborated with other audit firms to gain new knowledge and skills as supported by a mean of 3.361 and standard deviation of 1.083. Majority of the respondents agreed that KPMG had a global network aimed at getting new insights in audit as supported by mean of 4.218 and a standard deviation of 0.794. This is supported by Kaser, Acharya, Rao and Kodepaka, (2002) research and development is internal knowledge acquisition's major source to a successful organization.
4.3.2 Knowledge Sharing and Performance of KPMG

The respondents were asked to indicate the extent to which they agreed with the statements regarding the role of knowledge sharing on performance of KMPG on a likert scale of 1-5 where; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1. The findings are as shown in Table 4.7.

Table 4.7: Knowledge Sharing and Performance of KPMG

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The firm invests in knowledge sharing</td>
<td>3.974</td>
<td>0.927</td>
</tr>
<tr>
<td>The firm has a reliable internet coverage</td>
<td>4.317</td>
<td>0.692</td>
</tr>
<tr>
<td>The firm has an interactive website with all services and products</td>
<td>4.105</td>
<td>0.963</td>
</tr>
<tr>
<td>KPMG has online interactions with clients and partners over the social</td>
<td>3.441</td>
<td>1.086</td>
</tr>
<tr>
<td>media platform</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm operates a blog to share ideas and interact with clients</td>
<td>3.463</td>
<td>0.987</td>
</tr>
</tbody>
</table>

Source: Field data, 2018

The study showed that the majority of respondents agreed that KPMG invested in knowledge sharing as supported by a mean of 3.974 and a standard deviation of 0.927. This is supported by (Disterer, 2001). Jackson, Chuang, Harden, Jiang, & Joseph, 2006) which state that knowledge sharing is also known as knowledge transfer which means sharing knowledge between individuals and groups in an enterprise. Majority of respondents agreed that KPMG had a reliable internet coverage as supported by a mean of 4.317 and standard deviation of 0.692. Majority of respondents agreed that KPMG had an interactive website with all services and products as supported by a mean of 4.105 with a standard deviation of 0.963.

Majority of respondents moderately agreed that KPMG had online interactions with clients and partners over the social media platform as supported by a mean of 3.441 with standard deviation of 1.086. This is supported by (Keskin, 2005) which state that Knowledge is a combination of data, information, facts, description and skills learnt through experience and practice. Majority of respondents agreed that KPMG operated a blog to share ideas and
interact with clients as supported by a mean of 3.463 and a standard deviation of 0.987. This is supported by (Davenport and Prusak, 1998), which adopted the definition by (Manaf, 2012) who defines knowledge sharing as the exchange of knowledge between and among individuals, teams, departments and organizations.

4.3.3 Knowledge Storage and KPMG Performance

The respondents were asked to indicate the extent to which they agreed with the statements regarding the role of knowledge storage on performance of KPMG on a likert scale of 1-5 where; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1. The findings are as shown in Table 4.8.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The firm invests in storage of information</td>
<td>4.379</td>
<td>0.692</td>
</tr>
<tr>
<td>There are hardware’s to enable store knowledge and information</td>
<td>4.107</td>
<td>0.836</td>
</tr>
<tr>
<td>The software available is sufficient to enable data storage</td>
<td>3.973</td>
<td>1.024</td>
</tr>
<tr>
<td>The firm invests in people to enable store data</td>
<td>3.518</td>
<td>0.937</td>
</tr>
<tr>
<td>The firm invests in processes to enable staff gain information and experience</td>
<td>3.829</td>
<td>0.839</td>
</tr>
<tr>
<td>The firm has a document repository to store information</td>
<td>3.978</td>
<td>0.953</td>
</tr>
<tr>
<td>The firm patents its knowledge and skills to avoid duplication</td>
<td>3.683</td>
<td>0.946</td>
</tr>
</tbody>
</table>

*Source: Field data, 2018*

The study showed that the majority of respondents agreed that KPMG invested in storage of information as supported by a mean of 4.379 and a standard deviation of 0.692. Majority of respondents agreed that at KPMG there were hardware’s to enable store knowledge and information as supported by a mean of 4.107 and standard deviation of 0.836. Majority of respondents agreed that KPMG had the software available sufficient to enable data storage as supported by a mean of 3.973 with a standard deviation of 1.024. This is supported by Davenport and Prusak (2000) who found that the storage and retrieval stage bridges upstream repository creation and downstream knowledge distribution.
Majority of respondents agreed that KPMG invested in people to enable store data as supported by a mean of 3.518 with standard deviation of 0.937. Majority of respondents agreed that KPMG invested in processes to enable staff gain information and experience as supported by a mean of 3.829 and a standard deviation of 0.839. Majority of respondents agreed that KPMG had a document repository to store information as supported by a mean of 3.978 and standard deviation of 0.953. Majority of respondents agreed that KPMG patents its knowledge and skills to avoid duplication as supported by a mean of 3.683 and a standard deviation of 0.946. This is supported by Larsen (2001) who found that knowledge not only resides in the minds of individual employees, but is also constructed in the social interactions between members of teams.

4.3.4 Knowledge Dissemination And Firm Performance

The respondents were asked to indicate the extent to which they agreed with the statements regarding the role of knowledge dissemination on performance of KMPG on a likert scale of 1-5 where; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1. The findings are as shown in Table 4.9.

<table>
<thead>
<tr>
<th>Table 4.1: Knowledge Dissemination And Firm Performance</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The firm has a policy on dissemination of knowledge to other entities</td>
<td>4.373</td>
<td>0.697</td>
</tr>
<tr>
<td>The firm has annual publications to give information to the public and other concerned entities</td>
<td>4.271</td>
<td>0.824</td>
</tr>
<tr>
<td>KPMG releases reports regularly on its operations to the users and stakeholders</td>
<td>4.385</td>
<td>0.619</td>
</tr>
<tr>
<td>The firm conducts meetings, workshops and seminars to sensitize the public and share information</td>
<td>3.482</td>
<td>0.965</td>
</tr>
<tr>
<td>The firm through marketing, disseminates information about its products and services to the public</td>
<td>3.854</td>
<td>0.946</td>
</tr>
<tr>
<td>The firm uses mainstream media to give information to the public</td>
<td>3.442</td>
<td>0.936</td>
</tr>
</tbody>
</table>

Source: Field data, 2018
The study showed that the majority of respondents agreed that KPMG had a policy on dissemination of knowledge to other entities as supported by a mean of 4.373 and a standard deviation of 0.697. Majority of respondents agreed that at KPMG had annual publications to give information to the public and other concerned entities as supported by a mean of 4.271 and standard deviation of 0.824. Majority of respondents agreed that KPMG released reports regularly on its operations to the users and stakeholders as supported by a mean of 4.385 with a standard deviation of 0.619. This is supported by Chooet. al., (2002) who stated that knowledge is needed by companies to develop high quality products; knowledge on customers and competitors is also needed to establish good market location and effective service.

Majority of respondents moderately agreed that KPMG conducted meetings, workshops and seminars to sensitize the public and share information as supported by a mean of 3.482 with standard deviation of 0.965. Majority of respondents agreed that KPMG through marketing, disseminated information about its products and services to the public as supported by a mean of 3.854 and a standard deviation of 0.946. Majority of respondents moderately agreed that KPMG used mainstream media to give information to the public as supported by a mean of 3.442 and standard deviation of 0.936.

4.3.5 Firm Performance

The respondents were asked to indicate the extent to which they agreed with the statements regarding performance of KMPG on a likert scale of 1-5 where; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1. The findings are as shown in Table 4.10.
The study showed that the majority of respondents agreed that KPMG profitability had improved with knowledge management as supported by a mean of 3.939 and a standard deviation of 0.796. Majority of respondents agreed that KPMG employee productivity had been enhanced as supported by a mean of 3.831 and standard deviation of 0.816. Majority of respondents agreed that the market share of the KPMG had gone up as supported by a mean of 3.963 with a standard deviation of 0.792.

Majority of respondents agreed that KPMG efficiency had improved as supported by a mean of 3.879 with standard deviation of 0.941. Majority of respondents agreed that KPMG customer service had improved with knowledge management as supported by a mean of 4.285 and a standard deviation of 0.682. Majority of respondents agreed that KPMG competitiveness had improved as supported by a mean of 3.928 and a standard deviation of 0.839. Majority of respondents agreed that the market share of the KPMG had gone up.

4.4 Regression Analysis

The study carried out regression analysis to establish the influence of knowledge management practices on the performance of small and medium enterprises in Nairobi City County, Kenya. The findings of Model Summary, ANOVA and Regression Coefficients are indicated in subsequent sections.
4.4.1 Model Summary

The findings of coefficient of correlation and coefficient of adjusted determination are as indicate in Table 4.11.

**Table 4.2: Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.859a</td>
<td>.738</td>
<td>.731</td>
<td>1.16339</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Knowledge Creation, Knowledge Sharing, Knowledge Storage, Knowledge Dissemination

According to Table 4.12, coefficient of correlation R was 0.859 an indication of strong positive correlation between variables. Adjusted coefficient of determination $R^2$ was 0.731 which translates to 73.1%. This means that 73.1% variation in performance can be attributed by the following; Knowledge creation, Knowledge sharing, Knowledge storage and Knowledge dissemination. The residual of 26.9% can be attributed to other factors beyond the scope of the current study.

4.4.2 ANOVA

An ANOVA was carried out at 5% level of significance. A comparison between $F_{\text{Calculated}}$ and $F_{\text{Critical}}$ was carried out. The findings are as indicated in Table 4.12.

**Table 4.3: ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>541.805</td>
<td>4</td>
<td>135.451</td>
<td>25.371</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>192.195</td>
<td>36</td>
<td>5.339</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>734.000</strong></td>
<td><strong>39</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

b. Dependent Variable: Performance
c. Predictors: (Constant), Knowledge Creation, Knowledge Sharing, Knowledge Storage, Knowledge Dissemination

From the findings, $F_{\text{Calculated}}$ was 25.371 and $F_{\text{Critical}}$ was 2.4936. Since $F_{\text{Calculated}} > F_{\text{Critical}}$, this indicates that the overall regression model significantly influenced the study. The p value was 0.00<0.05 an indication that at least one variable influenced performance of KPMG in Nairobi City County, Kenya.
4.4.3 Regression Coefficients

To determine the individual factor influencing performance KPMG in Nairobi County, the following coefficient were generated.

Table 4.4: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td></td>
<td>4.167</td>
<td>.865</td>
</tr>
<tr>
<td>Knowledge creation</td>
<td>.069</td>
<td>.031</td>
</tr>
<tr>
<td>Knowledge acquisition</td>
<td>.130</td>
<td>.061</td>
</tr>
<tr>
<td>Knowledge sharing</td>
<td>.230</td>
<td>.061</td>
</tr>
<tr>
<td>Knowledge dissemination</td>
<td>.822</td>
<td>.080</td>
</tr>
</tbody>
</table>

a.  Dependent Variable: Performance

The resultant equation becomes;

\[ Y = 4.167 + 0.069X_1 + 0.130X_2 + 0.239X_3 + 0.822X_4 \]

Where: \( Y \) = Performance of SMEs

\( X_1 \) = Knowledge creation

\( X_2 \) = Knowledge sharing

\( X_3 \) = Knowledge storage

\( X_4 \) = Knowledge dissemination

From the findings, if all factors were held constant (Knowledge creation, Knowledge sharing, Knowledge storage and Knowledge dissemination), performance of KPMG in Nairobi City County, Kenya would be at 4.167. An increase in knowledge creation when holding all the variables constant would lead to increase in performance of audit organizations by 0.069. An increase in knowledge sharing while holding all the variables constant would lead to increase in performance by 0.130. An increase in knowledge storage when holding all the variables constant would lead to an increase in performance by 0.239.
An increase in knowledge dissemination while holding all the variables constant would lead to decrease in performance by 0.822. The study further established the p value of knowledge creation, knowledge sharing, knowledge storage and knowledge dissemination were less than 0.05 and the t values were greater than 1.96 an indication that the variables significantly influenced performance of KPMG, Kenya.

4.5 Key Findings and Discussions

On knowledge creation, the study established that knowledge creation significantly influenced firm performance, training and development programs to improve capacity having global network aimed at getting new insights in audit. Investing in new technology encouraged and supported innovation. Sponsoring career development of staff. Collaboration with other audit firms to gain new knowledge and skills. This supported by Donnelan et al. (2005) Nonaka et al. 1995 whose found that new product development, peer reviews are an important part of knowledge creation processes for ensuring the quality of knowledge products and justifying design decisions.

On knowledge sharing, the study established that knowledge sharing significantly influenced firm performance reliable internet coverage and interactive website with all services and products. investing in knowledge sharing. Operating a blog to share ideas and interact with clients and online interactions with clients and partners over the social media platform. Owning document repository to store information and investing in people to enable store data. This is supported by (Keskin, 2005) which state that Knowledge is a combination of data, information, facts, description and skills learnt through experience and practice.
On knowledge storage, the study established that knowledge storage significantly influenced firm performance, investing in storage of information. Owning hardware’s to enable store knowledge and information ensuring software is available sufficient to enable data storage. This is supported by Davenport and Prusak (2000) who found that the storage and retrieval stage bridges upstream repository creation and downstream knowledge distribution.

On knowledge dissemination, the study established that knowledge dissemination significantly influenced performance, reports regularly released on operations to the users and stakeholders. Policy on dissemination of knowledge to other entities. Annual publications to give information to the public and other concerned entities. Marketing to disseminate information about products and services to the public. Conducting meetings, workshops and seminars to sensitize the public and share information and using mainstream media to give information to the public. This is supported by Choo et al., (2002) who stated that knowledge is needed by companies to develop high quality products; knowledge on customers and competitors is also needed to establish good market location and effective service.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of the findings as drawn in chapter four per objective. Conclusion and recommendation are drawn as per the study findings. The chapter also presents limitations, contribution to knowledge and areas for further research.

5.2 Summary of the Findings

The specific objectives of the study were; to find out the influence of knowledge creation on the performance of KPMG Kenya To establish the effect of knowledge sharing on the performance of KPMG Kenya To assess the influence of knowledge storage on the performance of KPMG Kenya To assess the influence of knowledge dissemination on the performance of KPMG Kenya. The study adopted descriptive research design. The target population for the study was 49 management staffs at the KPMG head offices in Nairobi and used primary data, descriptive statistics and inferential statistics were generated.

5.2.1 Knowledge Creation and Performance of KPMG

On knowledge creation, majority of respondent agreed that there was training and development programs to improve capacity. Majority of the respondents agreed that KPMG had a global network aimed at getting new insights in audit. Majority of the respondents agreed that KPMG invested in new technology. Majority of the respondents agreed that KPMG encouraged and supported innovation. Majority of respondents agreed that KPMG sponsors career development of staff. The majority of respondents were moderately agreed that KPMG collaborated with other audit firms to gain new knowledge and skills.
5.2.2 Knowledge Sharing and Performance of KPMG

On knowledge sharing, Majority of respondents agreed that KPMG had a reliable internet coverage. Majority of respondents agreed that KPMG had an interactive website with all services and products. Majority of respondents agreed that KPMG invested in knowledge sharing. Majority of respondents agreed that KPMG operated a blog to share ideas and interact with clients. Majority of respondents moderately agreed that KPMG had online interactions with clients and partners over the social media platform. Majority of respondents agreed that KPMG had a document repository to store information. Majority of respondents agreed that KPMG invested in people to enable store data.

5.2.3 Knowledge Storage and Performance of KPMG

On knowledge storage, majority of respondents agreed that KPMG invested in storage of information. Majority of respondents agreed that at KPMG there were hardware’s to enable store knowledge and information. Majority of respondents agreed that KPMG had the software available sufficient to enable data storage.

5.2.4 Knowledge Dissemination and Performance of KPMG

On knowledge dissemination, majority of respondents agreed that KPMG released reports regularly on its operations to the users and stakeholders. Majority of respondents agreed that KPMG had a policy on dissemination of knowledge to other entities. Majority of respondents agreed that at KPMG had annual publications to give information to the public and other concerned entities. Majority of respondents agreed that KPMG through marketing, disseminated information about its products and services to the public. Majority of respondents moderately agreed that KPMG conducted meetings, workshops and seminars to
sensitize the public and share information. Majority of respondents moderately agreed that KPMG used mainstream media to give information to the public.

5.3 Conclusion

The study concludes that at KPMG there was training and development programs to improve capacity, had a global network aimed at getting new insights in audit. KPMG invested in new technology, encouraged and supported innovation, sponsored career development of staff and collaborated with other audit firms to gain new knowledge and skills.

The study concludes that KPMG had a reliable internet coverage, had an interactive website with all services and products, invested in knowledge sharing. KPMG operated a blog to share ideas and interact with clients, had online interactions with clients and partners over the social media platform and also a document repository to store information and invested in people to enable store data.

The study further concludes that KPMG invested in storage of information and there were hardware’s to enable store knowledge and information also that KPMG had the software available sufficient to enable data storage. KPGM released reports regularly on its operations to the users and stakeholders. KPMG had a policy on dissemination of knowledge to other entities. KPMG had annual publications to give information to the public and other concerned entities.

The study also concludes that KPMG through marketing, disseminated information about its products and services to the public, conducted meetings, workshops and seminars to sensitize
the public and share information also used mainstream media to give information to the public.

5.4 Recommendations for Policy and Practice

The study recommends that KPMG ought to train and development programs to improve capacity. KPMG ought to have a global network aimed at getting new insights in audit. KPMG need to invest in new technology, encourage and supported innovation also sponsor career development of staff and collaborate with other audit firms to gain new knowledge and skills.

The study recommends that KPMG ought to have a reliable internet coverage. KPMG ought to have an interactive website with all services and products and invest in knowledge sharing. KPMG need to operate a blog to share ideas and interact with clients have online interactions with clients and partners over the social media platform and also KPMG ought to have a document repository to store information and invested in people to enable store data.

The study recommends that KPMG ought to invest in storage of information and keep hardware’s to enable store knowledge and information also that KPMG need to have software available and sufficient to enable data storage. KPMG ought to released reports regularly on its operations to the users and stakeholders. KPMG need to have a policy on dissemination of knowledge to other entities. KPMG ought to have annual publications to give information to the public and other concerned entities. The study also recommends further that KPMG ought to market so as to disseminate information about its products and services to the public, conducted meetings, workshops and seminars to sensitize the public and share information also used mainstream media to give information to the public.
5.5 Suggestions for Further Studies

The study current study focused on the influence of knowledge management practices on the performance of KPMG in Nairobi, future scholars ought to carry out similar studies on different counties. The current study relied on primary data, future scholars ought to carry out similar study by use of secondary data. The study established that Adjusted coefficient of determination $R^2$ was 0.731 which translates to 73.1%. This gave a residual of 26.9% which can be attributed to other factors beyond the scope of the current study that future scholars ought to focus on.
REFERENCES


[www.kpmg.com](http://www.kpmg.com)

APPENDICES

APPENDIX I: Introduction Letter

Fidel Okiro Osome
Kenyatta University,
P.O. Box 702 – 60100,
NAIROBI.

RE: Request to fill in the Questionnaire

Dear Respondent,

I am a graduate student at Kenyatta University, carrying out research on the influence of knowledge management on the performance of KPMG, Kenya. This is in partial fulfillment of the requirement of the Master of Business Administration degree program at the Kenya University.

You have been randomly selected among many to participate in this study. It is estimated that it will take less than twenty (20) minutes of your time to complete the questionnaire. Please respond as honestly and objectively as possible. Your participation is very essential for the accomplishment of this study and it will be highly appreciated. I guarantee that the information that you will provide will be treated with the utmost confidentiality and will be used only for academic purposes.

This is an academic research and confidentiality is strictly emphasized, your name will not appear anywhere in the report. Kindly spare some time to complete the questionnaire attached.

Thank you.

Yours faithfully,
APPENDIX II: Questionnaire

I am a student at Kenyatta University taking an MBA course. As part of my academic requirements I am carrying out a study on “Influence of knowledge management on performance of KPMG, Kenya”. Please assist in filling this questionnaire to enable me complete writing this research. Thank you.

Please answer all Questions by inserting a TICK where appropriate or alternatively please write in the space provided.

SECTION A: PERSONAL DETAILS

1. Age in years;
   a) 20 – 30 ( )  b) 30-40 ( )  c) 40-50 ( )  d) 50 and above ( )

2. Gender  Male  Female

3. Please indicate the number of years you have worked in KPMG, Kenya.
   Less than 5 years ( )  b) Between 5-10 years ( )
   c) Between (11-15 years ( )  d) Over 15 years ( )

4. What does your firm deal with?
   …………………………………………………………………………………………………..

5. What is your level of management?
   Top Management
   Middle level
   Lower level
   Other specify)…………………………………………………………………………………..

6. Please indicate the knowledge management applicable in your organization
   …………………………………………………………………………………………………..
Knowledge creation
Knowledge sharing
Knowledge storage
Knowledge dissemination
Other (specify) .................................................................

SECTION B: Knowledge Creation and Performance of KPMG

6. Please indicate the extent to which you agree with the following statement relating to the role of knowledge creation on the performance of your firm where: Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
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</thead>
<tbody>
<tr>
<td>Our firm invests in new technology</td>
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<tr>
<td>Innovations are always encouraged and supported</td>
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<tr>
<td>There are training and development programs to improve capacity</td>
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<tr>
<td>The firm sponsors career development of staff</td>
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<tr>
<td>The firm collaborates with other audit firms to gain new knowledge and skills</td>
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</tbody>
</table>
The firm has a global network aimed at getting new insights in audit

SECTION C: Knowledge Sharing and Performance of KPMG

7. Please indicate the extent to which you agree with the following statements regarding the role of knowledge sharing on performance of KMPG where; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
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</thead>
<tbody>
<tr>
<td>The firm invests in knowledge sharing</td>
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<tr>
<td>The firm has a reliable internet coverage</td>
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<tr>
<td>The firm has an interactive website with all services and products</td>
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<tr>
<td>KPMG has online interactions with clients and partners over the social media platform</td>
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<tr>
<td>The firm operates a blog to share ideas and interact with clients</td>
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</tbody>
</table>
SECTION D: Knowledge storage and firm Performance

8. Please indicate the extent to which you agree with the statements with regard to the effect of knowledge storage on the performance of KPMG, Kenya where; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
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</thead>
<tbody>
<tr>
<td>The firm invests in storage of information</td>
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<tr>
<td>There are hardwares to enable store knowledge and information</td>
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<tr>
<td>The software available is sufficient to enable data storage</td>
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<tr>
<td>The firm invests in people to enable store data</td>
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<tr>
<td>The firm invests in processes to enable staff gain information and experience</td>
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<tr>
<td>The firm has a document repository to store information</td>
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<tr>
<td>The firm patents its knowledge and skills to avoid duplication</td>
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</table>
SECTION E: Knowledge dissemination and firm performance

7. Please indicate the extent to which you agree with the following statements regarding the role played by knowledge dissemination on the performance of KPMG, Kenya where; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
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<tbody>
<tr>
<td>The firm has a policy on dissemination of knowledge to other entities</td>
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<td>The firm has annual publications to give information to the public and other concerned entities</td>
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<tr>
<td>KPMG releases reports regularly on its operations to the users and stakeholders</td>
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<td>The firm conducts meetings, workshops and seminars to sensitize the public and share information</td>
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<tr>
<td>The firm through marketing, disseminates information about its</td>
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</table>
The firm uses mainstream media to give information to the public

SECTION F: Firm Performance

8. Please indicate the extent to which you agree to the following statements regarding performance of KMPMG, Kenya where; Strongly agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1

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<thead>
<tr>
<th>Indicator</th>
<th>Strongly Disagree</th>
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<tbody>
<tr>
<td>Firm profitability has improved with knowledge management</td>
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<td>Employee productivity has been enhanced</td>
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<td>The market share of the firm has gone up</td>
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<td>Firm efficiency has improved</td>
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<td>Customer service has improved with knowledge management</td>
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<td>The firm competitiveness has improved</td>
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