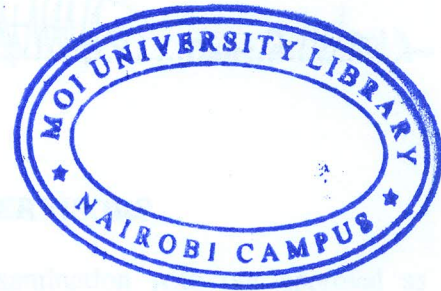


**FACTORS AFFECTING PERFORMANCE OF SMALL PROFESSIONAL  
FIRMS IN KENYA  
A STUDY OF SMALL AUDITING FIRMS IN NAIROBI CENTRAL  
BUSINESS DISTRICT**

**BY**

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## ABSTRACT

This study was conducted to investigate the factors affecting the performance of small auditing firms in Nairobi Central Business District. Small auditing firms play very significant roles in the economic growth and development of Kenya by providing very essential services to the majority of Micro, Small and Medium Enterprises. This study investigated factors affecting the performance of Small Professional Audit Firms in Nairobi Central Business District which were One Hundred and Eighty Six (186) in number. The study looked at four factors affecting the performance of small auditing professional firms. These were quality of service provision, staff competency, firm's ownership structure and industry regulations. There are various indicators of a firm's performance. For instance, steady increase in turnover, minimal staff commutation (staff turnover), ability to retain customer and ability to meet both short term and long term financial and non-financial obligations among others. This study hopes to benefit auditors, audit regulating agencies, other professional firms and practitioners among others. A descriptive study was conducted using a stratified random sampling method. The target population of the study consisted of One Hundred and Eighty Six (186) Small Auditing Firms located within NCBD. A sample size of Seventy Four (74) was drawn from the population. The quantitative data was analysed by use of ActiveData and SPSS, while qualitative data was analysed using the pattern and themes of the data collected. From the findings it came out that provision of quality services, staff competency, industry regulations and firms ownership structure have great impact on the performance of small professional auditing firms. Small professional firms that would like to remain afloat in the trade should pay attention to these factors.