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**Effect of Audit Quality Characteristics on Client Satisfaction of Audit Firms in
Nairobi County**

Janyce Gathoni Kamau

76615

**Submitted in partial fulfilment of the requirements for the Degree of Master of
Business Administration of Strathmore University**



Strathmore University Business School

Strathmore University

Nairobi, Kenya

June 2023

DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the dissertation contains no material previously published or written by another person except where due reference is made in the dissertation itself.

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Janyce Gathoni Kamau

Approval

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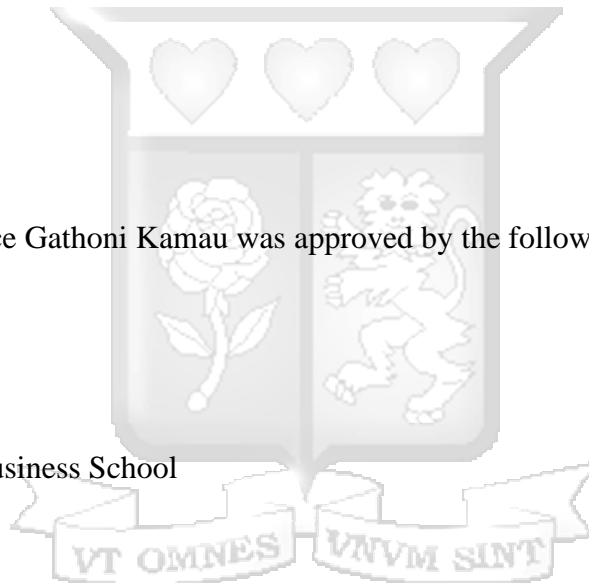
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ABSTRACT

Providing confidence in the quality of financial reports is a central role of an auditor. To fulfil this purpose, audit quality is key, given the role of financial reports in the financial markets and to the investors. The study aimed to examine the effects of audit quality characteristics on client satisfaction of audit firms in Nairobi County. The study focused more specifically on auditor independence, audit documentation, and code of conduct as audit quality characteristics and their impact on client satisfaction scores as a measure of audit firm performance. Agency and policeman theories formed the theoretical framework upon which the study was based. The study followed positivist research paradigm and quantitative descriptive research design adopted to fulfil this objective. Target population consisted of 600 registered audit firms in Nairobi County. Simple random sampling technique was used to create a sample size of 240 respondents and structured questionnaires used as method of data collection. Out of the 240 respondents, 216 completed and returned questionnaires on time, meaning a minimum requirement of 75% response rate was attained. The collected data were analyzed using quantitative data analysis techniques with the help of the Statistical Package for Social Sciences (SPSS) software. The findings suggest a positive but weak relationship between the variables. However, out of the three variables, the code of ethics has a stronger positive impact on client satisfaction ($\beta = 0.143$, $t = 1.809$, $p < 0.05$). Audit documentation had a positive impact on audit client satisfaction but the impact was not significant ($\beta = 0.048$, $t = 0.546$, $p > 0.05$) as well as auditor independence ($\beta = 0.030$, $t = 0.320$, $p > 0.05$). Therefore, the study concluded that apart from the code of conduct, documentation and independence are not significant predictors of client satisfaction of audit firms in Nairobi County. However, since the research focused only on three attributes, there's a need for research that looks into other attributes. Also, the study only reveals the extent to which the qualities affect client satisfaction, it does not answer the "how" of the relationship which creates a gap for further research.

Key words:

Audit quality, Client satisfaction, Audit documentation, Ethical conduct, Audit independence

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LIST OF ABBREVIATIONS

AICPA	American Institute of Certified Public Accountants
ASEAN	Association of South Asian Nations
CSAT	Customer Satisfaction Score
EPS	Earnings Per Share
GAAS	Generally Accepted Auditing Standards
IAASB	International Auditing and Assurance Standards Board
ICPAK	Institute of Certified Public Accountants of Kenya
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
NACOSTI	National Commission for Science, Technology, and Innovation
PCAOB	Public Company Accounting Oversight Board
PwC	PricewaterhouseCoopers
SPSS	Statistical Package for Social Sciences

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CHAPTER ONE

INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 Introduction

The chapter introduces study by providing the background of the study and examining the gaps that led to the research problem. Other aspects of the study such as research objectives, research questions, scope of the study, and significance of the study are covered in this section. The goal of the study was to examine the impact of audit quality characteristics on client satisfaction of audit firms in Nairobi County.

1.2 Background to the Study

The steady growth of the service sectors worldwide and the increasing trends of deregulating certain services have resulted in great interest in quality issues among researchers. Such interest is also evident in the auditing sector, where researchers from diverse backgrounds want to gain more understanding of the importance of service quality. It is widely recognized that quality is essential for firms seeking to be successful, and this notion is also applicable to audit firms (Marsely, 2020). Quality services lead to great customer satisfaction and customer loyalty, translating to more profitability for audit firms. For this reason, the focus area for many researchers has been to unravel the major determinants of quality, chief among them being audit quality.

Recent crises in the corporate world linked to auditing have seen investors, regulatory bodies, politicians, the general public, and other stakeholders blame auditors, accusing them of professional negligence (Chen, 2016; Odoyo et al., 2014; Makori, 2014). In Kenya, for instance, major corporations such as Uchumi, Nakumatt, Mumias, and Nzoia Sugar, amongst several others collapsing, coupled with multiple financial scandals both in the private and public sectors, have been linked to auditors (Maori, 2014; Mulunda, 2019). Even the big four auditing firms have not been spared from the accusations. Such trends have raised concerns regarding audit quality issues and practices leading to professional negligence among auditors.

1.2.1 Audit Quality Characteristics

Audit quality involves an auditor's ability to detect and appropriately report significant misstatements in the financial statements and internal controls (Knechel et al., 2013). It also encompasses key elements designed to establish an environment that maximizes the chances of performing quality audits consistently. Francis (2011) and Gaynor et al. (2016) assert that a quality audit is accomplished by a team that exhibits ethical conduct; demonstrates skill; possesses knowledge; has immense experience; shows rigorous audit processes and quality control mechanisms; provides reports on time; collaborates with key parties appropriately. However, Gaynor et al. (2016) suggested that the achievement of audit quality is also largely dependent on an environment characterized by support and appropriate interactions among key stakeholders in the financial reporting supply chain.

According to Enofe et al. (2013), quality audits provide an essential function in ensuring public interest to enhance accountability and, in this case, lead to confidence concerning financial reporting. Essentially, the principal role of the independent audit is to provide confidence in the quality of financial reports. Therefore, the consistent adoption of audit quality is essential to confident and informed markets, investors, and even the general public (Enofe et al., 2013). In addition, the American Institute of Certified Public Accountants (AICPA) (2021) points out that audit quality plays a critical role in fulfilling fiduciary responsibility, lowering the risk of non-compliance, building goodwill among taxpayers, and obtaining assurance related to financial integrity.

The International Auditing and Assurance Standards Board (IAASB, 2013) indicates that the current financial conditions have stressed the need to have credible, reliable, and high-quality reporting. This has then called for the continual improvement of audit quality in the industry. As Gaynor et al. (2016) maintain, audit quality is crucial as it impacts the reliability and quality of an audit opinion. There are instances where auditors perform and produce unsatisfactory audit reports, as Whited (2014) documents. Some of the factors attributed to low-quality audits include auditors' professional knowledge and skills, compliance with audit standards, degree of independence, working conditions, size of an organization, quality control, audit duration, and cooperation of key stakeholders in the financial reporting supply chain (Whited, 2014). The consequences of poor-

quality audits can be extremely detrimental. In the cases where the auditors conduct a poor audit, the audit opinion rendered could be misleading and would consequently have an effect on the users of the financial statements. Additionally, Whited (2014) finds that poor audit damages the reputation of an auditor, thereby decreasing the desirability of their services. In addition, enhanced audit quality is set out to protect the interests of the owners of companies, among other stakeholders.

International Standards on Auditing (ISA 220) adopted by a number of countries require audit organizations to provide reasonable assurance guaranteeing their personnel adheres to principles of professional standards that aid in providing a quality audit opinion by setting a framework of quality control. As Samsonova-Taddei (2013) puts it, these standards are issued by the International Federation of Accountants (IFAC) through the International Auditing and Assurance Standards Board (IAASB) to outline the responsibilities of independent auditors while performing financial audits. As the ISA standards stipulate, audit firms should have personnel who embody the principles of integrity, fair representation, confidentiality, due professional care, independence, and evidence-based approach (Samsonova-Taddei, 2013). Such standards depict the clear need for understanding audit quality and its effect on audit firms' performance.

The elements of audit quality are well documented by Neri and Russo (2014), who point out that the main characteristics of audit quality include audit documentation and audit independence. Audit documentation essentially refers to the requirements an auditor should observe when preparing and retaining connections with engagements in auditing. Auditor independence is the sovereignty of either internal or external auditors from stakeholders interested in an organization's financial statements. Audit independence is founded on solid principles of integrity and objectivity. Another important component of audit quality is ethics and values. Whited (2014) demonstrates its importance in driving client satisfaction in audit firms. The factors—documentation, independence, and ethical conduct—termed as the characteristics of audit quality influence client satisfaction.

As mentioned earlier in the document, audit quality practices strengthen the reputation of an audit firm. Conversely, poor audit quality practices are detrimental to the image an organization may have taken decades to build. The outcome of poor audit quality is less desirability of the services

of an audit firm. In other words, an audit firm that is characterized by poor audit quality has a generally lower level of client satisfaction. Mabinda (2012) defines client satisfaction as the fulfillment response of customers, the degree to which the level of fulfillment of goods or services offered is pleasant or unpleasant to customers. In auditing, client satisfaction or dissatisfaction with audit services offered is assessed by comparing the services offered against their expectations. These expectations are defined by auditing standards as established by the likes of ICPAK, ISAASB, AICPA, and other governing bodies.

Audit firms are basically professional service organizations that are characterized by labor and expertise-intensive industry (Chen et al., 2013). Consequently, human resources, especially the ethical conduct among employees in the firms, play a key role in delivering quality audits. A strong human resource is associated with quality audits. An unethical workforce adversely impacts an audit firm in various ways. For instance, it results in reduced productivity, a high risk of fraud, reputational damage, low morale, and loss of independence (Kaplan & Williams, 2012). Essentially, as Kaplan and Williams (2012) put it, an unethical workforce threatens the integrity of an audit firm. Therefore, it is advisable to maintain a highly effective team governed by ethics and values to avoid the repercussions of weak HR and benefit from the advantages of a team with the attributes of a quality audit team.

The performance of audit firms worldwide has been under scrutiny in the recent past. Business scandals appear to be occurring more than often, with the users of the financial statements pointing blame at the auditors. For example, prominent failures where auditors have been accused in the US economy include the Enron and Lehman Brothers corporate failures. Dibra (2016) recalls that the executives of one of the United States' largest energy providers, Enron, hid billions of dollars in company debts by manipulating financial models and lying to investors. The Lehman Brothers also went into bankruptcy after its involvement in the subprime mortgage lending crisis leading to the 2008/2009 financial crisis (Adu-Gyamfi, 2016). The collapse of the two corporations indicates auditors' ability to vouch for flawed financial statements deliberately. It shows the extent of damage a lack of auditor competence can do to an organization and the economy. With this, the audit firms have had structured responses by tightening audit quality standards to improve performance with respect to uncovering fraud in corporate companies.

High-profile auditing scandals have been rampant across Africa. For instance, in South Africa, the big four accounting firms: PwC, KPMG, Deloitte, and EY, have been in the spotlight following the collapse of multimillion companies collapsing under their watch (Ranulph, 2022). Deloitte was sued for USD 29 million by Tongatt Hulett for failing to flag irregularities that that inflated the company's value by USD 770 million (Ranulph, 2022). Elsewhere in Nigeria, Chukwunedu and Okafor (2011) explain that the Cadbury Scandal was a case of audit failure, further citing that there was a shortfall in the auditor's performance. Chukwunedu and Okafor (2011) assert that all the watch dog institutions were compromised.

The audit industry in Kenya is regulated by the Institute of Certified Public Accountants of Kenya (ICPAK), established by Part II of the Accountants Act of 2008. ICPAK has instituted a code of ethics that regulates audit quality, leading to better performance in the industry. The ICPAK Code of Ethics Sections 100.11 and 100.12 recognize due care and professional competence as an ethical foundation for auditors that aim to prohibit them from engaging in unethical practices but promote quality audits. These principles enhance the capacity as well as the capability of auditors. As a regulator, ICPAK adopts various approaches to ensure audit quality practices are maintained in the country. As Wekesa (2014) points out, the approaches gear towards quality assurance, investigation and discipline, code of ethics, financial reporting standards, standards for auditing, and audit oversight arrangements.

Limited liability companies in Kenya are required to formulate and maintain proper books of accounts deemed to portray an accurate and fair view of the financial position at a specific period under the Companies Act, CAP 486. In recent years, Kenya has experienced a growth in industrialization, and hence the need for audits has increased. The audit profession has developed due to the need in the market (Makori, 2014). The Kenyan audit industry is a player in ensuring transparency and functioning of capital markets as financial statements reported have to be certified by independent auditors. In a scenario where financial reporting in the markets is not trusted, significant investments in Kenya would be affected, and the corresponding economic growth would be downsized.

Kenya is experiencing tremendous growth in industrialization as a fast-developing economy. This growth is causing an increase in demand for audit services. According to World Bank's 2021

report, with economic growth of 5.7 percent, Kenya is one of Sub-Saharan Africa's fastest-growing economies. This is attributed to the excellent economic performance and growth to increased investor confidence, political stability, a resilient macroeconomic environment, as well as a growing service sector (World Bank, 2021). With such economic growth rates, the demand for audit services is inevitably increasing in demand. This is because of the role of audits in expanding an economy. Doty (2014) of the Public Company Accounting Oversight Board (PCAOB) argues that audit promotes long-term capital investment by promoting investor confidence. As the World Bank suggests, audit quality has been pivotal in promoting economic growth by enhancing investor confidence. As such, as the economy continues to grow, the demand for audits is expected to increase.

The growing need for audit services has seen new audit firms emerging to fill up the growing demand in the audit industry (Omonuk and Oni, 2015). In Kenya, the four large international audit firms, also known as the Big Four, dominate the audit profession. According to Makori (2014), the Big four international firms control most of audit engagements (or 80%) in the whole of Kenya and 99% of auditor remuneration by publicly traded companies. In the future, this is likely to change as more international audit firms will enter the market, and smaller audit firms will grow to meet the growing demand. Having a few firms control a significant portion of the market like it currently is with Kenya's audit industry decreases public trust and discourages competition. Therefore, increasing the number of audit firms will facilitate competition, thereby increasing audit services' quality and decreasing their prices.

The demand for audit firms will also see significant growth in the demand for audit quality, especially including documentation, independence, and ethical principles. In their study, Mabinda (2012) explored the relationship between client satisfaction and audit quality. They found that audit quality is positively correlated to client satisfaction in the sense that when the level of client satisfaction grows, the demand for audit quality will increase by an equal proportion. A significant consequence of economic growth is a significant increase in financial capacity at individual, organizational, and national levels. Therefore, based on Mabinda's (2012) empirical evidence on the relationship, it is highly likely that the elements of audit independence, audit documentation, and ethical conduct will not be taken lightly in future audit firms in the country, regardless of their size.

1.2.2 Client Satisfaction

Like every other sector, the concept of client satisfaction is also apparent in auditing. It refers to the extent to which a client is fulfilled with the services offered by an audit firm. The services audit firms offer can either be pleasant or unpleasant to a client depending on a variety of factors, including audit quality. It has long been established by multiple studies that client satisfaction and perceived quality are correlated (Marsely, 2020; Artana et al., 2019). Customer satisfaction, in the context of auditing, is essentially the fulfillment or nonfulfillment of audit services encountered or comparing the encounter with what was expected (Marsely, 2020). Generally, audit quality impacts client satisfaction; however, the nature of the impact remains contentious among researchers.

For instance, different elements of audit quality generate varied outcomes as far as satisfaction is concerned. In his study, Marsely (2020) found that industry expertise and responsiveness to client needs indicated high levels of satisfaction with technical competence, due professional care, and independence showing a moderate level of client satisfaction. Other attributes such as ethics, skeptical attitude, CPA firms' commitment to quality, and conduct of fieldwork did not show any significant effect on client satisfaction. Numerous other studies are consistent with Marsely's (2020) findings, with multiple others claiming otherwise. In other words, some of the audit quality attributes are positively associated with client satisfaction, others are negatively associated, and others do not show a significant relationship.

Satisfaction is largely influenced by the perception of clients towards an audit firm, the standard to which a client holds an audit firm with regard to the delivery of service (Bujang et al., 2020). The perception can vary from one client to another. This is because certain audit quality attributes are not directly visible to a client to influence their perceptions; examples include independence, documentation, compliance with GAAS, the conduct of field work, and due professional care. Attributes like industry expertise and responsiveness to needs are often directly felt by clients, therefore creating either a positive or a negative experience with an audit firm. As such, there is a need for research to ascertain what elements of audit quality and to what degree they influence client satisfaction.

Client satisfaction was selected as the outcome variable for its role in assessing the performance of audit firms. Generally, customer satisfaction is a good indicator of whether customers are happy with a business and what they offer (Otto et al., 2020). Therefore, it played a key role in determining the extent to which clients were fulfilled with audit services as well as the audit quality practices of their audit service providers. Empirical evidence also demonstrates that among other benefits of client satisfaction are value creation and customer loyalty (Otto et al., 2020). A customer satisfaction research study in the field of auditing would play a crucial role in influencing audit firms to create lifetime value for their clients and drive loyalty and client retention.

1.2.3 Audit Quality Characteristics and Client Satisfaction

Previous scientific inquiries have disproportionately placed less attention on audit quality characteristics and their effect on client satisfaction. Of the available publications, Al Sawalqa (2014) attempted to examine how the variables relate in the context of several industries in Jordan. The researcher observed that audit quality had a positive and significant impact on satisfaction. However, the degree of impact varied between individual attributes; for instance, Al Sawalqa (2014) found compliance with audit standards, industry expertise, experience with clients, and responsiveness to client needs as the key factors of audit quality when it comes to improving client satisfaction. Other attributes, such as independence, responsiveness, and executive involvement, did not show a significant relationship.

Al Sawalqa's (2014) sentiments on the subject matter have been echoed by multiple other studies. For instance, Marsely (2020) finds a significant association between audit quality and client satisfaction. The relationship, nonetheless, varies between individual attributes, just like Al Sawalqa (2014) suggest, with some showing a strong relationship and others a weak relationship. For instance, among the 12 attributes studied across 293 firms, only two showed a significant impact on client satisfaction – responsiveness and auditor expertise. The rest of the attributes, including due care, independence, competence, commitment to quality, the conduct of fieldwork, auditor skepticism, and commitment to quality, did not show a significant impact on satisfaction. To a certain degree, Marsely's (2020) study contradicts Al Sawalqa's (2014) regarding certain attributes, with several other studies showing inconsistency along these lines of argument.

Audit quality characteristics are plenty, as outlined by IAASB, but the focus areas vary between researchers. That said, attributes such as independence, auditor documentation, and ethics with regard to their effect on client satisfaction remain underexamined. Furthermore, the available empirical evidence on the association is at odds with some studies showing a significant relationship between the attributes and client satisfaction, others showing a moderate relationship, and others with no relationship. The gap in knowledge creates a huge demand for scientific studies to draw on consensus on the issue.

1.2.4 Audit Firms in Nairobi County

Auditing in Kenya is recognized as the process of verifying an entity's financial statements as well as non-financial information for purposes of ascertaining the fairness and accuracy of all financial transactions carried out by the entity (Musya, 2013). An auditor, therefore, is an independent auditor who carries out this function and expresses an opinion on the subject matter. Auditors work within or represent institutions known as audit firms. The functions of audit firms boil down to the five main forms of audits: financial, performance, compliance, forensic, and procurement audit (Nthiwa & Muchemi, 2020). Financial auditing is concerned with the fairness of the financial information presented by an entity, with performance auditing focusing on whether the activities and processes of an entity are in accordance with the principles of economy, efficiency, and effectiveness (Nthiwa & Muchemi, 2020). Compliance auditing is conducted to check whether transactions, activities, and information are in order with authorities that govern the audited entity, with forensic auditing aimed at detecting fraud, corruption, and other financial anomalies.

Entities usually seek auditing services along the five parameters of auditing mentioned above. In Kenya, auditing services are concentrated in Nairobi County mainly because it is the capital city and home to a vast majority of organizations in the private and government sectors (Musya, 2013; Githuku, 2016; Nthiwa & Muchemi, 2020). Nairobi has at least 600 registered audit firms serving the county and its environs. The services offered by audit firms are crucial. But following a trend of business scandals and corporate failures, some of them linked to audit firms, the general sentiment regarding satisfaction of services delivered by audit firms remains unclear. As such, the need for scientific inquiry into client satisfaction of audit firms in Nairobi County is paramount.

1.3 Problem Statement

Since the 2000s, audit quality has been under the microscope from shareholders and users of financial information after the collapse of leading global companies such as Enron, AIG, and other international companies (Dowd, 2016; Segal, 2016). In Kenya, corporate failures linked to the criticism of audit quality include Uchumi Supermarket, Chase Bank, Webuye Pan Paper Mills, Nakumatt, and Deacons East Africa, among others (Odoyo et al., 2014). The users of financial information criticize the auditor's quality them not having any reservations about the financial statements despite the corporate failures.

For instance, it is claimed that KMPG knowingly disregarded executive committee meetings and information from these meetings and as a result, caused the public to believe that the company prepared the reports for its executive use (Ogemba, 2015). Such claims remain controversial. Ernst & Young was accused of malpractice which involved manipulating Uchumi's financial statements (Business Daily, 2016). The same report also implicates Deloitte & Touche for failure to meet the standards of auditing practice when handling financial statements of Mumias sugar (Business Daily, 2016). Following the shutdown of Chase Bank and the subsequent banking crisis in Kenya, attention shifted to unravelling the role of auditors in the pattern of Kenyan firms falling. As such, according to Mulunda (2016), external auditors contributed to the trend by approving bad books and helping cook accounts, thereby adversely affecting concerned stakeholders.

For example, Deloitte came to light for being auditors of the struggling National Bank of Kenya; PricewaterhouseCoopers (PwC) cleared Uchumi's and Haco Tiger Brands's books before experiencing financial issues; Deloitte approved Mumias Sugar Company's books before sinking into huge losses and several other companies (Mulunda, 2016). In other words, the leading international audit brands that are supposed to be reputational and reliable continue to become accomplices to the crime of manipulating financial statements. According to Mulunda (2016), such corporate failures are attributed to professional negligence when reviewing financial reporting and, in effect, raising concerns over the auditing profession. Analysts insist that it is time to examine audit firms in Kenya since they continue to lose trust and their relevance in the country is increasingly questioned. Even though professional negligence may cause audit quality issues in the country, not sufficient evidence exist to substantiate this claim. As such, factors contributing

to issues related to low-quality audits can only be speculated. For instance, Mulunda (2016) hypothesizes that some audit firms serve dozens of clients due to few number of auditors. As such, employees do not spend adequate time going through financial books and sifting other critical information. That being the case, there is a need for scientific evidence to establish the correlation between audit quality and client satisfaction level of audit firms.

In addition to limited research on the phenomenon, there is a considerable gap in knowledge contextualizing the notion of the impact of audit quality characteristics on client satisfaction of audit organizations in Nairobi County. This is also because Nairobi is Kenya's capital city, and most audit firms are concentrated in the county. Even though Mabinda (2012), Van Harling et al. (2012) and Atila (2012) have attempted to investigate the correlation between audit quality attributes and client satisfaction in audit firms, the association between the two has, so far, not well been brought out. The research studies omit some elements of audit quality such as auditor independence, ethics, documentation, transparency, relationship with a client, and objectivity with respect to client satisfaction of audit firms.

Moreover, the current body of empirical work is not up-to-date. Most of the research studies conducted on the subject matter are more than five years. There is a growing need for scientific evidence that captures the latest trends of the changing audit industry in Kenya and, most importantly, Nairobi County. Because of the limited up-to-date empirical evidence on the topic, there is a growing need for scientific inquiry, especially with the trend of audit firms linked to scandals of firms shutting down. Therefore, the study explored the effect of audit quality attributes on client satisfaction of audit firms in Nairobi County.

1.4 Research objectives

1.4.1 General objective

To assess the effect of audit quality characteristics on client satisfaction of audit firms in Nairobi County.

1.4.2 Specific objectives

- i. To determine the effect of audit documentation on client satisfaction of audit firms in Nairobi County.
- ii. To determine the effect of audit independence on client satisfaction of audit firms in Nairobi County.
- iii. To determine the effect of ethical conduct on client satisfaction of audit firms in Nairobi County.

1.5 Research questions

- i. What is the effect of audit documentation on client satisfaction of audit firms in Nairobi County?
- ii. What effect does audit independence have on client satisfaction of audit firms in Nairobi County?
- iii. What is the effect of ethical conduct on client satisfaction of audit firms in Nairobi County?

1.6 Scope of the study

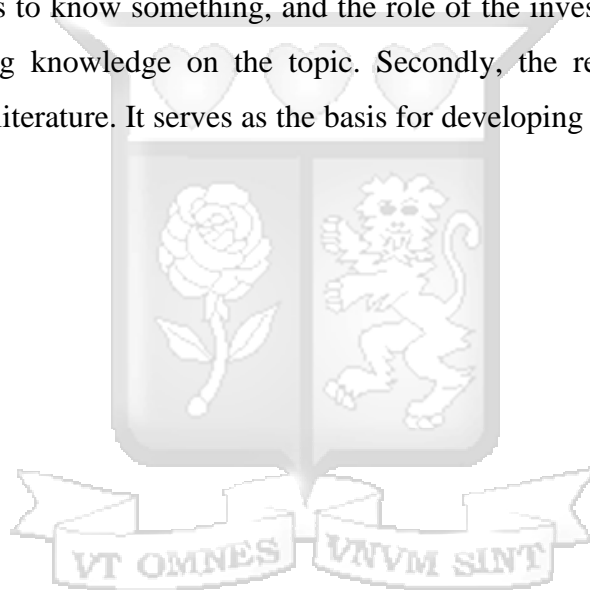
The study covered companies served by audit firms in Nairobi County as per the ICPAK listing of registered firms. The study covered Nairobi County due to the centralization of the majority and the best audit firms and their clients. The population included clients of all registered audit firms in Nairobi County, regardless of their size and years of operation. The study was conducted between April and August 2022.

1.7 Significance of the study

This research is useful to several stakeholders who benefit from the findings and recommendations. In particular, the research is of great use to three distinct groups – policymakers, practitioners, and researchers. It offers valuable insights to help policymakers identify critical problems, especially with regard to quality audits and perceived client satisfaction. In doing so, the stakeholders can develop practical solutions by developing policies aimed at addressing the problem. The role of the research in informing policymaking begins by defining the contours of a particular issue, audit quality characteristics, and its impact on client satisfaction.

This being an inquiry in the auditing field, by extension, its findings and recommendations are pertinent to auditors. As established earlier, auditors are expected to operate along the provisions of audit quality to produce dependable opinions regarding financial statements. The ability to adhere to these provisions affects different aspects of audit reports, including the extent to which clients are fulfilled with the services. Therefore, the research demonstrates how audit quality impacts client satisfaction, and in doing so, it highlights the cruciality of (or lack of) audit documentation, independence, and ethics in auditing practice.

Lastly, the research benefits researchers in two ways. Firstly, it offers insights into the subject matter to provide researchers with up-to-date knowledge of the phenomenon. Research begins when an individual wants to know something, and the role of the investigation is to serve as the starting point for gaining knowledge on the topic. Secondly, the research also helps future researchers expand their literature. It serves as the basis for developing hypotheses that can guide their investigations.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter of the study covers a comprehensive review of scholarly journals, books, and other relevant scientific sources on the effects of audit quality characteristics on client satisfaction of audit firms. More specifically, the chapter describes analyses and critiques previous research on the topic. Literature review helps in building a theoretical framework for and determining the nature of the research. At the end of the chapter, the research gap is identified, and the study's conceptual framework is developed.

2.2 Theoretical Framework

A theoretical framework in the realm of scientific inquiry refers to the foundational review of existing theories that serve as a roadmap for establishing arguments in a study. Kivunja (2018) clarifies that researchers utilize theories to explain the phenomenon, draw conclusions, and make predictions, demonstrating that a research topic is grounded in established ideas. The theories that made for a theoretical framework for the study include agency theory and policeman theory. Multiple theories were selected to produce new perspectives and new research agendas.

2.2.1 Agency Theory

Agency theory is a theoretical model that provides a framework for understanding the principle-agent relationship and resolving issues and conflicts around this relationship. It was propounded by Stephen Ross and Barry Mitnick in 1973 (de Almeida, 2014). Usually, in this relationship, an agent represents the principal. Therefore, an agent is expected to prioritize the interests of the principle over their own self-interests in business transactions. In auditing, the theory is used to define the relationship between shareholders and their auditors and also used to resolve issues between the parties. Auditors are appointed to provide confidence and reinforce trust in an organization's financial information (de Almeida, 2014). This principal-agent relationship is depicted by agency theory—an important theoretical model for understanding how auditing develops and works. According to the model, the principal, in this case, the business owner, may

appoint an agent, for example, an external auditor, and place them in critical decision-making authority (de Almeida, 2014). In this kind of relationship, the principal assumes that their agent serves and acts to fulfill their best interests. However, as de Almeida (2014) points out, in some cases or under certain circumstances, agents' motives may differ from the principal.

In auditing, this can be due to a wide range of factors. For example, financial rewards, market opportunities, and the association with third parties that may not be pertinent to the principal or their interests. In this case, for example, as de Almeida (2014) and Aledwan et al. (2015) suggest, as agents, auditors may exhibit optimism about an organization's financial or overall performance under their contract with the shareholders as opposed to what the reality would suggest. Also, agents may be more risk-averse than principals. Therefore, with the sources of information asymmetries between agents and principals in auditing practice, auditors may have a higher incentive to provide biased judgment (de Almeida, 2014). At the same time, principals may raise concerns, especially in situations where agents have information the principals do not have access to.

The agency theory is an excellent model of economic accountability in understanding the development of audit quality attributes and their impact on client satisfaction. This is because, according to Kamuruchi (2016), corporate problems and corporate failures with financial reporting have spawned debates among users of financial statements, legislators, and researchers about the role of auditors in mitigating agency problems. The effective fulfillment of this role, to a significant extent, depends on the technical competence of auditors as influenced by audit quality attributes. When an auditor performs their roles to the best of their standards and expectations, clients and other stakeholders become fulfilled with their services. Therefore, agency theory provided an invaluable framework for determining the relationship between audit quality subject to audit documentation, auditor independence, code of conduct, and client satisfaction.

2.2.2 Policeman Theory

The policeman theory is a prominent audit quality model that postulates that an auditor has a duty to search, discover, and prevent fraudulent activities (Owolabi & Olagunju, 2020). The scholar behind the theory remains unknown, but Ogoun and Odogu (2020) trace its origin to the 1940s in the field of auditing. According to the theory, an auditor is responsible for providing reasonable

assurance and independent, honest, and fair reviews of financial statements (Owolabi & Olagunju, 2020). Because of numerous financial scandals in Kenya in the recent past, there has been increasing pressure for audit firms to detect and report such cases. Modern society expects auditors to be responsible for fraud detection as audit reports are increasingly used for various purposes, including critical financial decisions (Volosin, 2008). This is particularly true because detecting and reporting unscrupulous activities in financial statements boosts public confidence. The theory also suggests that auditors have a duty of care to the end-users of audit reports and, in this sense, must take into account risks of material misstatements due to fraud when calculating audit risks (Owolabi & Olagunju, 2020). The policeman theory was instrumental in studying the extent to which the auditors conduct their duty of searching, discovering, and preventing fraudulent activities in their application of audit quality characteristics and how this impacts the extent to which clients are satisfied with audit firms.

2.3 Empirical Literature

Audit quality characteristics as a concept have been widely explored. Brown, Gissel, and Neely (2016) and Harris and Williams (2020) deeply examine the concept of audit qualities and its indicators. They understand it as a key aspect that creates an environment designed to maximize the probability of performing quality audits consistently. According to Brown, Gissel, and Neely (2016), there are 28 audit quality indicators, as proposed by the Public Company Accounting Oversight Board (PCAOB), grouped into three dimensions—audit process, audit results, and audit professionals. Although not an extensively researched field, the relationship between audit quality attributes and client satisfaction is explored. The few available studies suggest a positive correlation between audit quality and client satisfaction. That is, an audit firm that practices within the requirements of audit quality has a higher client satisfaction score than firms that do not.

2.3.1 Audit Quality

Audit quality refers to an auditor's ability to detect breaches in accounting standards and has the incentive to report these breaches. An auditor's primary role is to verify the accuracy and correctness of financial statements. So, according to Ettredge et al. (2014) and Cahan and Sun (2015), audit quality attributes enable auditors to fulfill this role. Audit quality is subject to a diverse range of attributes, including responsiveness to clients' needs, industry expertise, audit

documentation, compliance with general auditing standards, audit team expertise and experience, auditor independence, and code of conduct of audit members in an audit firm (Cahan & Sun, 2015). These attributes ensure that the functions performed by auditors have the following qualities: accuracy, truthfulness, objectivity, clarity, timeliness, and completeness (Chi et al., 2017).

Generally, large audit firms tend to be more associated with audit quality than their smaller counterparts. Sulaiman (2018) and Marsudi (2020) point out that, unlike smaller audit firms, large audit firms, with examples including PwC, EY, Deloitte, and KPMG, are more independent. Furthermore, because of their sizes, especially the big international audit firms, they do not have clients that are more important to them than others. Therefore, they are less likely to be inclined towards favoring or being influenced by certain clients in their auditing functions. More notably, large audit firms have taken time to establish their brand reputation and thus have more incentives to protect such brand images because they have more to lose if they misreport or engage in poor audit quality practices (Darmawan et al., 2016; Redmayne, 2013; Satria, 2019).

However, this is not always the case. In Kenya, for instance, large audit firms, including the big 4—KPMG, EY, Deloitte, and PwC have been implicated in numerous scandals both in the public and private sectors. A recent publication by Mwanyasi (2018) in *Business Daily* proves this. For instance, China Integrated Energy, a client of KPMG, was reported to be producing at full blast; it was later discovered that the company was dormant for months; Muddy Waters, audited by EY, was reported to own Sino-Forest. It was later discovered that Sino-Forest did not exist; Steinhoff International Holdings, a client of Deloitte, was on the brink of collapse following accounting scandals that spanned several years (Mwanyasi, 2018). These scandals prove, at least from Kenya's context, that the idea that the larger the audit firm, the higher the audit quality practices remain a fallacy.

Individual auditors have a responsibility to determine audit quality, no matter their size. Mabinda (2012) argued that the fall of Enron, which was essentially attributed to misconduct from one of its audit firms, had raised many questions. Mabinda (2012) further provides scientific proof explaining that the big four audit firms are not living up to their reputation and expectations in emerging markets such as the Association of South Asian Nations (ASEAN). Essentially, no major differences exist between the big four and non-big four audit firms as far as audit quality

characteristics are concerned. Such observations raise concerns about what drives individual audit firms to stick to audit quality attributes.

A major drive for audit quality is firm size. According to Sulaiman (2018) and Marsudi (2020), most firms want to attain and maintain an excellent image in the market. Therefore, they will focus on reputation as a significant basis for audit quality. Another major driver of audit quality is the strictness of regulations, policies, and standards (Aziza & Agus, 2019). Firms operating in countries with a strong legal environment and stringent auditing standards are more likely to promote audit quality than those that do not (Watkins et al., 2014). Client satisfaction and loyalty is other major factor for audit quality. Audit firms are primarily driven by the need to make profits, just like any other business enterprise (Watkins et al., 2014). The desirability of their services plays a huge role in their ability to achieve this goal. Therefore, in order to attract and retain more clients, audit firms will emphasize audit quality.

2.3.1.1 Audit Documentation

Audit documentation is one of the standards of auditing functions today. It refers to the written records of the procedures an auditor performs, the evidence they obtain, and the conclusions they arrive at as part of the audit process (Safonova et al., 2018). Also referred to as an audit working paper, the goal of documentation is to set a framework for the conclusions an auditor makes and support their representations, whether or not these reports exist in the report of an auditor (Safonova et al., 2018). Other reasons for audit documentation include quality control over an audit, historical proof of how the audit was conducted, helping a reviewer examine the audit process, and serving as an auditor's defense in case they are accused of negligence (Brown et al., 2016). Audit documentation plays a critical role in auditing.

There are several types of audit documentation. They include summaries of significant findings, checklists, confirmation letters, analyses conducted, representation letters, memoranda and correspondence on audit issues, and audit plans. Backof (2015) stressed that as per the requirements of ISA 230, an auditor should complete the assembly of final audit working papers after the date of the audit report. After the period, the auditor should not discard or delete audit documentation before the end of the retention period. Backof (2015) further added that in the event an auditor sees the need to modify the documentation, (a) they should provide specific reasons for

making them and (b) when and by whom they were made and reviewed. The characteristics of quality audit documentation as defined by ISA 230 standards include state clear audit objective, state year/period, and results of the test objectively; conclusions should be consistent with results, clearly referenced, and signed and dated.

2.3.1.2 Auditor Independence

Auditor independence is a leading characteristic of audit quality. In fact, according to Gerayli et al. (2011), Tepalagul and Lin (2015), and James and Izien (2014), auditor independence is the single most important feature of auditing besides competence. Independence is the degree to which an auditor is free from the influence of various parties that may have financial interests in the business being audited (Gerayli et al., 2011). It is built upon an auditor's integrity and has a significant influence on the objectivity of audit tasks. The importance of auditor independence lies mostly in an auditor's role. The primary role of an auditor is to determine if a company's financial statements are its true and fair representation of its financial position (James & Izien, 2014; Rahmina & Agoes, 2014; Jamal & Sunder, 2011; Hosseinniakani et al., 2014). Therefore, independence, as an element of audit quality, is crucial in an auditor's ability to demonstrate that they can objectively complete an auditing task.

Multiple factors can compromise the independence of an auditor. Dart (2011) and Ye et al. (2011) describe them as threats to auditor independence. Some of them include self-interest, advocacy, familiarity, intimidation, and trust threats (Ye et al., 2011; Dart, 2011). The threat of self-interest occurs when an auditor depends on a client in a financial capacity or when their close associate has some financial or other interests in the client. The advocacy threat exists when an auditor is actively involved in the affairs of defending or promoting the interests of a client. A familiarity threat exists when the relationship between an auditor and a client is too personal to the extent the auditor is familiar with directors, employees, officers, and other associates of the client (Ye et al., 2011; Dart, 2011). Intimidation threat is the actual or potential pressure an auditor is subjected to by the client that inhibits them from performing an audit objectively (Gantz, 2014). Lastly, a trusted threat comes about when an auditor is too trusting of the management and directors of the client, which influences their ability to test representations and information properly.

2.3.1.3 Code of Ethics

An auditor code of ethics comprises principles, values, and standards that govern auditors' behavior and their everyday work. A more comprehensive and accurate definition is provided by Ahmed (2010), who points out that the code of ethics defines and stipulates what to expect from auditors and audit firms while conducting audits. Code of ethics plays a critical role in establishing a culture of professionalism in the auditing industry (Ahmed, 2010). The role of professional auditors is to build their community's economic welfare and that of the country with their behavior, attitude, and unique services (Papachristou & Bekiaris, 2020; Callaghan et al., 2012). Auditors have a general responsibility of fulfilling public interests and upholding the reputation of the profession. So, they must maintain a high level of performance by the ethical requirements. Some of the principles include a risk-based approach, independence, fair representation, confidentiality, due professional care, integrity, and an evidence-based approach.

2.3.2 Client Satisfaction

Satisfaction is a fulfillment response by a customer; it is the degree to which a customer feels pleasant or unpleasant with the goods or services offered. According to Mabinda (2012), satisfaction is measured by evaluating whether a product or service meets the needs and expectations. In his study, Mabinda (2012) further found a high intercorrelation between customer satisfaction and the perception of quality. For instance, some studies suggest the general perception of product or service quality is driven by customer satisfaction, while others believe the perception of quality influences satisfaction (Woźniak, 2021; Tilbury et al., 2010; Goode et al., 2015). However, most studies are more inclined to the idea that satisfaction is a major factor of perceived quality in which quality results in satisfaction which then influences purchasing behavior (Goode et al., 2015). As such, client satisfaction is likely to be affected by the quality of audit service.

A service marketer has a principal role in closing the existing gap between what customers expect and their actual perceptions. The reason behind this is the importance of service quality on satisfaction. As Tilbury et al. (2010) further clarified, the satisfaction of a product is derived from its fitness for its intended purposes. An excellent example would mean satisfaction in an audit firm would translate to the general public having confidence in audit firms to objectively and effectively fulfill their role. Reheul et al. (2013) researched major drivers of client satisfaction in audit firms.

The research found that there are several important factors; however, three appeared across all audit firms—the quality services offered, how clients perceive auditors and their engagement, and the audit fees charged (Reheul et al., 2013).

Customer satisfaction is an extensively explored concept in empirical research owing to its importance to the world of business. A problem encountered by researchers and analysts while exploring the concept is how to operationalize it in order to measure it. For instance, Kamuruchi (2016) points out that for the measurement of customer satisfaction, a researcher must operate under some assumed model. As a result, several models of the subject matter have been proposed. The most common include the Expectations Disconfirmation Model and the Perceived Performance Model (Ring & Leopold, 2015). In the former model, which is the most common in satisfaction research, analysts compare the expectations of consumers before consuming and experiences after consuming a product or service to establish an attitude that depicts either satisfaction or dissatisfaction. The latter is relevant where the analyst believes expectations have a lesser contributing role in forming satisfaction or dissatisfaction.

The study was based on the Expectations Disconfirmation Model. In their studies, Mabinda (2012) and Kamuruchi (2016) conducted scientific inquiries to determine the elements of client satisfaction and how they are impacted by audit quality. The researchers measured the extent to which clients were satisfied with audit quality services as an aggregate of the response scores of the items included in the questionnaires. In other words, the studies measured client satisfaction on a five-point Likert scale where 1=Highly Dissatisfied; 2=Dissatisfied; 3=Neither Satisfied nor Dissatisfied; 4=Satisfied; 5=Highly Satisfied. The researchers pointed out that the scale was simple to grasp, easy to implement, and immensely reliable. That being the case, this particular study measured client satisfaction using the five-point Likert scale based on the Expectations Disconfirmation Model.

2.3.3 Effect of Audit Quality Characteristics on Client Satisfaction

Many business enterprises, including organizations not essentially driven by profit maximization goals, relentlessly focus on delivering quality products and services. Accordingly, audit firms prioritize quality service for multiple reasons, including driving client satisfaction and loyalty. As mentioned in the earlier section of the document, poor audit practices cause a firm to become less

desirable in the market; it causes current clients to become less satisfied with an audit firm and, therefore, not want to engage them in future dealings. The vice versa is also true. Also, audit firms, especially the big four, wish to maintain a positive brand reputation. They achieve this by maintaining a higher level of quality services which drives satisfaction among its clients. Therefore, audit quality has a tremendous impact on client satisfaction.

2.3.3.1 Audit Documentation and Client Satisfaction

The correlation that exists between audit documentation and the satisfaction of clients of audit firms is an extremely understudied phenomenon. There is insufficient scientific evidence demonstrating how and the extent to which audit documentation, as an attribute of audit quality, impacts client satisfaction. Nonetheless, a few available studies can help determine the correlation between the two variables. For instance, Al Sawalqa (2014) investigated the impact of external audit service quality on client satisfaction. The elements of audit quality studied include independence, responsiveness, executive involvement, and working audit papers. The study found that the audit quality attributes had a positive impact on satisfaction. However, the degree of impact varies with individual attributes. Working audit papers or audit documentation had a moderate impact compared to other attributes.

Another study conducted by Marsely (2020) examined the relationship between the two variables. The study focused on every dimension of the 12 attributes of audit quality, excluding audit committee involvement. Interestingly, the study found that competence, documentation, auditor skepticism, high ethical standards, and independence had no correlation with client satisfaction. This is not withstanding the fact that these attributes are common in auditing circles. However, communication and documentation had a huge impact on client satisfaction. To some extent, Al Sawalga's (2014) findings on audit documentation vary from those of Marsely's (2020).

Another interesting study that offers another perspective on the relationship between documentation and client satisfaction was carried out by Boiyon et al. (2020). The scientific inquiry focused on the role of quality management systems on client satisfaction. The study was contextualized to public universities. Across the eight universities studied, Boiyon et al. (2020) found a weak correlation between the variables, which is inconsistent with Sawalga's (2014) and Marsely's (2020) findings. Nonetheless, the study does not dive into the specifics of audit quality

attributes, making it difficult to quantify or describe the nature of the association between the variables. From the foregoing literature, the following hypothesis was developed:

H₁: There is a positive relationship between audit documentation and client satisfaction.

2.3.3.2 Auditor Independence and Client Satisfaction

Although an extensively explored subject matter, there is no single study that particularly focuses on independence and its impact on client satisfaction. Existing studies examine auditor independence alongside other attributes and their collective impact on client satisfaction. For instance, Ali et al. (2019) examined a possible mediating impact of client satisfaction between audit quality and auditor retention of SMEs. In particular, the study investigated competence and independence as attributes of audit quality. The study found that the decision of a client to retain auditor services depended more on the competence of an auditor than their independence. In other words, competence plays a more mediating client satisfaction role in auditor retention than auditor independence.

Ali et al.'s (2019) views have been substantiated by other researchers, including Mbakaya (2014), who investigated the correlation that exists between audit quality characteristics and client satisfaction in firms listed on the Nairobi Securities Exchange. To fulfill this objective, the study adopted a descriptive research design where a total of 60 firms were analyzed. Audit quality attributes analyzed included responsiveness, audit tangibility, auditors' assurance, empathy, experience, and independence. It was discovered that only two of the analyzed attributes had a significant statistical impact on client satisfaction. They included responsiveness and tangibility. This means that the rest of the characteristics, including auditor independence, had minimal impact on the degree to which clients were satisfied with auditors' services.

Contrary to Ali et al. (2019) and Mbakaya's (2014) findings, Sawalga (2014) showed that auditor independence is significantly correlated to client satisfaction. In his research, he attempted to examine the role of external audit quality services on client satisfaction in Jordan. The researcher tested the effect of various aspects of audit quality on client satisfaction, and the outcome of the study produced some interesting observations. For instance, technical competence, responsiveness, and independence were found to have a tremendous impact on client satisfaction.

No significant relationship between other factors (such as experience and executive involvement) and client satisfaction was found. Sawalqa (2014) concluded by suggesting that audit firms should place a great deal of emphasis on certain attributes, independence, responsiveness, and technical competence, in particular, in order to earn a higher level of client satisfaction.

How auditor independence correlates with client satisfaction remains a contentious issue among researchers. For instance, while disagreeing with Sawalqa's (2014) conclusion, Kalui and Mbakaya's (2014) seem to support the views of Ali et al. (2019) and Mbakaya (2014). The study focused on analyzing audit quality characteristics and satisfaction of clients of companies quoted in the Nairobi Securities Exchange, where more than 60 companies were studied. Kalui and Mbakaya (2014) reviewed multiple attributes, among them being auditors' independence, experience, empathy, responsiveness, assurance, reliability, and tangibility. Of these, only two showed a significant impact on client satisfaction – tangibility and responsiveness. The rest of the attributes, including auditor independence, did not reveal any statistical significance on the impact on client satisfaction. The following hypothesis was developed from the review of the literature:

H₂: Auditor independence has a positive effect on client satisfaction.

2.3.3.3 Code of Ethics and Client Satisfaction

Like audit documentation, the code of ethics and its relationship with client satisfaction is an understudied phenomenon. Also, no empirical research studies focus solely on the code of ethics and client relationship; the attribute is investigated alongside other audit quality attributes. For instance, in their study, Van Harling et al. (2012) investigated the nature of the correlation between quality audit attributes and client satisfaction. They used questionnaires to collect primary data from a sample of 37 financial managers from firms in the services, trade, and industrial sectors. Ordinary least squares, with the help of SPSS, were used to analyze collected data. The outcome of the analysis indicated that clients demonstrated a high degree of satisfaction due to attributes such as the attitude of care, leadership participation, experience in auditing, industry expertise, involvement in audit committees, and high ethical standards. Each of the attributes had a significance level of above 0.05, meaning, among others, a code of ethics plays a critical role in influencing client satisfaction. From the foregoing literature, the following hypothesis was developed:

H₃: Auditor ethical conduct has a positive influence on client satisfaction.

2.4 Literature Review Summary

A summary of the empirical review of previous research studies on the research topic is provided in Table 2.1, which outlines the name of the researchers and the year, objectives, and findings of the studies. Knowledge, conceptual, and methodological gaps in these studies are provided, and how the study helped fill these gaps.

Table 2.1: Literature Review Summary and Research Gap

Author	Research objective	Findings	Study gap	Filling this Gap
Al Sawalqa (2014)	To evaluate the effect of audit quality attributes on client satisfaction with audit services in Jordan	Clients in Jordan are generally satisfied with audit services. Technical competence and field work conduct were positive and significant predictors of client satisfaction. Auditor independence, responsiveness, and experience were not significant predictors.	The study only covered auditor independence out of the three independent variables	The study expanded the variables by including ethical conduct and documentation
Marsely (2020)	To examine the relationship between audit quality and	Auditor expertise and responsiveness to client needs were significant predictors	The study was limited to non-profit clients in Indonesia	The research filled the gap by focusing on

	client satisfaction in Indonesia	of client satisfaction. However, competence, independence, due care, commitment to quality, the conduct of field work, high ethical standards, and auditor skepticism were not associated with client satisfaction.		audit firms in Nairobi County
Boiyon et al. (2020)	To investigate the relationship between quality management systems of audit and customer satisfaction in public universities in Kenya	In general, a quality management system's audit has a weak impact on customer satisfaction. It only explained 22.2% of customer satisfaction of public universities in Kenya.	The limitation associated with this is conceptual. Individual elements of quality management were not defined and highlighted. The impact of these components remains unclear.	The study broke down quality management into individual components, including audit documentation, auditor independence, and ethical conduct for clarity.
Ali et al. (2019)	To examine the mediating role of perceived	A significant correlation between auditee satisfaction	The study did not break down audit quality into	The study filled this gap by focusing on

	service quality on auditee satisfaction	and perceived service quality was discovered. The study also found that perceived service quality has a significant mediating role between auditee satisfaction and compliance.	individual attributes.	three audit quality attributes
Mbakaya (2014)	To investigate the impact of audit quality on client satisfaction in Kenya	The study found an overall positive relationship between audit quality and client satisfaction. However, ethical conduct and responsiveness had a strong and significant impact on client satisfaction. The rest of the attributes, auditor independence, responsiveness, and experience, were not significant predictors of client satisfaction.	The study is comprehensive but is limited on the basis of currency. The study is more than eight years.	The study filled this gap by providing up-to-date information
Kalui & Mbakaya (2014)	To examine the relationship between audit	Generally, companies listed on Nairobi Stock Exchange were	The study was comprehensive but was only	The study focused on omitted

	quality attributes and client satisfaction for companies quoted on Nairobi Stock Exchange	satisfied with audit services. Two out of six – tangibility and responsiveness – had a positive and significant impact on client satisfaction. The rest, assurance, independence, empathy, and reliability were not significant predictors of client satisfaction.	vested in attributes such as tangibility, responsiveness, assurance, independence, empathy, and reliability.	attributes: audit documentation and ethical conduct
Van Harling et al. (2012)	To examine whether audit quality attributes affect client satisfaction	The outcome of the study suggests that responsiveness to customer needs, experience, and understanding of the industry had a strong impact on client satisfaction. However, complying with common rules, attitude of care, leadership, commitment to quality, ethics, and participation in audit committees were not	The study is broad in terms of the audit quality attributes covered. However, it did not include auditor independence and audit documentation. Also, it suffers from the problem of currency since it is more than a decade old.	The study included the omitted variables. It is also up-to-date.

significant
determinants of client
satisfaction.

Analyzed literature demonstrates that quality audit is a widely explored phenomenon. However, its relation to client satisfaction in audit firms is an under-researched field. The few existing pieces of literature that investigate the impact of audit quality on satisfaction do so in the context of business enterprises and not audit firms. In other words, the impact of audit quality characteristics on the satisfaction of audit firms needs more empirical attention. More specifically, the relationship between audit quality characteristics and client satisfaction has not been tested or examined. Audit quality characteristics include ethics, industry expertise, compliance, experience with clients, audit documentation, independence, the field of work, and responsiveness to client needs (Ibrahim et al., 2019; Marwa, 2021; Rashid, 2018).

The current body of empirical work shows that a significant number of researchers concentrate on certain variables of a quality audit, like industry expertise, compliance, and responsiveness. Meanwhile, audit documentation, independence, and ethics are not sufficiently addressed, particularly in light of client satisfaction. This presents another knowledge gap regarding the topic under investigation. The current study focused on audit documentation, auditor independence, and ethics because they are the important aspects of audit quality in auditing practice but the least studied. The study intended to bridge the identified gaps in the current body of empirical work by examining the impact of audit quality characteristics on client satisfaction of audit firms in Nairobi County.

2.5 Conceptual Framework

A conceptual framework refers to an analytical tool used to organize research. It is essentially the synthetization of interrelated components of a study and variables in an attempt to solve a research problem. The scientific inquiry hoped to explore the effect audit quality characteristics have on client satisfaction of audit firms in Nairobi County. The topic, therefore, features independent and dependent variables. In this relationship, the independent variable is the cause, while the dependent variable is the effect. The independent variables, in this case, are the audit quality characteristics

of audit documentation, independence, and ethical conduct. The dependent variable is client satisfaction. Figure 2.1 shows the relationship between the independent and dependent variables.



Figure 2.1: Conceptual Framework

Independent Variable

Dependent Variable

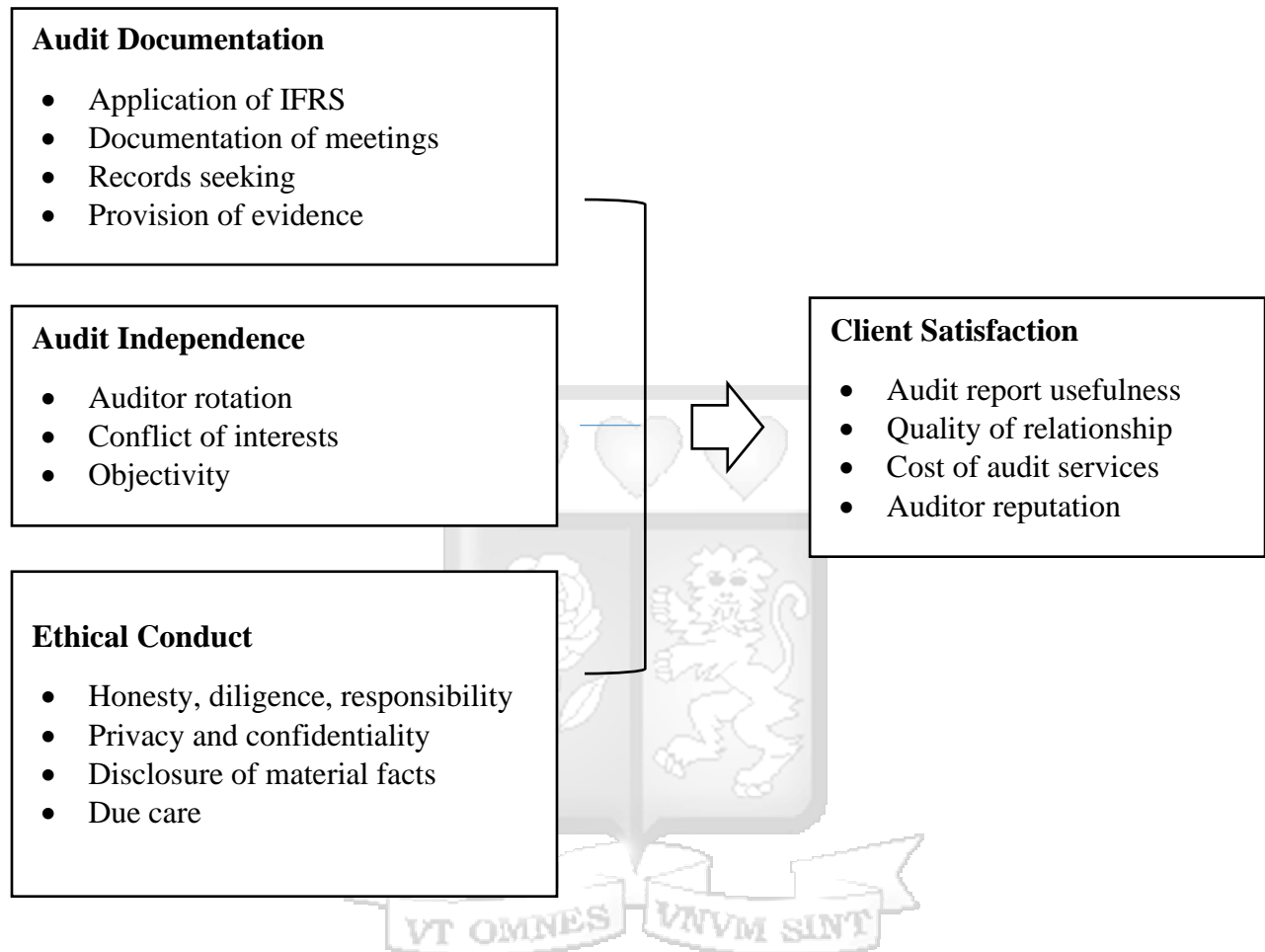


Table 2.2: Definition and Measurement of Variables

Variables	Indicators	Measurement scale	Source	Analysis
Audit documentation	<ul style="list-style-type: none">• Application of IFRS• Documentation of meetings• Records seeking• Provision of evidence	5-point Likert Scale	(Rajgopal et al., 2021)	Descriptive and inferential statistics
Audit independence	<ul style="list-style-type: none">• Auditor rotation• Conflict of interests• Objectivity	5-point Likert Scale	(Rajgopal et al., 2021)	Descriptive and inferential statistics
Auditor ethics	<ul style="list-style-type: none">• Honesty, diligence, responsibility• Privacy and confidentiality• Disclosure of material facts• Due care	5-point Likert Scale	(Toro-Arias et al., 2021)	Descriptive and inferential statistics
Client satisfaction	<ul style="list-style-type: none">• Audit report usefulness• Quality of relationship• Cost of audit services• Auditor reputation	5-point Likert Scale	(Mabinda, 2012)	Descriptive and inferential statistics

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The section of the project focuses on the methods, techniques, and procedures for collecting and analyzing data. It essentially deals with the philosophy of the research in terms of its design, Population, sampling, data collection methods, data collection instrument, and data analysis techniques.

3.2 Research Philosophy

The research adopted a positivist research philosophy. It is a paradigm of scientific research that suggests that the social world should be understood in an objective way (Su, 2017). In this philosophy, a researcher is an objective analyst and, as such, dissociates themselves from personal values and works independently. Therefore, the research is guaranteed to produce factual knowledge gained through trustworthy processes and procedures for collecting and analyzing data. That said, the findings and conclusion presented on the association between audit quality and client satisfaction are a true reflection of data obtained and analyzed in a context that is free from bias or other forms of influence.

3.3 Research Design

A research design refers to the framework that details the research methods and techniques chosen by a researcher to fulfill the research question. It primarily refers to the relevant plans put in place for data collection and analysis for a study—a theoretical framework that defines the confinement within which a researcher collects, measures, and analyzes data (Myers et al., 2013). This particular investigation adopted a quantitative research design. The design involves quantifying the collection and analysis of data making it an instrumental strategy for attempting to respond to “what” or “how” questions. In this sense, a quantitative research design was appropriate in determining how audit quality characteristics impact firm performance.

Quantitative research design encompasses a wide range of types. They include descriptive, correlational, casual-comparative, and experimental research studies. The study adopted correlational research—it aims to find out the degree of relationship between variables using statistical data (Myers et al., 2013). In this type of quantitative research design, a researcher usually sorts and interprets the relationship between a number of facts. In the process, patterns of data are recognized. As such, the design was suitable for determining the role of or relationship between audit quality characteristics (independent variables) and client satisfaction (dependent variable).

3.4 Population and Sampling

3.4.1 Population

In research, a population is a specific group of people, entities, objects, or items that a researcher studies. Simply put, a population is the sum of persona, entities, items, or objects that share a specific set of characteristics. The population for the research included organizations that receive audit services from audit firms in Nairobi County and their clients. In particular, the study involved organizations served by all the 600 audit firms in Nairobi County registered under the Institute of Certified Public Accountants of Kenya (ICPAK) (Appendix VI). These firms are listed in ICPAK's online database.

3.4.2 Sampling

A sample refers to a smaller representation of the selected population in a research study. It is the portion of the population that the researcher drew data from in an attempt to answer the research question.

3.4.2.1 Sampling Frame and Techniques

A sampling frame is a list of all the people or items forming a population from which a sample is drawn. The units of observation for the study included business enterprises that receive auditing services from audit firms in Nairobi County. More specifically, the sampling frame narrowed now to organizations that the 600 registered audit firms deliver their services. In this case, each client was to represent each audit firm.

3.4.2.2 Sampling Technique

A sampling technique is a specific and systematic approach by which a researcher selects the entities of a sample. The study incorporated the Yamane formula in determining the size of the sample, as shown below:

$$n = \frac{N}{1 + Ne^2}$$

In the formula, N represents the population, while e is the margin of error. 600 audit firms were established as the population for the study. Therefore, the sample size was:

$$n = \frac{600}{1 + 600(0.05)^2}$$

$$= 240 \text{ respondents}$$

The research selected clients served by these audit firms. Respondents, therefore, going by the formula, represented each of the registered audit firms. The study adopted a technique of simple random sampling to identify and select the 240 respondents from the target population. Random sampling is a type of probability sampling technique where an investigator selects a subset of respondents from the target population randomly (Etikan & Bala, 2017).

Table 3.1: Unit of Analysis

Sample	Unit of Analysis	Dependent Variable	Population
Clients served by audit firms	Clients per audit firms in Nairobi County	Clients of the registered firms in Nairobi County	Entities receiving services for audit firms in Nairobi

3.5 Data Collection and Measurement

In research, data collection refers to the process whereby a researcher collects and measures information on variables under investigation. The process is usually systematic and aims to allow a researcher to sufficiently respond to the stated research question, test the hypothesis, or evaluate outcomes. Data collection is one of the vital components of conducting a research study. Therefore,

Islam and Islam (2020) emphasize the importance of ensuring the accuracy and appropriateness of the process.

That being the case, a researcher must always stress accurate data collection regardless of the field or type of research. Being quantitative research, the data collection method adopted for the study was quantitative. Questionnaires were useful in gathering primary data to complete the study. A questionnaire is a data collection tool comprising a set of questions aimed at collecting information through a survey or statistical study to fulfill a research question (Paradis et al., 2016). The instrument was selected because of its cost-saving ability, scalability, data accuracy, maintaining the anonymity of respondents, practicability, and lack of bias.

The questionnaires were administered to representatives of senior management of each of the selected organizations receiving audit services from audit firms in Nairobi County, in person or through email. The questionnaires were structured in nature. That is, it included a set of standardized questions with a fixed scheme that specified the order of questions. More specifically, the structured questionnaire consisted of close-ended questions like Likert-type questions for each of the stated objectives. As such, variables were measured using a Likert five-point scale where 1 represents strongly agree, and 5 represents strongly disagree.

3.6 Data Analysis and Presentation

The filled questionnaires were collected, coded, quantified, and analysed using the Statistical Package for Social Sciences (SPSS) software and Microsoft Excel program. The research employed descriptive and inferential statistics for analysis. Descriptive statistics was instrumental in describing the key attributes of the collected data. It encompassed percentages, means, and correlations. This helped determine how the variables correlated. The analysis also employed an ordinal regression model for the purpose of determining the impact of independent variables on the dependent variable.

When fitting the multiple regression model, as shown above, the p -value in the ANOVA table is often used to find out if the model is significant (Heinze et al. (2018)). A question then arises, what predictors in the model are important. Heinze et al. (2018) propose a process known as variable selection. In the process, a subset of the predictors to include in the model from a list of all potential

subsets of predictors is identified. That said, the study used a technique known as backward selection to fit the full model. The process involved eliminating terms at a time, beginning with the ones with the highest value of p -value.

3.7 Research Quality

Research quality focuses on the reliability, validity, and overall credibility score of a scientific inquiry. For purposes of reliability and validity, a pilot test involving using questionnaires as an initial step to facilitate the project was performed. The pilot was conducted from five selected clients served by audit firms in Nairobi with the purpose of assessing the reliability of the selected research instrument, in this case, the questionnaire. The reliability of the research was further strengthened by subjecting the Likert Scale to Cronbach's alpha. It is instrumental in assessing the internal consistency of tests and measures. The accepted value was 0.75, which fell under Cronbach's acceptable 0.70 to 0.90 range. According to Rousson et al. (2012), a pilot test in research is conducted for the purpose of improving the quality and efficiency of the data collection instrument used by testing its logistics and ability to gather necessary information.

Validity was considered in every stage of this research study. Internal validity seeks to explain how and the extent to which two variables correlate. It also refers to the extent to which good inferences can be derived from the correlation (McDermott, 2011). Internal validity was ensured by ascertaining that the independent variables were solely responsible for the effects observed and no other factors. Piloting the questionnaire was also to ensure the tool only measured what it was intended to measure. External validity focuses on the generalization of the conclusions to the broader population (McDermott, 2011). It was confirmed by ensuring the sample used was a true representation of the target population.

3.8 Ethical Considerations

The research abided by the ethical principles and standards of conducting a scientific inquiry as stipulated by the institution. Approval for the process was first obtained from the Strathmore University Ethical Review Board before data collection and analysis. Proof of approval is shown by a copy of the ethical approval letter may be found in Appendix I. Once approval from the board was secured, a research license was also acquired from the National Commission for Science,

Technology, and Innovation (NACOSTI). A copy of the research license may be found in Appendix II This ensured the credibility of the research is maintained, and also, respondents are protected. The principle of informed consent was observed by involving participants in the research. The participants were given an informed consent form that details the purpose of the research, their role, and possible risks and benefits. A copy of the participants' information sheet and consent form may be found in Appendix III. Other ethical standards that were observed include autonomy, privacy and confidentiality, and anonymity.



CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

The section of the study focuses on providing findings of the data analysis. The outcomes of the data analysis process are systematically provided to capture all the aspects of the impact of audit quality characteristics on client satisfaction of audit firms in Nairobi County. More specifically, the effect of audit documentation, auditor independence, and ethical conduct on client satisfaction of audit firms in Nairobi County. In other words, data collection and analysis were performed in accordance with the research objectives.

4.2 Questionnaire Response Rate

The project targeted 240 management staff of organizations served by audit firms in Nairobi County. Out of the sample, 216 respondents filled and returned the questionnaires, translating to an 86.4% response rate. The questionnaires were then inspected for completeness, and it was found that eight questionnaires had missing responses. The missing responses were imputed using central values like mode and median. Overall, the data were considered eligible for analysis. The response rate was beyond satisfactory as per Nix et al.'s (2019) standards on generally acceptable response rate in a scientific inquiry.

Table 4.1: Questionnaire Response Rate

Category	Frequency	Percentage
Responded	216	90.00
Non-response	24	10.00
Total	240	100.00

4.3 Background of the Respondents

The demographic profile of the respondents was analyzed on the basis of gender, age, and the period of receiving audit services from their respective audit firms. The demographic background

of the sample is presented in Table 4.2. The outcome of the analysis demonstrated that the majority of the respondents were male at 65.28%. Most of the respondents, or 25.93%, were in the 36–40-year age range, followed closely by the 41-45 range at 22.22%. Most (41.67%) of the firms had received audit services from their respective auditors in less than five years.

Table 4.2: Background of the Respondents

Characteristic	Frequency	Percentage
Gender		
Male	141	65.28
Female	75	34.72
Total	216	100
Age		
25 and below	10	4.63
26-30	20	9.26
31-35	37	17.13
36-40	56	25.93
41-45	48	22.22
46-50	26	12.04
Above 50	19	8.80
Total	216	100
How Long has your company been receiving audit services from your current audit service provider?		
Less than 5	90	41.67
6-10	70	32.41
11-15	35	16.20
More than 15	21	9.72
Total	216	100

4.4 Reliability and Validity Test

The internal consistency of the data collection instrument was assessed using Cronbach’s Alpha, α , that range between 0 and 1. According to Rousson et al. (2012), it’s recommended to have an alpha value greater than 0.7, implying that the dataset has good internal consistency. Table 4.3 indicates that the variables attained the acceptable range of alpha value.

Table 4.3: Test of Reliability of Variables

Construct	Cronbach's Alpha	N of Items
Client Satisfaction	.887	5
Audit Documentation	.763	5
Auditor independence	.701	6
Ethical conduct	.852	6

4.5 Descriptive Statistics

4.5.1 Client Satisfaction

The study aimed to examine the impact of audit quality characteristics on client satisfaction of audit firms in Nairobi County. The respondents were therefore required to indicate their level of satisfaction with the audit firms with regard to the independent variables. A 5-point Likert scale was used where 1=highly dissatisfied, 2=dissatisfied, 3=neither satisfied nor dissatisfied, 4=satisfied, and 5=highly satisfied. Table 4.4 illustrates the descriptive statistical summary of the elements of the study's variable.

Table 4.4: Client Satisfaction

Item	1	2	3	4	5	Mean	SD
The overall satisfaction level of services offered	0 (0%)	0 (0%)	8 (3.7%)	91 (42.1%)	117 (54.2%)	4.591	.571
The usefulness of audit reports	0 (0%)	0 (0%)	16 (7.4%)	56 (25.9%)	144 (66.7%)	4.505	.862
The image and reputation of the company are excellent	5 (2.3%)	3 (1.4%)	31 (14.4%)	34 (15.7%)	143 (66.2%)	4.421	.947
Quality of the relationship between the organization and the audit firm	0 (0%)	2 (0.9%)	29 (13.4%)	77 (35.6%)	108 (50.0%)	4.347	.744
The price for audit services matches the quality	26 (12.0%)	49 (22.7%)	68 (31.5%)	41 (19%)	41 (19%)	3.082	1.224
Overall mean						4.177	.822

According to the findings, the overall mean for client satisfaction is 4.177 at 0.822 standard deviations. The finding then suggests that, on average, most respondents are satisfied with the services of their audit firms. The item, “The overall satisfaction level of services offered” had the highest mean ($Mean = 4.591, SD = 0.571$), which implies that the majority of the respondents (54.2%) were highly satisfied with their respective audit firms. However, the item, “The price for audit services matches the quality” had the lowest mean ($Mean = 3.082, SD = .744$), suggesting that most respondents (31.5%) were neither satisfied nor dissatisfied with the price of audit services vis-à-vis audit quality.

4.5.2 Audit Documentation

Audit documentation as a dependent variable was investigated. Documentation practices such as adherence to IFRS, meetings, documentation of resolutions, provision of evidence for audit reports, gathering of records, and formal letters were used as parameters. Table 4.5 illustrates the descriptive statistics from the responses.

Table 4.5: Audit Documentation

Item	1	2	3	4	5	Mean	SD
Seeks and gathers all records and information about an audit subject	0 (0%)	10 (4.6%)	43 (19.9%)	76 (35.2%)	87 (40.3%)	4.111	.882
Attends all client-auditor meetings, documents the resolutions, and implements the same	1 (0.5%)	3 (1.4%)	45 (20.8%)	95 (44.5%)	72 (33.3%)	4.083	.797
Demonstrate competent in their application of IFRS	1 (0.5%)	7 (3.2%)	42 (19.4%)	106 (49.1%)	60 (27.8%)	4.005	.804
Provides a detailed management letter of the key findings of the audit	1 (0.5%)	23 (10.6%)	63 (29.2%)	51 (23.6%)	78 (36.1%)	3.843	1.049
Provides a trail of evidence to cross-reference audit results	0 (0%)	29 (13.4%)	68 (31.5%)	81 (37.5%)	38 (25%)	3.593	.930
Overall mean						3.927	.893

The findings revealed an overall mean of 3.927 at 0.893 standard deviations for audit documentation. This result confirms that overall, respondents were satisfied with the audit documentation practices demonstrated by their auditors ($Mean = 3.927, SD = 0.893$). The item, “Seeks and gathers all records and information about an audit subject” had the highest mean ($Mean = 4.111, SD = 0.882$) implying that most respondents (40.3%) were highly satisfied with the provision of a management letter detailing key findings of audits. The item, “provides a trail of evidence to cross-reference audit results” had the lowest mean ($Mean = 3.593, SD = 0.930$) implying that most respondents (37.5%) were neither satisfied nor dissatisfied with auditors' practice of seeking and gathering evidence.

4.5.3 Auditor Independence

Auditor independence and its effect on client satisfaction were also investigated. Auditor independence standards and practices like free from outside control, lack of conflict of interest, objectiveness, and self-reliance were assessed. The descriptive statistics from the analysis are shown in Table 4.6.

Table 4.6: Auditor Independence

Item	1	2	3	4	5	Mean	SD
Does not have a financial interest in the company	0 (0%)	0 (0%)	0 (0%)	29 (13.4%)	187 (86.6%)	4.866	.342
Does not offer non-audit services to the organization to avoid conflict of interests	0 (0%)	2 (0.9%)	17 (7.9%)	42 (19.4%)	155 (71.8%)	4.620	.671
Does not perform management functions or make management decisions for the organization	0 (0%)	1 (0.5%)	28 (13%)	45 (13.0%)	142 (65.7%)	4.519	.734
Conducts audits freely and objectively	0 (0%)	3 (1.4%)	16 (7.4%)	141 (65.3%)	56 (25.9%)	4.157	.605
Auditors are rotated on different assignments to enhance the independence of the firm	13 (6.0%)	40 (18.5%)	58 (26.9%)	90 (41.7%)	15 (6.9%)	3.25	1.031

Its representatives don't engage in practices that can compromise their independence or that of the firm	18 (8.3%)	42 (19.4%)	70 (32.4%)	58 (26.9%)	28 (13.0%)	3.167	1.137
Overall mean						4.096	.753

The findings suggest that respondents were satisfied with the independence standards exhibited by the auditor ($Mean = 4.096, SD = 0.753$). The item, “does not have a financial interest in the company” had the highest mean ($Mean = 4.866, SD = 0.342$) suggesting that most respondents (86.6%) were satisfied with the fact that their auditors lacked financial interest in their organizations. All the items had a mean of around 4 except for “auditors are rotated on different assignments to enhance the independence of the firm” ($Mean = 3.25, SD = 1.031$). This suggests that, in general, respondents neither were satisfied nor dissatisfied with the rotation of auditors for different audit assignments to enhance auditor independence.

4.5.4 Ethical Conduct

Auditors' ethical conduct practices were also investigated. Parameters such as competency, confidentiality, objectivity, and integrity were used. Table 4.7 is an illustration of descriptive statistics from analyzed responses.

Table 4.7: Ethical Conduct

Item	1	2	3	4	5	Mean	SD
Only discloses materials facts backed by evidence and avoids reporting activities under review	0 (0%)	1 (0.5%)	4 (1.9%)	28 (13.0%)	183 (84.7%)	4.819	.462
Only engage in services for which they are set out to do	0 (0%)	0 (0%)	7 (3.2%)	34 (15.7%)	175 (81.0%)	4.778	.489
Ensures the records and information of the organization are protected from unauthorized parties and used only for auditing purposes	0 (0%)	0 (0%)	14 (6.5%)	49 (22.7%)	153 (70.8%)	4.644	.601

Refrain from activities or practices that may impair their unbiased assessment	4 (1.9%)	4 (1.9%)	33 (15.4%)	92 (42.6%)	83 (38.4%)	4.139	.873
Exercise due care in their engagements	3 (1.4%)	12 (5.6%)	59 (27.3%)	89 (41.2%)	53 (24.5%)	3.819	.915
Auditors perform their work with all honesty, diligence, and responsibility	3 (1.4%)	7 (3.2%)	73 (33.8%)	78 (36.1%)	55 (25.5%)	3.810	.903
Overall mean						4.335	.707

The findings revealed that the overall mean for satisfaction with auditors' ethical conduct was 4.335 at 0.707 standard deviations. This implies that on average, respondents were satisfied with the level of ethical conduct displayed by their respective auditors ($Mean = 4.335, SD = 0.707$). The item, "only discloses materials facts backed by evidence and avoids reporting activities under review" produced the highest mean ($Mean = 4.819, SD = 0.462$). This implies that most of the respondents (84.7%) were highly satisfied with how auditors protect their organizations' records and information. However, the item, "exercise due care in their engagements" had the least mean ($Mean = 3.745, SD = 1.01$). This suggests that respondents were neither satisfied nor dissatisfied with auditors exercising due care.

4.6 Exploratory Factor Analysis

Exploratory factor analysis as a multivariate statistical method was employed for the purpose of uncovering the underlying structure of each of the variables investigated. Before that, however, the suitability of the data for the factor analysis was first tested. According to Shrestha (2021), Kaiser-Meyer-Olkin (KMO) values that fall between 0.8 and 1 indicate that sampling is adequate. A KMO value of below 0.5 indicates that sampling may not be adequate. For this reason, in Table 4.8 the KMO values obtained exceeded the recommended value of 0.5. However, some of the variables did not reach statistical significance as per Bartlett's Test of Sphericity.

Table 4.8: KMO and Bartlett's Test

Constructs	KMO	Approx. Chi-Square	df	Sig.
Client satisfaction	.509	4.826	10	.903

Audit documentation	.491	15.041	10	.131
Auditor independence	.527	25.591	15	.043
Ethical conduct	.481	12.598	15	.119

4.6.1 Client Satisfaction

The study applied the principal component analysis to identify items under client satisfaction that account for more variability and extract new factors based on the total variance explained. Table 4.9 outlines the outcome of the process.



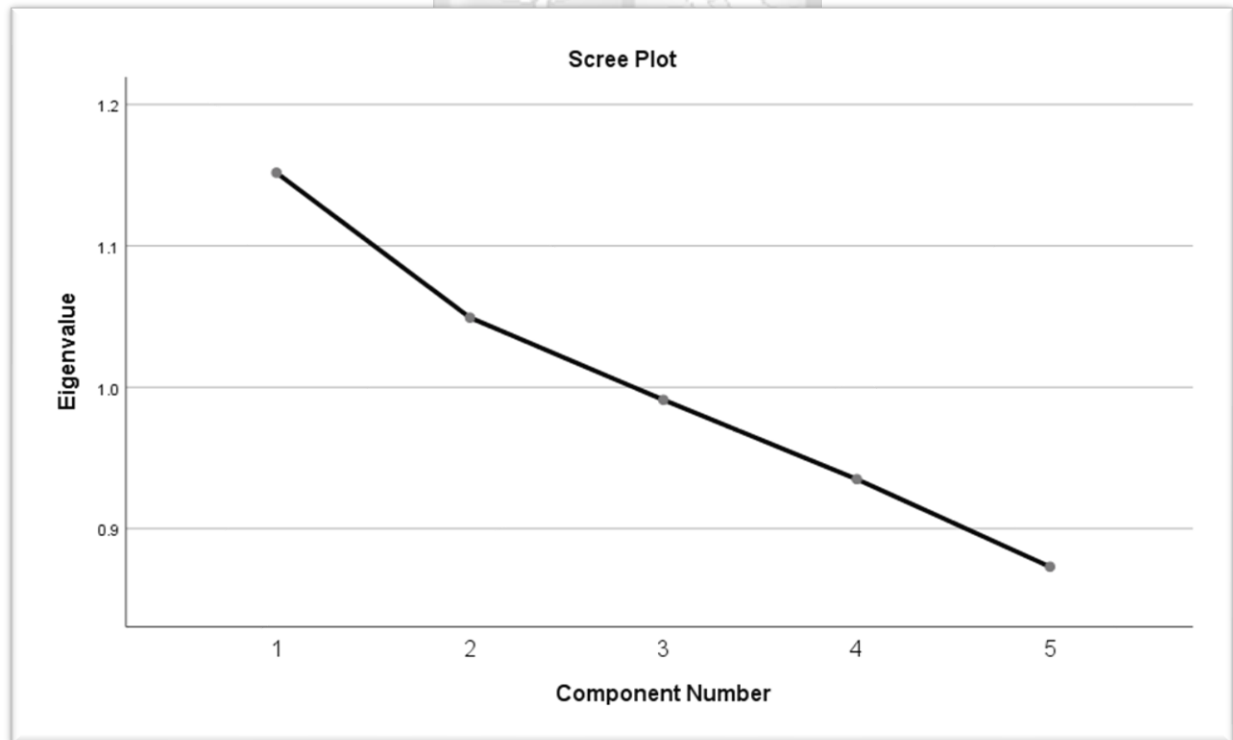
Table 4.9: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.152	23.034	23.034	1.152	23.034	23.034
2	1.049	20.985	44.019	1.049	20.985	44.019
3	.991	19.821	63.841			
4	.873	18.699	82.540			
5	.811	17.460	100.000			

Extraction Method: Principal Component Analysis.

The principal component analysis demonstrated that two key components can be extracted from the client satisfaction variable. These components met the criteria of exceeding the minimum eigenvalue value of 1.0 for the analysis. Figure 4.1 is a Scree Plot illustration of a clear break after the second component.

Figure 4.1: Client Satisfaction Scree Plot



The two-component solution explains a total of 44.019% of the variance where component 1 and 2 contributed 23.034% and 20.985%, respectively. A varimax rotation analysis was further performed to help interpret these two components. Table 4.10 breaks down the loading strengths and all variables had substantial loading on the two components.

Table 4.10: Rotated Component Matrix^a

	Component	
	1	2
The overall satisfaction level of services offered	.441	
The usefulness of audit reports	.442	
The image and reputation of the company are excellent	.565	
Quality of the relationship between the organization and the audit firm		.441
The price for audit services matches the quality		.539

Extraction Method: Principal Component Analysis
 Rotation Method: Varimax with Kaiser Normalization
 a. Rotation converged in 3 iterations.

From the table, the first factor (Component 1) indexed the overall fulfilment of the audit firms and had a strong loading on the first three items. The item, “the image and reputation of the company are excellent” which indexed how clients perceived audit firms, had the highest loading. The second factor (Component 2), which seemed to index the quality of the relationship between audit firms and clients, had strong loading on the rest of the two items with “the price for audit services matches the quality” having the highest loading.

4.6.2 Audit Documentation

The analysis employed the principal component analysis to determine items responsible for more variability and utilize the total variance explained to extract new factors. The outcome is illustrated in Table 4.11.

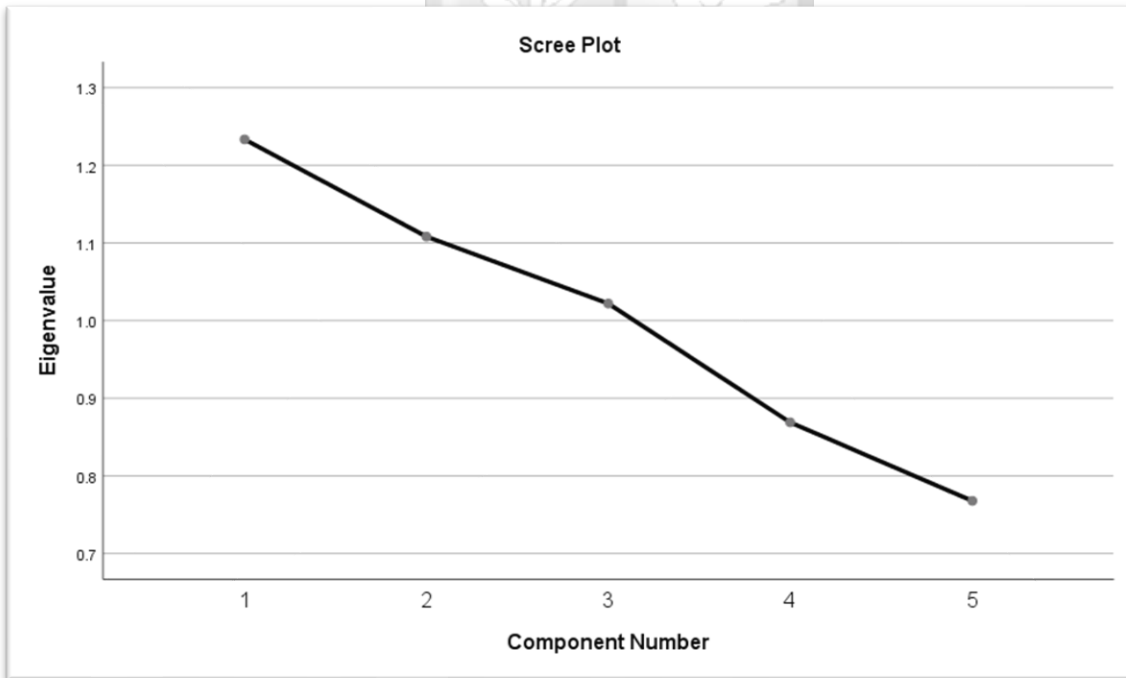
Table 4.11: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.233	24.667	24.667	1.233	24.667	24.667
2	1.108	22.162	46.830	1.108	22.162	46.830
3	1.022	20.438	67.268	1.022	20.438	67.268
4	.869	17.377	84.645			
5	.768	15.355	100.000			

Extraction Method: Principal Component Analysis

The principal component analysis demonstrated that three key components can be extracted from the audit documentation variable. These components met the criteria of exceeding the minimum eigenvalue value of 1.0 for the analysis. Figure 4.2 is a Scree Plot illustration of a clear break after the third component.

Figure 4.2: Audit Documentation Scree Plot



The three-component solution explains a total of 67.268% of the variance where components 1, 2, and 3 contributed 24.667%, 22.162%, and 20.438%, respectively. A varimax rotation analysis was

further performed to help interpret these three components. Table 4.12 breaks down the loading strengths and all variables loading substantially on the two components.

Table 4.12: Rotated Component Matrix^a

	Component		
	1	2	3
Provides a detailed management letter of the key findings of the audit	.680		
Demonstrate competence in their application of IFRS		.742	
Attends all client-auditor meetings, documents the resolutions, and implements the same		.567	
Seeks and gathers all records and information about an audit subject			.471
Provides a trail of evidence to cross-reference audit results			.773

Extraction Method: Principal Component Analysis
 Rotation Method: Varimax with Kaiser Normalization

a. Rotation converged in 9 iterations.

From the table, the first factor (Component 1) correlates strongly with the first item which indexes the representation of the completeness of the audit process. Factor two (Component 2) strongly correlates with the next two items. These items relate to documentation procedures and the item, “demonstrate competence in their application of IFRS” had the highest loading. Factor three (Component 3) had a strong loading on the last two items which seem to measure the effects of audit evidence. The item “provides a trail of evidence to cross-reference audit results had the highest loading on the factor.

4.6.3 Auditor Independence

The analysis employed the principal component analysis to determine items responsible for more variability and utilize the total variance explained to extract new factors. The outcome is illustrated in Table 4.13.

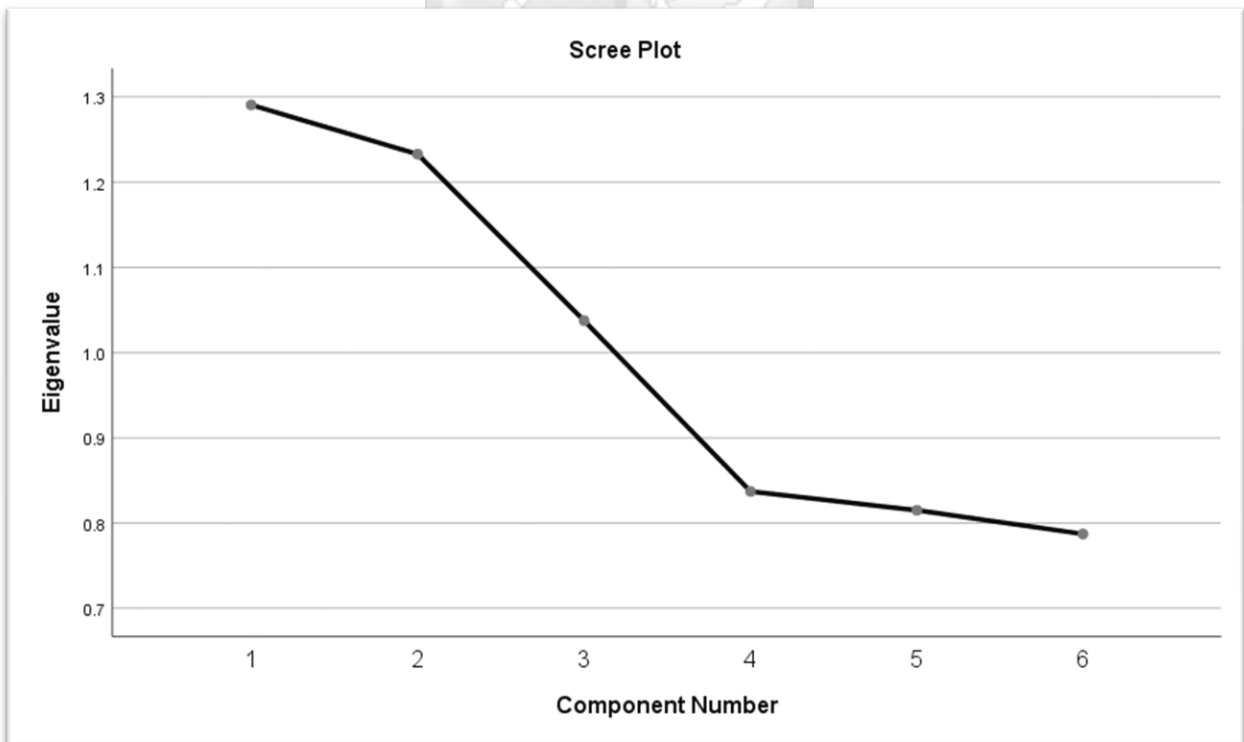
Table 4.13: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.290	21.508	21.507	1.290	21.508	21.507
2	1.233	20.545	42.053	1.233	20.545	42.053
3	1.038	17.294	59.346	1.038	17.294	59.346
4	.837	13.952	73.298			
5	.815	13.583	86.881			
6	.787	13.119	100.000			

Extraction Method: Principal Component Analysis

The principal component analysis demonstrated that three key components can be extracted from the audit documentation variable. These components met the criteria of exceeding the minimum eigenvalue value of 1.0 for the analysis. Figure 4.3 is a Scree Plot illustration of a clear break after the third component.

Figure 4.3: Auditor Independence Scree Plot



The three-component solution explains a sum of 59.346% of the variance where components 1, 2, and 3 contributed 21.508%, 20.545%, and 17.294%, respectively. A varimax rotation analysis was further performed to help interpret these three components. Table 4.14 breaks down the loading strengths and all variables were found with substantial loading on the two components.

Table 4.14: Rotated Component Matrix^a

	Component		
	1	2	3
Does not have a financial interest in the company	.631		
Auditors are rotated on different assignments to enhance the independence of the firm	.453		
Conducts audits freely and objectively	.447		
Does not offer non-audit services to the organization to avoid conflict of interests		.634	
Does not perform management functions or make management decisions for the organization		.447	
Its representatives don't engage in practices that can compromise their independence or that of the firm			.553

Extraction Method: Principal Component Analysis
 Rotation Method: Varimax with Kaiser Normalization
 a. Rotation converged in 9 iterations.

From the table, factor one (Component 1) had a strong loading on the first three items. Out of the three items, “does not have a financial interest in the company” had the highest loading. The second factor (Component 2) had strong loading on the next two items which seems to suggest the lack of decision-making capacity in the client’s company. The third component had a strong loading on the last item, which seems to suggest the practice of maintaining independence.

4.6.4 Ethical Conduct

There was the need for clarification on the items that accounted for more variability. As such, the analysis employed the principal component analysis which was further used to extract new factors based on the total variance explained. Table 4.15 illustrates the results of the analysis.

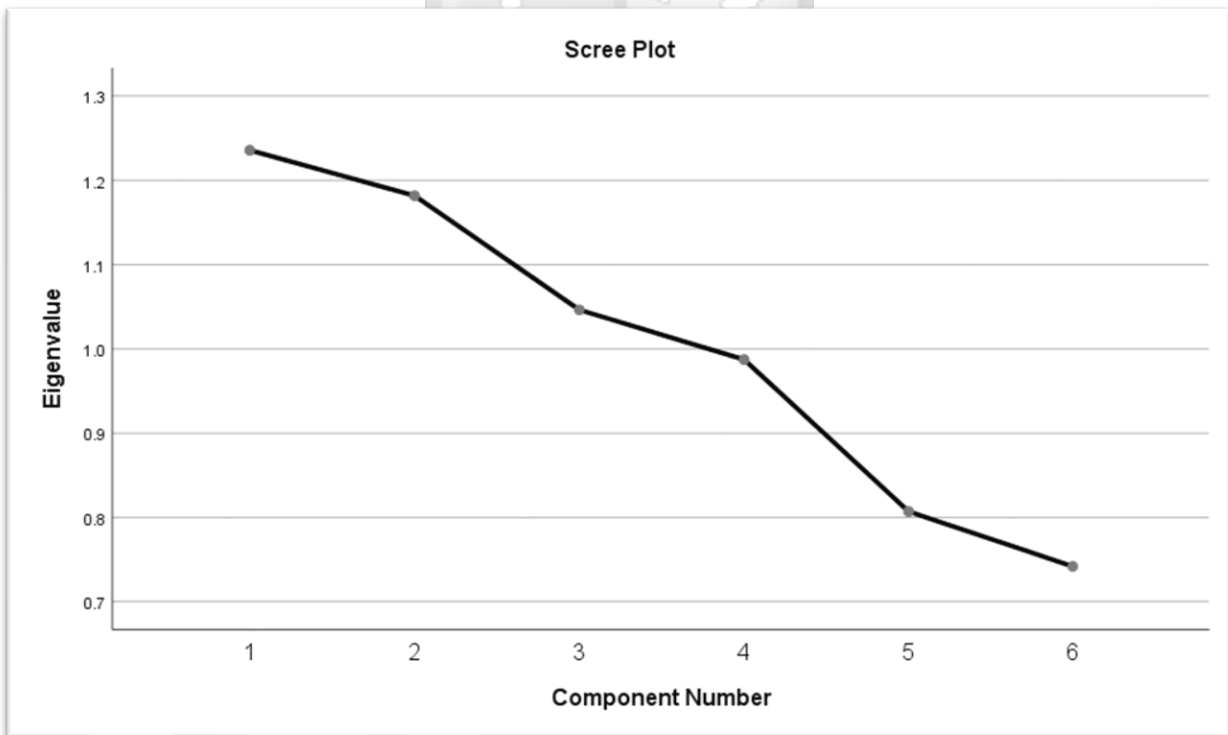
Table 4.15: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.236	20.592	20.592	1.236	20.592	20.592
2	1.184	19.696	40.288	1.184	19.696	40.288
3	1.046	17.440	57.728	1.046	17.440	57.728
4	.987	16.458	74.186			
5	.807	13.451	87.637			
6	.742	12.363	100.000			

Extraction Method: Principal Component Analysis

There were three main components extracted for ethical conduct as revealed by the principal component analysis which had values exceeding the minimum eigenvalue value of 1.0 for the analysis. There is a clear breakdown after the third component from a further inspection of the scree plot as shown in Figure 4.4.

Figure 4.4: Ethical Conduct Scree Plot



These components accounted for 57.728% of the total variance explained with component 1 contributing 20.592% and components 2 and 3 at 19.696% and 17.440% respectively. The study performed variance rotation to assist in interpreting these three components. The outcome is shown in Table 4.16.

Table 4.16: Rotated Component Matrix^a

	Component		
	1	2	3
Auditors perform their work with all honesty, diligence, and responsibility	.589		
Only discloses materials facts backed by evidence and avoids reporting activities under review	.451		
Only engage in services for which they are set out to do		.628	
Exercise due care in their engagements		.608	
Refrain from activities or practices that may impair their unbiased assessment			.630
Ensures the records and information of the organization are protected from unauthorized parties and used only for auditing purposes			.686
Extraction Method: Principal Component Analysis			
Rotation Method: Varimax with Kaiser Normalization			
a. Rotation converged in 4 iterations.			

From the table, the first factor (Component 1) had a strong loading on the first two items which seem to index the principle of integrity. The strongest correlation was seen in the first item, “auditors perform their work with all honesty, diligence, and responsibility” which had the highest loading. The second factor (Component 2) had a strong loading on the next two items that seemed to signify the principles of competence and objectivity. The third factor (Component 3) had a strong loading on the last two items. One of the items signified the principle of confidentiality and had the highest loading.

4.7 Inferential Statistics

The purpose of inferential statistics is to help with generalization and making predictions based on data. It is instrumental in the study since it helps make conclusions of the population from the sample studied. Aspects of inferential statistics that were tested include normality, diagnostics test, and regression analysis.

4.7.1 Normality Tests

The study performed a normality test to decide whether to proceed with parametric or non-parametric tests. In particular, a Kolmogorov-Smirnov test was carried out on the constructs. Table 4.17 indicates that all the variables do not follow normal distribution since the p -value < 0.05 . The findings also show that all constructs were skewed as indicated by skewness and kurtosis. Therefore, nonparametric tests were adopted.

Table 4.17: One-Sample Kolmogorov-Smirnov Test

	N	Mean	Std. Deviation	Skewness	Kurtosis	K-W	Asymp. Sig. (2-tailed)
Client satisfaction	216	4.1769	.0260	-.529	.358	.146	.000
Audit documentation	216	3.9269	.0255	-.045	-.253	.110	.000
Auditor independence	216	4.0965	.0205	-.081	.236	.119	.000
Ethical conduct	216	4.339	.0195	-.276	-.028	.132	.000

4.7.2 Correlational Analysis

The study aimed to determine the relationship between audit quality characteristics and client satisfaction of audit firms in Nairobi County. Audit documentation, auditor independence, and ethical were the predictor variables and client satisfaction the outcome variable. Spearman correlation was performed to determine the relationship between individual predictor variables and the outcome variable. Spearman correlation is a statistical technique used to measure the relationship between two variables.

4.7.2.1 Audit Documentation and Client Satisfaction

Spearman correlation was performed to determine the relationship between audit documentation attribute and client satisfaction of audit services from audit firms in Nairobi County. Results of the analysis are presented on Table. 4.18.

Table 4.18: Audit Documentation and Client Satisfaction Spearman’s rho Correlation

		Client Satisfaction	Audit Documentation
Client Satisfaction	Correlation coefficient	1.000	.074
	Sig. (2-tailed)		.278
	N	216	216
Audit Documentation	Correlation coefficient	.074	1.000
	Sig. (2-tailed)	.278	
	N	216	216

**. Correlation is significant at the 0.05 level (2-tailed)

The analysis found a positive but weak correlation ($r=0.074$) between audit documentation and client satisfaction. This implies an increase in audit documentation practice will improve client satisfaction of services offered. Therefore, the findings reject null hypothesis audit documentation is not correlated to client satisfaction and approves the established alternate hypothesis at 95% confidence level where $R(216) = 0.074$, p -value 0.278 at 5% level of significance. This means that the relationship between audit documentation and client satisfaction of services received from audit firms in Nairobi County is not statistically significant.

4.7.2.2 Auditor Independence and Client Satisfaction

Spearman correlation was performed to determine the relationship between auditor independence and client satisfaction of audit services received from audit firms in Nairobi County. Results of the analysis are presented on Table. 4.19.

Table 4.19: Auditor Independence and Client Satisfaction Spearman’s rho Correlation

		Client Satisfaction	Auditor Independence
Client Satisfaction	Correlation coefficient	1.000	.146*
	Sig. (2-tailed)		.031

	N	216	216
Auditor Independence	Correlation coefficient	.146*	1.000
	Sig. (2-tailed)	.031	
	N	216	216

** . Correlation is significant at the 0.05 level (2-tailed)

The analysis found a positive and moderate correlation ($r=0.146$) between auditor independence and client satisfaction. This implies an increase in auditor independence practice will improve client satisfaction. Therefore, the findings reject null hypothesis auditor independence is not correlated to client satisfaction and approves the established alternate hypothesis at 95% confidence level where $R(216) = 0.146$, p -value 0.031 at 5% level of significance. This means that the relationship between auditor independence and client satisfaction of services received from audit firms in Nairobi County is statistically significant.

4.7.2.3 Ethical Conduct and Client Satisfaction

Spearman correlation was performed to determine the relationship between ethical conduct and client satisfaction of audit services received from audit firms in Nairobi County. Results of the analysis are presented on Table. 4.20.

Table 4.20: Ethical Conduct and Client Satisfaction Spearman's rho Correlation

		Client Satisfaction	Ethical Conduct
Client Satisfaction	Correlation coefficient	1.000	.567 *
	Sig. (2-tailed)		.000
	N	216	216
Ethical Conduct	Correlation coefficient	.567 *	1.000
	Sig. (2-tailed)	.000	
	N	216	216

** . Correlation is significant at the 0.05 level (2-tailed)

The analysis found a strong positive correlation ($r=0.567$) between ethical conduct and client satisfaction. This implies an increase in ethical conduct practice will improve client satisfaction. Therefore, the findings reject null hypothesis ethical conduct is not correlated to client satisfaction and approves the established alternate hypothesis at 95% confidence level where $R(216) = 0.567$, p -value 0.000 at 5% level of significance. This means that the relationship between ethical conduct

and client satisfaction of services received from audit firms in Nairobi County is statistically significant.

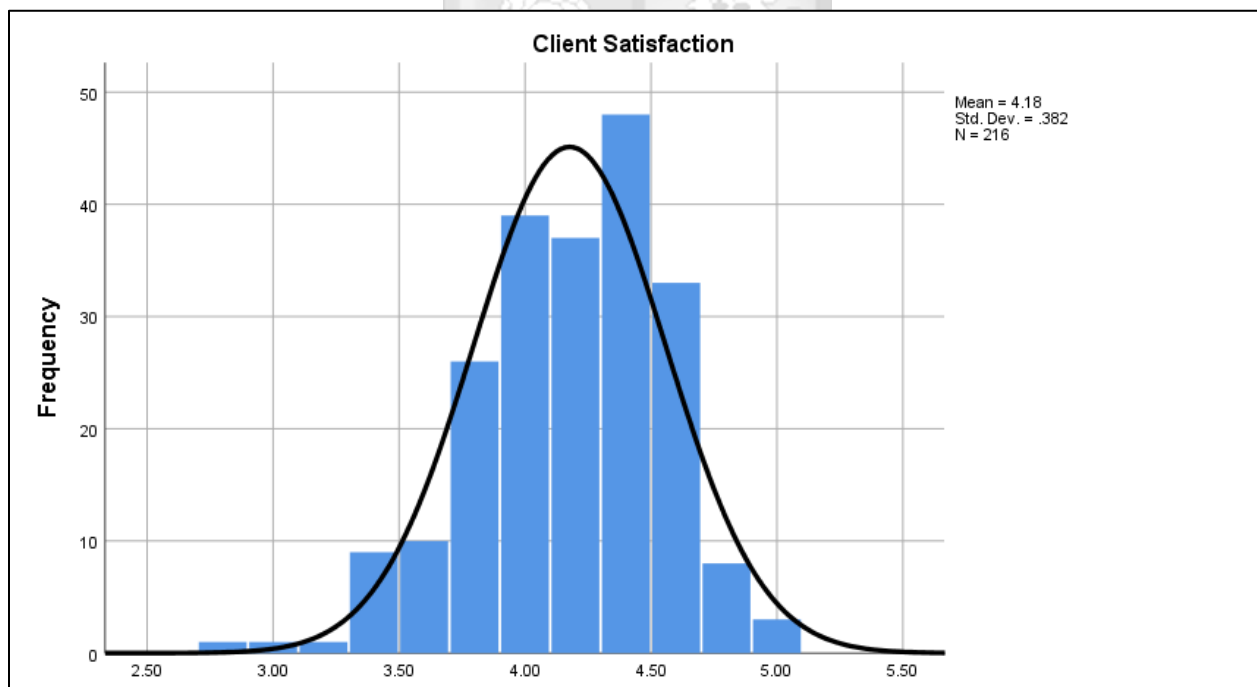
4.7.3 Diagnostic Tests

Diagnostic tests were performed before the regression to determine whether to conduct an ordinal or linear regression analysis based on the distribution of constructs.

4.7.3.1 Test for Normality

A normality curve drawn on a histogram was used to check for normality for the dependent variable. Usually, the density curve implies the data is normal if the histogram is well covered by the normality curve. In this case, as Figure 4.5 illustrates, the histogram seems not to follow normal distribution since the data is skewed to the left.

Figure 4.5: Histogram Plot for Residuals



4.7.3.2 Multicollinearity

Multicollinearity is a concept where, in a model, there is a correlation between several independent variables. The concept of multicollinearity in research is crucial since it results in less reliable statistical inferences. To find out if there is statistical significance in the presence of

multicollinearity, variance inflation factor (VIF) was used. The findings were as shown in Table 4.21. there was no statistical significance in the presence of multicollinearity which is proven by VIF values being less than 10.



Table 4.21: VIF and Tolerance level

Model	Collinearity statistics	
	Tolerance	VIF
1 (Constant)		
Audit documentation	.977	1.023
Auditor independence	.962	1.039
Ethical conduct	.966	1.035

a. Dependent Variable: Client Satisfaction

4.7.4 Regression Analysis

Regression analysis was performed to further rationalize the nature of the relationship between the dependent and independent variables. Client satisfaction was the dependent or the outcome variable whereas audit documentation, auditor independence, and ethical conduct were independent variables. Table 4.22 shows the results of the model summary. According to the model, audit documentation, auditor independence, and ethical conduct have an inconsiderable influence on the variance of the level of satisfaction of audit firms by clients. The study found that these three factors only explain 26.6% of client satisfaction of audit firms in Nairobi County.

Table 4.22: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.515 ^a	.266	.255	.32963

a. Predictors: (Constant), Audit Documentation, Auditor Independence, Ethical Conduct

b. Dependent Variable: Client satisfaction

The analysis of variance (ANOVA) was also performed to further break down the nature of the relationship. As Table 4.23 suggests, the relationship between client satisfaction and audit quality attributes such as documentation, independence, and ethical conduct is significant as shown by ($F = 1.262, p < 0.05$).

Table 4.23: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.329	3	2.776	25.551	.000 ^b
	Residual	23.035	212	.109		
	Total	31.364	215			

a. Dependent Variable: Client Satisfaction

b. Predictors: (Constant), Audit Documentation, Auditor Independence, Ethical Conduct

Further analysis as shown in Table 4.24 demonstrates the effect of each of the three variables on client satisfaction. All the studied aspects of audit quality had a positive impact on client satisfaction. However, the significance of the impact varied. For instance, audit documentation had a positive but non-significant influence on client satisfaction ($\beta = 0.018$, $t = 0.295$, $p > 0.05$). Auditor independence had a positive but non-significant impact effect on client satisfaction ($\beta = 0.082$, $t = 1.064$, $p > 0.05$). However, it was found that ethical conduct had a positive and significant influence on client satisfaction as shown by ($\beta = 0.666$, $t = 8.328$, $p < 0.05$). This then means that an increase in audit documentation, independence, and ethical conduct practices would result in a higher satisfaction rate among clients of audit firms in Nairobi County.

Table 4.24: Regression Coefficients

Model		Unstandardized Coefficients			
		B	Std. Error	t	Sig.
1	(Constant)	.888	.461	1.926	.055
	Audit Documentation	.018	.061	.295	.769
	Auditor Independence	.082	.077	1.064	.288
	Ethical Conduct	.666	.080	8.328	.000

a. Dependent Variable: Client Satisfaction

The final regression model drawing from the findings would therefore be:

$$Y = 0.888 + 0.018X_1 + 0.082X_2 + 0.666X_3$$

Where:

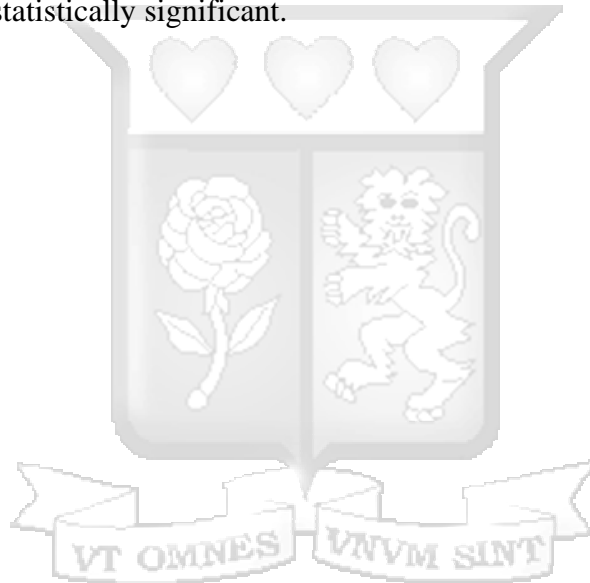
Y = Client satisfaction

X₁ = Audit documentation

X₂ = Auditor independence

X₃ = Ethical conduct

The findings approve the earlier stated hypotheses that there is a positive relationship between the independent and dependent variables. However, the relationship between audit documentation and client satisfaction is not statistically significant. Similar observation was made between auditor independence and client satisfaction. On the other hand, the relationship between ethical conduct and client satisfaction is statistically significant.



CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This section of the project focuses on providing an in-depth discussion of the findings, conclusion, and recommendations for future research studies on the same or related topics. The discussion reviews the outcome of the data collection and analysis processes and contextualizes it to the objectives of the inquiry. It seeks to bring together all sections of the study to have a deeper knowledge of the connection of all the parts of the project. A conclusive remark is also provided to provide a summary of the project and reiterate its importance. The section of the project covers a summary, discussion, conclusion, recommendations, and limitations of the study.

5.2 Summary

The investigation sought to explore the effects of audit quality characteristics on client satisfaction of audit firms in Nairobi County. The audit quality characteristics explored were audit documentation, auditor independence, and ethical conduct as the independent variables. Client satisfaction was selected as the subjective measure of the dependent variable. The agency theory and policeman theory served as the foundation upon which the study's theoretical framework was based.

A positivist research philosophy was followed in the research and descriptive research, a type of quantitative research design was used. The population of the research constituted clients of all 600 registered audit firms in Nairobi County. Stratified sampling technique, a sampling method of probability sampling, was used in the selection of 250 respondents that would form the size of the sample used in the investigation. A structured questionnaire was employed for the purpose of collecting data from the sample. Cronbach's Alpha statistic was further used to test and ascertain the reliability and validity of the selected research instrument. A combination of descriptive and inferential analysis was adopted to analyze the collected data and findings presented using tables and figures.

Out of the targeted 250 respondents, 216 respondents filled and returned the questionnaires, implying that an 86.4% response rate was attained. Most of the research participants were male

(65.28%) and fell in the 36-40 age group (25.93%). Most of the respondents (41.67%) also indicated that their organizations had only been served by their auditors for less than five years. The overall mean scores for the variables were: client satisfaction ($Mean = 4.177, SD = 0.822$), audit documentation ($Mean = 3.927, SD = 0.893$), auditor independence ($Mean = 4.096, SD = 0.753$), and ethical conduct ($Mean = 4.335, SD = 0.707$).

Multiple regression analysis was employed to determine the nature of the relationship between the independent and dependent variables. It was found that audit documentation ($\beta = 0.018, t = 0.295, p > 0.05$), independence ($\beta = 0.082, t = 1.064, p > 0.05$), and ethical conduct ($\beta = 0.666, t = 8.328, p < 0.05$) positively influenced client satisfaction. This implies that an increase in documentation, independence, and ethical conduct practices would lead to improved client satisfaction. However, the significance of impact varied between the variables. The impact of audit documentation and independence was not significant given p -values > 0.05 . On the other hand, the influence of ethical conduct was significant given a p -value < 0.05 .

5.3 Discussion

5.3.1 Audit Documentation and Client Satisfaction

The first objective of the study was to examine the effect of audit documentation on the satisfaction of audit firms in Nairobi County. Descriptive statistics demonstrate that respondents were satisfied with their auditor's application of IFRS, attendance of meetings and documentation of resolutions, collection of records and information for audits, provision of evidence to accompany findings, and submission of detailed audit reports to the management. In other words, clients were generally satisfied with most aspects of audit documentation standards exhibited by their auditors.

Five questions relating to audit documentation were factor analyzed using principle component analysis with Varimax rotation. The analysis yielded three factors explaining 67.27% of the variance for the entire variables. The first factor, indexed the representation of the completeness of the audit, correlates strongly with the provision of a detailed management letter of key audit findings and explains 24.67% of the variance. The second factor derived was labelled documentation procedures and was responsible for 22.16% of the variance due to high loadings of application of IFRS and the practice of attending all meetings. The third factor derived was labelled

effects of audit evidence and was labelled as such due to high loadings of provision of a trail of audit evidence and the collection of records.

Spearman correlation analysis showed a positive but weak correlation between audit documentation and client satisfaction. The findings support the earlier stated hypothesis that audit documentation and client satisfaction have a positive relationship. However, the correlation was also not statistically significant. In addition, regression analysis found that audit documentation had a positive impact on overall client satisfaction with audit services. The finding implies that a unit increase in audit documentation practices would improve client satisfaction. However, the impact is not significant considering the p-value is more than 0.05. The observation that audit documentation is not a significant predictor of client satisfaction has been reflected in other studies including Al Sawalqa (2014), Boiyon et al. (2020), and Marsely (2020).

The study, therefore, corroborates previous studies that found a positive but weak correlation between audit documentation as an attribute of audit quality and client satisfaction. The justification for this nature of the relationship is not much explained. A possible rationalization behind it was provided by Marsely (2020) and Al Sawalqa (2014). They argued that though documentation improves auditing practice, the attribute is not exhibitable to the client. So, measuring its impact on the degree of fulfilment of audit services can be a challenge.

The outcome of the analysis suggests that audit documentation influences client satisfaction but the degree of such contribution is not significant. What this means to audit firms is that they should consider but not give much emphasis to audit documentation practices if they desire to enhance client satisfaction. Nonetheless, according to the outcome of factor analysis, the practice of providing detailed written representation of audits, IFRS documentation standards, and provision of audit evidence should be observed for purposes of quality auditing.

5.3.2 Auditor Independence and Client Satisfaction

The second objective of the study was to examine the relationship between independence and client satisfaction in audit firms. Descriptive statistics demonstrate that respondents were neither satisfied nor dissatisfied with auditors refraining from practices that may compromise their independence and rotation of auditors for different auditing assignments. However, they were satisfied with not offering non-audit services, lacking financial interest in the organization,

performing audits freely and objectively, and not performing management roles in the organization.

Factor analysis conducted produced three factors explaining 59.35% of the variance of the entire variables. The first component had a strong factor loading on lack of financial interest in client firm, auditor rotation, and conduction of audits freely and objectively which all explained 21.51% of the variance. The second component labelled lack of management decision-making capacity was strongly correlated to avoiding conflict of interest by refraining from offering non-audit services and not performing management functions in the client company. The factor explained 20.55% of the variance. The third factor had a strong correlation with auditors' practice of avoiding aspects that may compromise their independence, explaining 17.30% of the variance.

Spearman correlation found a positive but moderate correlation between the variables. The findings, therefore, approve the earlier established hypothesis that auditor independence has a positive impact on client satisfaction. In the regression analysis, auditor independence had a positive but not significant impact on client satisfaction. This means that an increase in a unit of auditor independence may increase the level of satisfaction but by only an insignificant margin. This observation echoes research studies conducted by Ali et al. (2019), Kalui and Mbakaya (2014), and Mbakaya (2014). However, it is somewhat inconsistent with Sawalga (2014) study which finds a positive and significant correlation between the variables.

After testing the empirical relationship between auditor independence and client satisfaction, the study strengthens the argument by many previous literatures that auditor independence is not as important to client satisfaction. Independence is crucial in providing free and fair opinions of financial statements (Kalui & Mbakaya 2014; Ali et al., 2019). However, where an audit firm intends to improve client satisfaction, it should not over-emphasize exhibiting independence as these yield insubstantial results. Nonetheless, specific aspects of auditor independence such as not having a financial interest in the client company, conducting audits free and fairly, and not being involved in the management decisions of client firms should be considered as far as quality auditing is concerned.

5.3.3 Ethical Conduct and Client Satisfaction

The third objective of the study was to examine the effect of ethical conduct on client satisfaction of audit firms in Nairobi County. Respondents were satisfied with auditors refraining from activities that may impair their judgment, the disclosure of material facts backed by evidence, protection of client records and information, and the engagement in services only set out to do. However, they were neither satisfied nor dissatisfied with auditors performing their work with due diligence, honesty, and responsibility and auditors exercising due care in their engagements. Overall, there was a general feeling of satisfaction with how auditors conducted themselves ethically.

In the exploratory factor analysis, three factors explaining 57.73% of the variance were produced. The first factor was labelled the principle of integrity due to strong factor loading on auditors performing their work with honesty and diligence and only disclosing material facts. The factor explained 20.60% of the variance. The second factor was labelled competence and objectivity due to a strong correlation with auditors only engaging in what they set out to do and practising due care all of which explained 19.70% of the variance. Factor three dubbed the principle of confidentiality due to strong loading on the protection of client information from unauthorized parties explained 17.44% of the variance.

Spearman correlation found a strong positive correlation between the variables. The outcome of the analysis, therefore, supports the earlier stated hypothesis on the relationship between ethical conduct and client satisfaction. Regression analysis reveals that ethical conduct has a positive and significant influence on client satisfaction. This means that an increase in ethical standard practices results in significant improvement in client satisfaction. The observation is also consistent with the previous body of empirical literature on the topic, including Al Sawalqa (2014), Yuniarti and Zumara (2010) and Van Harling et al. (2012). This is because the more an auditor displays the accepted ethical standards, the more they earn trust from their clients. This then translates to increased levels of satisfaction. This means that more emphasis should be placed on auditors' ethical conduct for firms that expect a notable change in client satisfaction.

5.4 Conclusion

The study sought to determine the effect of audit quality characteristics on client satisfaction of audit firms in Nairobi County. It focused on three attributes of audit quality – documentation, independence, and ethical conduct. On the factor analysis, the study found that each of the independent variables had three components that had an effect on client satisfaction. For audit documentation, these were adhering to the principles of IFRS, providing evidence to cross-reference audit results, and offering detailed audit letters. For independence they were non-involvement in management decisions of client firms, avoiding financial interests, and conducting audits freely and fairly. And for ethical conduct, they were conducting audits with diligence and honesty, providing material facts, only engaging in what they set out to do, and exercising due care.

The regression analysis found a positive relationship between the studied audit quality attributes and client satisfaction. In other words, documentation, independence, and a code of ethics all have a positive impact on client satisfaction. However, the extent to which each of the influences the attributes of client satisfaction vary. The study found a weak positive correlation between client satisfaction and independence and documentation. This suggests that these two attributes do not have a significant effect on client satisfaction. Code of ethics, on the other hand, was found to have a significant impact on client satisfaction. The study, therefore, concludes that ethical conduct has a strong effect on client satisfaction but the effect of documentation and independence is weak.

5.5 Recommendations

Generally, the research ascertains that audit quality attributes studied influence the client satisfaction of audit firms in Nairobi County. The regression analysis found that documentation, auditor independence, and ethical conduct have a 26.6% contribution to client satisfaction. The level of impact demonstrates the significance of the three variables in improving client satisfaction.

The impact of documentation and auditor independence may not be significant but this does not mean these two factors should be overlooked. The factor analysis has identified critical components that should be considered as these are all crucial characteristics of quality auditing. For instance, as far as documentation is concerned, audit firms should adhere to IFRS standards,

provide clients with detailed audit letters, and accompany audit reports with a trail of evidence. For auditor independence, conducting free and fair audits, not being involved in clients' management decisions, and not having financial interests in client firms are paramount.

In addition, the impact of the code of ethics was significant meaning that audit firms cannot afford to ignore ethical conduct practices if they want to win the satisfaction and loyalty of their clients. Therefore, the principles of ethical conduct such as integrity, objectivity, competence, and confidentiality must be observed by an auditor that wishes to improve client satisfaction. More specifically, audit firms should embrace practices such as conducting audits with honesty and diligence, maintaining objectivity in their courses of action, disclosing material facts at all times, exercising due care, and protecting client information.

5.6 Limitations of the Study

The research study was not without problems. Some challenges were encountered in fulfilling the objectives of the research. Although the study had sufficient data as per the standards of what constitutes reasonable participation, a few of the questionnaires had missing responses which were imputed using statistical measures of central tendency – mean, mode, and median. Although this helped manipulate data from the affected questionnaires and make them eligible for analysis, it presented some issues. Missing data can denote possible bias from the respondents. It can also signify reduced representativeness of the selected sample, thereby affecting the ability to generalize findings accurately.

5.7 Areas for Further Research

In regards to future studies on the topic, notably, the research was limited to only three audit quality attributes. The impact of the rest of the attributes remains unknown. Therefore, future empirical studies should focus on analyzing how other characteristics impact client satisfaction with audit services offered. Additionally, the research was conducted within Nairobi County, meaning it is geographically restrictive as far as auditing in Kenya is concerned. That being so, future researchers in the research field should expand their research area to have a wider picture of how audit quality characteristics impact client satisfaction in Kenya or other parts of the country.

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APPENDICES

Appendix I: Approval Letter



14th June 2022

Ms Kamau, Janyce
Janyce.Kamau@strathmore.edu

Dear Ms Kamau,

RE: Effects of Audit Quality Characteristics on Client Satisfaction of Audit Firms in Nairobi County

This is to inform you that SU-IERC has reviewed and **approved** your above **SU Masters'** research proposal. Your application reference number is **SU-IERC1375/22**. The approval period is **14th June 2022 to 13th June 2023**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-IERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-IERC within 48 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-IERC within 48 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days upon completion of the study to SU-IERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.


Yours sincerely,


for **Dr Ben Ngoye**,
Secretary; SU-IERC

Cc: Prof Fred Were,
Chairperson; SU-IERC




Appendix II: NACOSTI Permit


REPUBLIC OF KENYA


**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION**

RefNo: **756317** Date of Issue: **25/May/2022**


RESEARCH LICENSE




This is to Certify that Miss.. Janyce Gathoni Kamau of Strathmore University, has been licensed to conduct research in Nairobi on the topic: Effects of Audit Quality Characteristics on Client Satisfaction of Audit Firms in Nairobi County for the period ending: 25/May/2023.

License No: **NACOSTI/P/22/17857**

756317
Applicant Identification Number


Director General
**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY
& INNOVATION**

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THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013

The Grant of Research Licenses is Guided by the Science, Technology and Innovation (Research Licensing)

Regulations, 2014 CONDITIONS

1. The License is valid for the proposed research, location and specified period
2. The License any rights thereunder are non-transferable
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7. The Licensee shall submit one hard copy and upload a soft copy of their final report (thesis) within one year of completion of the research
8. NACOSTI reserves the right to modify the conditions of the License including cancellation without prior notice



Appendix III: Participation Information and Consent Form

Title of the proposed study:

**Effects of Audit Quality Characteristics on Client Satisfaction of Audit Firms in Nairobi
County**

SECTION 1: INFORMATION SHEET

Principal Investigator: Janyce Gathoni Kamau

Institutional Affiliation: Strathmore Business School (SBS)

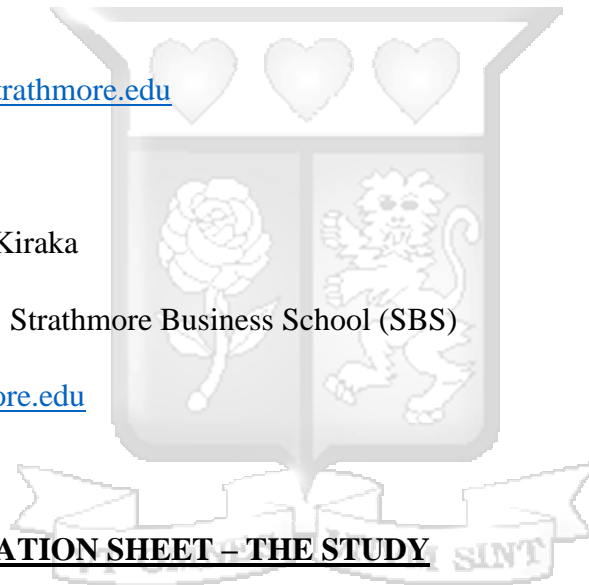
Mobile: +254731049109

Email: janyce.kamau@strathmore.edu

Supervisor: Prof. Ruth Kiraka

Institutional Affiliation: Strathmore Business School (SBS)

Email: rkiraka@strathmore.edu



SECTION 2: INFORMATION SHEET – THE STUDY

2.1. Why is this study being carried out?

This study is being carried out in partial fulfillment of the requirement for the award of Master in Business Administration at Strathmore Business School.

The study aims to determine the effects of audit quality on client satisfaction of audit firms in Nairobi County.

2.2. Do I have to take part?

No. Taking part in this study is entirely optional and the decision rests only with you. If you decide to take part, you will be asked to complete a questionnaire to get information on the

effects that audit quality characteristics have on the client satisfaction of audit firms specifically in Nairobi county.

If you are not able to answer all the questions successfully the first time, you may be asked to sit through another informational session after which you may be asked to answer the questions a second time. You are free to decline to take part in the study from this study at any time without giving any reasons.

2.3. Who is eligible to take part in this study?

- Anyone above the age of 18 years.
- Employees of the targeted organizations – audit firms in Nairobi County and their clients.

2.4. Who is not eligible to take part in this study?

- Incapacitated persons.
- Any person who is under 18 years of age (Minors).

2.5. What will taking part in this study involve for me?

You will be approached and requested to take part in the study. If you are satisfied that you fully understand the goals behind this study, you will be asked to sign the informed consent form (this form) and then taken through a questionnaire to complete.

2.6. Are there any risks or dangers in taking part in this study?

There are no risks in taking part in this study. All the information you provide will be treated as confidential and will not be used in any way without your express permission.

2.7. Are there any benefits of taking part in this study?

The information will be used to improve the knowledge of the impact of audit quality characteristics on client satisfaction in Nairobi County.

2.8. What will happen to me if I refuse to take part in this study?

Participation in this study is entirely voluntary. Even if you decide to take part at first but later change your mind, you are free to withdraw at any time without explanation.

2.9. Who will have access to my information during this research?

Access to all the information obtained during this research will be restricted. All research records will be stored in securely locked cabinets. That information may be transcribed into our database but this will be sufficiently encrypted and password protected. Only the people who are closely concerned with this study will have access to your information. All your information will be treated as private and confidential.

2.10. How will the study results be disseminated to the participants?

If participants are interested in learning of the results, they can contact the Principal Investigator, Janyce Gathoni Kamau at Strathmore Business School, or by email janyce.kamau@strathmore.edu, or by phone +254731049109 and a summary report of the findings will be shared via email.

2.11. Who can I contact in case I have further questions?

You can contact me, Janyce Gathoni Kamau, at SBS, or by e-mail (janyce.kamau@strathmore.edu), or by phone (0731049109). You can also contact my supervisor, Prof. Ruth Kiraka, at the Strathmore Business School, Nairobi, or by e-mail (rkiraka@strathmore.edu).

If you want to ask someone independent anything about this research please contact:

The Secretary

Strathmore University Institutional Ethics Review Board,

P. O. BOX 59857, 00200,

Nairobi.

Email: ethicsreview@strathmore.edu

I, _____, confirm that all the issues confirm that all the issues about this study have been clarified. I further affirm that I have asked all the questions that I needed to ask and all of them have been answered to my satisfaction. I have read and understood the questions. I have been provided with the contacts of the person and institution that I need to contact in case issues arise and I need further clarifications.

Please tick the boxes that apply to you;

Participation in the research study

- I AGREE to take part in this research
- I DON'T AGREE to take part in this research

Storage of information on the completed questionnaire

- I AGREE to have my completed questionnaire stored for future data analysis
- I DON'T AGREE to have my completed questionnaire stored for future data analysis

Participant's signature: _____ Date: ____/____/____ (DD/MM/YY)

Participant's name: _____ Time: ____: ____ (HH/Mins)

(please print name)

I, JANYCE GATHONI KAMAU certify that I have followed the SOP for this study and have explained the study information to the study participant named above, and that s/he has understood the nature and the purpose of the study and consents to the participation in the study. S/he has been given the opportunity to ask questions which have been answered satisfactorily.

Investigator's signature:  Date: __22__ / __05__ / __2022__

Investigator's name: Janyce Gathoni Kamau Time: ____: ____ (HH/Mins)

Appendix IV: Questionnaire

The purpose of the questionnaire is to collect information on the impact of the characteristics of audit quality on client satisfaction with audit firms in Nairobi County. The questionnaire asks about your beliefs on the subject matter under investigation. Your participation in the study will be used solely for educational purposes. Your responses will be anonymous and will never be linked to you personally. Your participation is entirely voluntary. Please feel free to answer all the questions and skip the ones you feel uncomfortable answering.

SECTION A: BACKGROUND INFORMATION

1. Gender

Male

Female

2. Age

Below 24 years

24-30 years

31-35 years

36-40 years

41-45 years

46-50 years

Above 50 years

3. How Long has your company been receiving audit services from your current audit service provider?

Less than 5 years

6-10 years

11-15 years

More than 16 years

SECTION B: CLIENT SATISFACTION

Based on your experience with the audit firm, to what extent do you agree with the statements regarding the level of client satisfaction with the audit services the firm offers? Where 1=Highly Dissatisfied; 2=Dissatisfied; 3=Neither Satisfied nor Dissatisfied; 4=Satisfied; 5=Highly Satisfied.

	1	2	3	4	5
The overall satisfaction level of services offered.					
The usefulness of audit reports					
Quality of the relationship between the organization and the audit firm					
The price for audit services matches the quality					
The image and reputation of the company are excellent.					

SECTION C: AUDIT DOCUMENTATION

To what extent are you satisfied with audit documentation practices exhibited by audit firms?
 Where 1=Highly Dissatisfied; 2=Dissatisfied; 3=Neither Satisfied nor Dissatisfied; 4=Satisfied;
 5=Highly Satisfied.

	1	2	3	4	5
Demonstrate competent in their application of IFRS					
Attends all client-auditor meetings, documented the resolutions and implemented the same.					
Seeks and gathers all records and information about an audit subject					
Provides a trail of evidence to cross-reference audit results					
Provides a detailed management letter of the key findings of the audit					

SECTION D: AUDITOR INDEPENDENCE

To what extent are you satisfied with the independence of the audit firms? Where 1=Highly Dissatisfied; 2=Dissatisfied; 3=Neither Satisfied nor Dissatisfied; 4=Satisfied; 5=Highly Satisfied.

	1	2	3	4	5
Its representatives don't engage in practices that can compromise their independence or that of the firm.					
Auditors are rotated on different assignments to enhance the independence of the firm.					
Does not offer non-audit services to the organization to avoid conflict of interests.					
Does not have a financial interest in the company					
Conducts audit freely and objectively					
Does not perform management functions or make management decisions for the organization.					

SECTION E: ETHICAL CONDUCT

To what extent are you satisfied with the ethical conduct practices of the audit firms? Where 1=Highly Dissatisfied; 2=Dissatisfied; 3=Neither Satisfied nor Dissatisfied; 4=Satisfied; 5=Highly Satisfied.

	1	2	3	4	5
Auditors perform their work with all honesty, diligence, and responsibility					
Refrain from activities or practices that may impair their unbiased assessment.					

Only discloses materials facts backed by evidence and avoids reporting activities under review					
Ensures the records and information of the organization are protected from unauthorized parties and used only for auditing purposes					
Only engage in services for which they are set out to do					
Exercise due care in their engagements					



Appendix VI: Registered Audit Firms in Nairobi County

1 A. A. Ali Cpa Llp	30 Avinash Shah Bhatti & Associates	56 Bridgehouse Certified Public Accountants
2 A. K. Wachira & Associates	31 Ayunga & Associates	57 Calistus & Co. Consultants
3 AAC Kenya	32 B C Patel And Company	58 Carorita & Associates
4 AAB Resources	33 B. N. Magondu & Associates	59 Carr Stanyer Gitau & Co.
5 Ababsy & Associates	34 Baker Tilly Merali's	60 Catherine Mwangi & Associate
6 Abdulhamid And Company	35 Barasa Okechi & Company	61 Charles Joshua And Associates
7 Ace Associates	36 Barefoot Accounting Services	62 Charles Kabuthu (Ck) & Partners, Cpas
8 Afrek & Associates	37 Bashir Garane & Associates Certified Public Accountant	63 Charles Mutuku Maingi
9 Aggrey And Company	38 Bassan Khanna Saini	64 Chartafai Limited Liability Partnership
10 Agoro And Associates	39 Beemkay & Company Cpa (K)	65 Chege Muchunguzi Mwangi & Company
11 Ahmed Hussein & Associates	40 Bellwick Africa Llp	66 Chenge Gikonyo Associates
12 Alba & Associates	41 Benconsult & Associates	67 Chengoni And Company
13 Alen Kan & Associates	42 Benim & Associates Llp	68 Cheror Lagat & Associates
14 Alex And Partners	43 Benim & Associates Llp	69 Chibolesk & Associates
15 Alfred And Partners	44 Benkim Associates	70 Clevapollo & Associates
16 Alinas Financial Solutions Consultants	45 Benson And Associates	71 Cliff & Company
17 Alkam & Associates	46 Bernard Mulandi And Company	72 Clyde And Associates
18 AMG Kenya	47 Bethwel Kiruga & Associates	73 Costa Luis & Co
19 AML Associates	48 Beti Atenya & Company	74 CPA Guto Julius Moenga Davis
20 Amrik Jutla & Associates	49 Bhatt Shah And Company	75 CPJ & Associates
21 Anchinga And Associates	50 Billsmithi & Company	76 Crowe Erastus & Co.
22 Antony And Company	51 Bironga And Associates	77 Crowe Erastus & Co.
23 Apollo & Associates	52 Biticha & Associates	78 Cyrus & Company
24 Arthur Consulting Associates	53 Bon&Drew Associates	79 D K Wambua & Associates
25 Articsion And Associates	54 Bon&Drew Associates	80 D.K Waweru & Associates
26 Arun Bhatt & Co	55 BP Ombuki & Associates	81 Dan & Associates
27 Ashvin Ranpara & Co		
28 Audit-Trail Certified Public Accountants		
29 Auka And Associates		

82 Daniel & Associates Certified Public Accountants	110 Eliud & Affiliates	137 Gad Wekesa & Associates
83 Daniel & Simon Associates	111 Emerald-El Jay Management Consultants	138 Gakoi & Associates
84 Daniel And Daniels Co.	112 Emk & Associates	139 Gatheru & Associates
85 Danson & Company (Cpa- K)	113 Erastus Hae & Partners Certified Public Accountants	140 Gatheru & Muguro Assoc
86 Davella Llp	114 Ernest And Martin Associates	141 Gathogo & Associates
87 David And Associates	115 Ernst & Young Llp	142 Gatimu & Co
88 Deloitte & Touche	116 Esani & Associates	143 Gatune & Associates
89 Dennis Paul & Associates	117 Eshwar Rao & Associates	144 Gemal & Company
90 Devani - Devani And Company	118 Eunice Njuguna And Company	145 Geoffe & Associates
91 Dhanoa & Associates	119 Eunice Philip And Associates	146 Geoffrey Gitau & Co
92 Dhulia & Co	120 Eusebio Isaac And Associates	147 George Kinyanjui & Associates
93 DMC Associates	121 Evanson Munene Waruhiu	148 Gichuru M & Company
94 DMG Peter And Associates	122 Exeva Associates Cpa	149 Gikuri & Associates
95 DMK Muathe And Associates	123 Fekan Howell & Associates	150 Githere Associates & Co.
96 DNM & Associates	124 Felix Mumo & Co	151 Gituara And Associates
97 Dojy & Associates	125 FH & Company	152 Gm Kyalo And Associates
98 Doyombe & Associates Cpak	126 Fine Accounting Services	153 Gmc Kenya Llp
99 Duncan & Associates	127 Fintax Associates	154 Grant Thornton
100 E.W Wangila & Associates	128 Fitzgerald & Associates	155 Grohney & Co. Associates
101 EAM Consulting	129 Five Elements Advisory	156 H.W.Gichohi & Company
102 Easterbrook Martin & Company	130 FN Mabeya & Associates	157 Henry Smith & Wilson
103 Ebmorgane'	131 Francis Kagiri & Associates	158 Hiram & Associates
104 Ebrahimjee Ma Advisory	132 G G Gitau & Associates	159 Hudson & Associates
105 Edmond & Associates	133 G.W. Joseph & Company	160 Isanic & Associates
106 Edward Dancan & Associates	134 Gachanga And Associates	161 J G Associates
107 Edwin Associates	135 Gachau Maina & Company	162 J G Nyamu & Associates
108 EKV & Associates	136 Gachoka Lutukai & Associates	163 J M Gitau & Company
109 Elijah & Co Associates		164 J. M. Gathaiya & Co.
		165 J. Memba & Associates
		166 J.G Bailey And Associates
		167 J.M Okondo And Company

168 J.M. Onyancha And Associates	194 Josiah, Salah And Associates	221 Kephherfranklin And Associates
169 J.N. Matheka & Associates	195 K & A Certified Public Accountants	222 Khalid & Company
170 J.N. Thindi & Company	196 K. Njoroge & Company	223 Khoya & Company
171 J.Ndiangui Nguyo And Associates	197 Kabera & Associates	224 Kiage And Associates
172 Jac And Associates	198 Kabuya & Associates-Cpa	225 Kiarie Kangethe & Co.
173 Jack Associates	199 Kagai & Associates	226 Kibe & Associates
174 Jacob & Associates	200 Kago Kagwi & Associates	227 Kibiego Kiptum & Co
175 Jad Accountants	201 Kago Mukunya And Associates	228 Kigathi & Associates
176 Jam Martins Gachuhi & Company	202 Kakemu & Associates	229 Kigo Njenga & Company
177 James & Company Associates	203 Kamakia And Associates	230 Kigundu And Company
178 James Aggrey & Associates	204 Kamani And Associates	231 Kigundu Mwangi & Associates
179 James Kimeu And Associates	205 Kamau And Associates	232 Kiguru & Associates
180 Jepchumba Bett & Associates	206 Kamuruci & Associates	233 Kihunyu Mungai & Associates
181 Jeremiah Olwe & Associates	207 Karanja Kamanu & Company	234 Kiige And Associates
182 Jessie & Associates	208 Karanja Kamau & Associates	235 Kimani & Partners Company
183 Jkg & Associates	209 Karimi & Associates	236 Kimani And Associates
184 Jm Associates Llp	210 Karimi Bundi Associates	237 Kimani Gitahi & Associates
185 Jm Osiago & Associates	211 Karingdom & Associates	238 Kimani Njenga And Associates
186 Jmwati And Associates	212 Kariuki Thuo & Company	239 Kimotho Associates & Company
187 Jobson & Company	213 Karokitwo & Partners	240 Kimotho K & Associates
188 Joe Muturi And Associates	214 Katambo & Company	241 Kimuhu And Company
189 John Chege & Associates	215 Kavili & Company	242 Kimutai Bett And Company
190 John Cheluget & Associates	216 Kavuthi Nzioka & Company	243 Kingangi Kamau & Co
191 Jonnels And Company	217 Kaxton Certified Public Accountants LLP	244 Kingori Kimani & Company
192 Josemu & Associates	218 Kayanda Fredrick And Associates LLP	245 Kinyanjui & Associates
193 Josephat Waititu & Associates	219 Kayen Njuguna & Associates	246 Kinyoe & Co
	220 Kengat Associates	247 Kinyoriandassociates
		248 Kioko & Associates

249 Kirenge & Associates	278 M.N Cliff & Associates	303 Martin Kamau & Associates
250 Kirugu & Associates	279 Mabeya & Associates	304 Martin Ronald & Associates
251 Kiunyu And Associates	280 Machuchu Orangi & Associates	305 Masambu And Associates
252 Kkco East Africa (Note-Formerly Kimani Kerretts & Co)	281 Magada And Associates	306 Mashiya & Associates
253 Km Ndura & Associates	282 Maina Kimani & Associates	307 Matengo & Associates
254 Koech & Associates	283 Maina D. Chege & Associates	308 Mathara & Associates
255 Komu And Associates	284 Maina Francis Kamau & Company	309 Mathenge & Associates
256 Kothari & Company	285 Maina Itote & Kimathi	310 Mathenge & Company
257 Kpmg Kenya	286 Maina Kagigite And Associates	311 Matheri Gichu & Associates
258 Kreston Km & Company	287 Maina Kinyua & Co.	312 Mawji Sennik & Company
259 Kuguru & Associates	288 Maina Muthui & Associates	313 Mbage And Associates
260 Kuria Aling & Associates	289 Maina Mwangi & Company	314 Mbai Ndeteni & Associates
261 Kyalo And Associates	290 Maingi Jackson & Associates	315 Mbaya & Associates
262 Kyengo & Associates	291 Makeni Mutua And Assciates	316 Mbithi & Associates
263 Kyenza Musee & Associates	292 Makonnen & Company	317 Mbiyu Kagiri & Company
264 Labchey & Associates	293 Malinda & Associates	318 Mbuthia Karite & Associates
265 Lakshmi And Associates	294 Mame & Associates	319 Mchunguzi & Company
266 Larry Rang & Co.	295 Manohar Lall & Rai, Member Firm Of Tgs Global	320 Mc Joel & Associates
267 Lawrence M.N & Associates	296 Manyura & Associates	321 Mcoyombra & Company
268 Lenards & Associates	297 Marabi And Associates	322 MDN Kenya
269 Lenkev & Associates	298 Mariara Kigotho & Associates	323 Mehta Shah & Associates
270 Leon Williams & Associates	299 Maritimes Associates	324 Mella-Aling & Associates
271 Lexan And Associates	300 Mariu & Associates	325 Menya Ongonge & Associates
272 Libra Gitahi And Associates	301 Mark Mbwayo And Associates	326 Meshack Hanningtone And Associates
273 Livingstone & Co	302 Mark&Co	327 MGI Adam And Associates
274 Lobonyo & Associates		328 MGI Alekim LLP
275 Luganji & Associates		329 MGK Associates LLP
276 LWG Africa Consultancy CPA (K)		330 MGN Associates LLP
277 M K Mazrui & Associates		

- 331 Michael Muhia & Associates
- 332 Mike Kiswili & Co.
- 333 Mitoko And Company
- 334 Mmpat & Associates
- 335 MOK & Associates
- 336 Mokuwa Onwonga & Co
- 337 Moore Jvb Llp Certified Public Accountants (K)
- 338 Moses & Associates
- 339 Moses Mungai Kioi & Associates
- 340 Mosop & Associates
- 341 Moturi & Company.
- 342 MPK & Associates (Formerly Ptn Howell & Associates)
- 343 MPW Consulting Co. Limited
- 344 MSM Chris & Associates
- 345 Muchiri & Associates
- 346 Muchiri Joseph Consultants
- 347 Muchiri Ndambiri & Company
- 348 Muema & Associates CPA (K)
- 349 Mugo And Company
- 350 Mugo Dominic & Co
- 351 Mugo Wambugu & Associates
- 352 Mugo Waweru & Associates
- 353 Mugo-Mungai & Co.
- 354 Mugwanga & Associates
- 355 Muhoho And Company Associates
- 356 Muigai & Associates
- 357 Muiru Kandia & Company
- 358 Muiru Karanja And Associates
- 359 Muita Njoroge Associates
- 360 Mukhooli K. John & Company
- 361 Mulamula & Associates
- 362 Muli Daniels And Associates
- 363 Mulila & Associate
- 364 Mulji & Associates
- 365 Mumassabba & Wamache Associates
- 366 Mureithi Wachira & Associates
- 367 Muriithi Ngunyi & Associates
- 368 Murks James & Associates
- 369 Murugu And Company
- 370 Murugu Mbaria And Associates
- 371 Musasiah , Kaguri & Associates
- 372 Musasiah , Kaguri & Associates
- 373 Musk Associates
- 374 Mustafa And Hassan Associates
- 375 Mutahi Maranga & Associates
- 376 Mutai Jeremiah Associates & Co.
- 377 Muthengi & Associates
- 378 Muticia & Co
- 379 Mutunga D.M And Company
- 380 Mutunga Masika & Associates
- 381 Muy & Associates
- 382 Muy & Associates
- 383 Mwangi & Kamwara Associates
- 384 Mwangi Wandetto & Associates
- 385 Mwaniki Kahuro & Associates
- 386 Mwaura W. & Associates
- 387 Mwendwa Jacinta & Company
- 388 Mwengei & Associates
- 389 Mwisywa Beth & Associates
- 390 N Kungu And Company
- 391 Nabangi Wachiye Ans Associates
- 392 Nafisa Alibhai And Company
- 393 Nahashon & Company
- 394 Nahashon Ngugi & Associates
- 395 Nalin Shah & Co
- 396 Naomi Kariru & Associates
- 397 Nderitu Mairo & Co
- 398 Nderitu Waiganjo & Co.Certified Public Accountants
- 399 Ndirangu Mwangi & Company
- 400 Ndoigo & Associates
- 401 Nduaki & Associates
- 402 Nduati Gitau & Associates
- 403 Ndungu Kabata & Associates
- 404 Ndungu Kamiti And Company

405 Ndungu Nyoike And Associates	430 Nungari & Associates Certified Public Accountants	460 Oloo M A & Associates
406 Nelse Else And Enock Associates	431 Nuthu & Associates	461 Olsen Partners
407 Nganga Mwangi And Co.	432 Nyabena And Company	462 Omambia And Associates
408 Ngari And Associates	433 Nyachwaya & Associates	463 Omanwa & Associates
409 Ngethe And Associates	434 Nyada And Company	464 Omare & Associates
410 Ngigi And Partners	435 Nyagari & Associates	465 Omondi Ogollah And Associates
411 Ngina Makau & Associates	436 Nyambari & Associates	466 Ondako Maina & Associates
412 Ngugi Muthami \$ Associates	437 Nyamosi & Associates	467 Ondong & Associates
413 Ngugi Wainaina & Associates	438 Nyanchoga & Associates	468 Ongiti And Associates
414 Ngugi Waweru & Company	439 Nyasae & Associates	469 Onyancha And Associates
415 Ngwili & Co. Cpa (K)	440 Nyenge & Company	470 Opembe And Associates
416 Nicholas Njuguna And Associates	441 Nzue & Associates	471 Orwa & Company Associates
417 Njagi Isaac & Associates	442 Nzuki And Associates	472 Otieno & Associates Cpa-K
418 Njagi Njeru Associates	443 O.M.Ngotho & Associates	473 Otieno Aboka And Company
419 Njaoh & Associates	444 Obongo Ouma & Associates	474 Otieno Oboge And Company
420 Njenga K, Ngugi & Company	445 Obwanga And Associates	475 Owala And Associates
421 Njeri Thandi & Company	446 Ocean Wanga Associates	476 Owino Associates And Company
422 Njeru Nyaga & Co	447 Ochako And Associates	477 Oyamo & Associates
423 Njiru Kagereki & Co	448 Ochieng Onyango & Associates	478 Pam & Associates
424 Njoro And Associates	449 Odanga & Associates	479 Parkash Associates
425 Njoroge Chege & Associates Cpa(K)	450 Odesk Financial Consultants	480 Parker Randall Eastern Africa
426 Njoroge Karanja & Associates	451 Odhiambo Ochieng And Company	481 Patel Shah Joshi & Associates
427 Njoroge Kibebe & Associates	452 Oduori & Associates	482 Pattni & Associates
428 Njue Mugo & Co Associates	453 Ogle & Hassan Associates	483 Paul And Company Associates
429 Njuguna Kioi & Associates	454 Oguda And Associates	484 Petemac & Associates
	455 Ojigo & Associates	485 Peter And Company
	456 Okingo Okoth & Associates	486 Peter Githae & Associates
	457 Oksam Solutions	
	458 Okungu And Associates	
	459 Olonde And Associates	

487 Peter Njuki & Associates	514 Rsm Eastern Africa Llp	541 Soni & Company
488 Peter Scotts & Associates	515 Ruma Certified Public Accountants	542 Stan & Partners
489 Pewmu Associates	516 Russell Bedford Alexander & Associates/ Alexander Mcdonald & Scott, Cpa(K)	543 Stephen & Associates
490 Philip Kamuru & Associates	517 Rweria & Company	544 Sudi Ndinyo & Associates
491 Philip Mpm & Co	518 S. M. Solanki & Co.	545 Sunil Davda & Company
492 Pioneer West End Associates	519 S. N Kaniu And Company	546 Susan Irungu & Associates
493 Pkf Kenya	520 S.Namsando & Associates	547 Tactgem Consulting And Auditors
494 Pkinyua & Associates	521 Said Abeid Said & Co	548 Taxmart Kenya
495 Pmk Associates	522 Sam & Associates	549 Tela Alusala & Company
496 Pratik Karania & Associates	523 Sam Kahiga & Associates	550 Thakrar Financial Consultants
497 Pricewaterhousecoopers Llp	524 Sammy N Maina & Associates	551 Theuri Kariuki & Company
498 Psk Associates	525 Samuel Murage & Associates	552 Thoithi And Associates
499 Rangi & Company Associates	526 Sesi & Associates	553 Thomas Chanan & Associates
500 Ranto & Company Associates	527 Shadrack & Co.	554 Thuku & Associates
501 Reuben Gitahi & Associates	528 Shah & Shah Accountants	555 Thumbi Nga'ang'a & Associates
502 Ribran And Associates	529 Shah And Associates	556 Timothy Kyallo & Associates
503 Ric & Associates	530 Shah Bhasin & Associates	557 Titus Muthui & Associates
504 Richard, Hassan & Associates	531 Shah Patel & Company	558 Treed Associates
505 Riskbridge C F (Cpak)	532 Shantilal Gala & Co.	559 Uhy Kenya
506 Ritzy Business Solutions	533 Shek & Associates	560 Umuro Wario & Associates
507 Robert G. R & Associates	534 Siero & Associates	561 Upin Vasani & Co
508 Rockville Associates	535 Simiyu Toywa & Company (Cpa)	562 V C Karani & Associates
509 Ronald Lisege & Associates	536 Sir Jonathan And Company Kenya,	563 Vanderkenn & Company
510 Ronalds Llp	537 Sir Robert & Company	564 Victor Mutisya & Company
511 Rosemary Njogu & Associates	538 Skm Business Consultants Llp	565 Victor O.O & Associates
512 Roshem And Associates	539 Smith & Associates	566 Vintage Associates
513 Rsc0 Llp	540 Solomon George And Company	567 Vipin Shah & Associates

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| 568 | Visac & Associates | 596 | Zablon Abuga & Associates |
| 569 | Vsv & Associates | 597 | Zacky & Associates |
| 570 | Wach Consultants | 598 | Zalma & Associates |
| 571 | Wachira Mundia And Associates | 599 | Zaver Patel & Company |
| 572 | Wachira N Associates | 600 | Zngundi & Associates |
| 573 | Wagura Irungu And Associates | | |
| 574 | Waiguru & Company | | |
| 575 | Wakanene & Associates | | |
| 576 | Wallace & Associates | | |
| 577 | Wambu & Associates | | |
| 578 | Wambugu Githaiga & Associates | | |
| 579 | Wambugu Wangai And Company | | |
| 580 | Wambui & Company | | |
| 581 | Wamira & Associates Llp | | |
| 582 | Wamm Accede & Associates | | |
| 583 | Wamutu And Associates | | |
| 584 | Wangeeci Mwangi & Company | | |
| 585 | Wangombe & Associates | | |
| 586 | Wanja Muthaura & Associates | | |
| 587 | Wanyoro And Company | | |
| 588 | Warren & Associates | | |
| 589 | Watitu Wanjiru & Associates | | |
| 590 | Waweru Djm Associates | | |
| 591 | Wawesam & Associates | | |
| 592 | Wia East Africa | | |
| 593 | Wokabi & C0mpany | | |
| 594 | Wokabi Ngamate & Associates | | |
| 595 | Woodvale Associates | | |

