

Relationship Between Learning Orientation And Business Performance And The Moderating Effect Of Competitive Advantage: An Accounting Services Firm's Perspective

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ABSTRACT

This study examines the influence of learning orientation on business performance (achievement of sales and profit objectives) in the context of pure service, specifically that of public accounting services firms. The conceptual framework used in this research has been drawn from marketing, finance, and organizational behavior theory. Specifically, relationships related to learning orientation, sources of competitive advantage, and business performance have been identified.

This research tests a framework about learning orientation and its consequences in an accounting services firm. Specifically, this study focused on several research questions, including: 1) Is there a relationship between learning orientation and business performance in terms of the achievement of sales and profit objectives in an accounting services firm?, 2) Is there a relationship between learning orientation and competitive advantage in an accounting services firm?, and 3) Does competitive advantage moderate the relationship between learning orientation and business performance in an accounting services firm?

A survey-based research methodology is used to explore these research questions and pertinent findings reported in previous studies (Martinette, 2006; Martinette & Obenchain-Leeson, 2010; Martinette & Obenchain-Leeson, 2012). The findings of this study suggested that as learning orientation increases in public accounting services firms, business performance scores and competitive advantage also increase. The findings of this study did not suggest that competitive advantage moderates the relationship between learning orientation and business performance in public accounting services firms.

Keywords: Learning Orientation; Competitive Advantage; Accounting Firms

INTRODUCTION

It is widely considered that far-reaching innovations during the fifteenth century changed the history of commerce and they were broadly defined by the following three innovations: 1) transportation (by ships), 2) communication (as in the printing press), and 3) double-entry bookkeeping and the development of the corporation (these two also referred to as intellectual inventions) (Gordon, 2004). Accounting, having first been known at the rise of civilization in Mesopotamia but advancing several thousand years thereafter in Italy during the fifteenth century where double-entry bookkeeping was developed, made the detection of errors

easier and allowed a far more “dynamic financial picture” to provide greater insights than simple raw numbers (Gordon, 2004, p. 9).

These second and third innovations are closely linked, as the widely recognized *Summa* by Luca Pacioli in 1494 is the first textbook printed on the Guttenberg Press that described the double-entry accounting system used by Venice merchants during the Renaissance. This double-entry bookkeeping system is still in use and serves as a shared fundamental learned by all accountants, especially Certified Public Accountants (CPA), many of whom at some point in their career gain work experience and expertise through a public accounting firm.

Another “intellectual invention” noted by Gordon (2004) was the development of the corporation, which served to limit the investor’s liability which, in turn, opened opportunities for entrepreneurs to assume risks while protecting a portion of their assets. As commerce evolved and the economies of the world became more sophisticated, the role of accountants and accounting firms played a prominent role in interpreting the performance of organizations. As Gilder (2013) noted, “The root of a company’s value, then, is experience, which is a product of the knowledge in the company, the learning of the customers, the balance sheet of assets and liabilities, and, not least, the policy environment” (p. 44).

CPA’s and accounting firms serve the public trust through the issuance of audited financial statements. Audit opinions have not significantly changed since the 1940’s and they provide the stakeholders with an indication of whether or not a company’s financial statements are “fairly stated” in accordance with prescribed auditing standards (JOA, August 8, 2013). After the Enron and Arthur Andersen scandals of 2001, the public sought increased scrutiny and transparency as well as a clearer understanding of audit opinions. As a result, sweeping changes took place such that accounting firms providing audit services to publicly traded companies were now subject to the Public Company Accounting Oversight Board (PCAOB). The PCAOB, created by the Sarbanes-Oxley Act of 2002, required that “auditors of US public companies be subject to external and independent oversight” because, previously, the profession had been self-regulated. As described on the PCAOB’s website, “The PCAOB is a nonprofit corporation established by Congress to oversee the audits of public companies in order to protect investors and the public interest by promoting informative, accurate, and independent audit reports.”

Professional Service Firms (PSF) have been defined in the literature “as those whose primary assets are a highly educated (professional) workforce and whose outputs are intangible services encoded with complex knowledge” (Greenwood, Li, Rajshree, & Deephouse, 2005, p. 661). Greenwood et al. (2005) highlighted the gaps in research related to PSF and concludes, “...the sheer importance of professional service firms in the modern economy justifies efforts to understand them. Given the distinctive tasks performed by PSFs, it is not surprising that they confront unusual managerial challenges” (p. 671).

Ussahawanitchakit (2008) indicates that service firms are likely to utilize the concepts of organizational learning in order to provide high service quality and promote best performance. It is further noted that the nature of an organizational learning culture tends toward a better understanding of customer needs as well as expectations that provide insight into the types of services that may be of interest to customers. This indicated that learning orientation involves the sharing of information about customer needs, market changes, and competitor actions that assist with the development of products that position an accounting firm with a competitive advantage.

Kepczyk (2004) identifies seven steps for accounting firms to become learning organizations, concluding that accounting firms that quickly adapt to change are the most productive which, in turn, increases profitability and business performance (BP). The seven steps to becoming a learning organization that Kepczyk (2004) identifies include: 1) understanding the firm’s attitudes toward learning, 2) helping to focus firms that do not have a learning culture, 3) identifying specific things that the firm needs to do to improve client services, 4) creating a standardized training curriculum, 5) performing an individual needs assessment, 6) insuring that the curriculum is properly implemented, and 7) developing best practices. According to Kepczk (2004), firms can only achieve this by understanding that “...the accounting profession operates in a world of constant change. The firms that can quickly identify and implement those changes that make them more productive will be the most profitable firms of the future. The only way this can be accomplished is by creating a culture where this is inherent, which is the learning organization” (p. 37).

Statement of the Problem

Public accounting firms came to the forefront with negative coverage in the popular press as a result of the 2001 Enron scandal, which shone unwanted light on the business of accounting and deeply damaged the public trust for the profession. The ensuing Enron scandal was interlinked with a long revered public accounting firm - Arthur Andersen - and eventually caused its demise. The impact of the Enron/Andersen scandal resulted in the 2002 Sarbanes-Oxley legislation that drastically changed the practice of public accountancy in the US. Firms were forced to adapt to the changing regulatory environment and heightened scrutiny that put downward pressure on revenues and client retention as well as limited service offerings. These public accounting firms offer various services ranging from traditional tax preparation and auditing services to more specialized consulting services covering the broad spectrum of the operations of a business and are considered to be PSFs.

The concepts and processes of continuous learning are inherent to those that deliver services in a public accounting firm. Public accounting firms in the US vary in size, structure, and services offered. They may be a sole proprietor providing tax services or a local/regional firm offering clients compilations, reviews, and audits in addition to tax services or a large multinational with offices worldwide offering the widest range of professional services, including sophisticated IT consulting and business acquisition services. No matter the size, all public accounting firms generate revenues from partners, managers, and staff delivering expertise acquired through current technical knowledge and experience gained over years of practice within an industry. The CPA's within these public accounting firms are regulated by the state in which their license is granted and must uphold the Code of Professional Conduct as established by the American Institute of Certified Public Accountants (AICPA).

Justification and Rationale

The services sector accounts for a large portion of the U.S. economy. PSFs are a unique subset of the service sector and Accounting Firms/CPAs provide a further focus. The "inseparability" of production and consumption for buyers and sellers make the pure service domain ripe for such inquiry. For professional service firms, including accounting firms, the "service" being provided is impossible to separate from the supply or production of the service from its consumption. In addition, this study is focused on accounting firms in the United States as contrasted to Thai accounting firms in the Ussahawanitchakit (2008) study. The United States regulatory environment places additional pressures that impact service delivery to clients of public accounting firms, which was heightened by the 2008 economic downturn and mitigating financial crises.

Recent research conducted in 2010 by the AICPA produced a report called *CPA Horizons 2025* that consolidated the insights of more than 5,600 CPAs regarding the future of the profession and provided a roadmap for the next 15 years, concluding that the profession would need to "to respond quickly and competitively to the shifting ground on political, economic, social, technological, and regulatory fronts." The study identified and defined core values as the "essential and enduring beliefs we hold over time [that] enable us to retain our unique character and value as we embrace the changing dynamics of the global economy." Those core values are: integrity, competence, objectivity, commitment to excellence, relevance in the global marketplace and lifelong learning.

Lifelong learning is inherent in any PSF, not just public accounting firms. Burke (1995) explored continuous learning in the context of career development at a PSF. Within public accounting firms, continuous learning through either on-the-job training or through continuing professional education (CPE) is required and, in many cases, is imposed at the individual level within the accounting firms as those individuals are striving to obtain certification or must maintain their professional certifications in various licensing jurisdictions. Does this individual learning orientation help to support a learning organization (LO) culture within the accounting firm? Does the accounting firm leverage the inherent learning orientation of its employees to increase business performance (BP)? Does the accounting firm therefore produce a competitive advantage? Can the model proven for manufacturing and service/service-reliant firms apply to accounting firms?

This study continues to add to the literature of learning orientation and competitive advantage by extending the study of Martinette and Obenchain-Leeson (2012) that used the same instrument to consider pure service organizations from a convenience sample. Having already researched how learning-oriented organizations that focus

on pure service perform, this study takes a deeper look at a specific industry (accounting firms) with a fresh new sample. This context is important for two reasons:

1. Service firms are likely to utilize the concepts of organizational learning in order to provide high service quality and promote best performance (Ussahawanitchakit, 2008). In the case of accounting firms, if one is to sustain and cultivate a competitive advantage, the dynamics of the profession tend to support a need for learning.
2. An organizational learning culture tends toward a better understanding of customer needs as well as expectations that provide insight into the types of services that may be of interest to customers (Ussahawanitchakit, 2008). Once again, accounting firms, in order to sustain and cultivate a competitive advantage, require a constant acquisition of knowledge.

The area of learning orientation remains crucial as a domain of academic inquiry in accounting, management, and marketing for a host of reasons. First, executives and managers are in danger of being overwhelmed by the impact of legislation like Sarbanes-Oxley. In order to optimize firm performance, earlier research suggests that it is necessary that learning organizations 1) provide a climate that encourages open-mindedness, shared vision/purpose, and commitment to learning, 2) understand and provide products and services that focus on customers' needs and wants, and 3) understand how to use current organizational knowledge and when and how to interpret it (Baker & Sinkula, 1999; Slater & Narver, 1995). Second, the distinctive activities that define a firm's competitive advantage often determine how an organization learns and how it can utilize those resources that improve its ability to better coordinate the efforts of employees toward enhancing the customer experience. Third, this research provides valuable information to the practitioner of accounting, who is responsible for delivering both revenue and profits using the organizational foundation and culture provided.

Previous Research and Conceptual Framework

For purposes of this study, using the same questionnaire as in prior studies by Martinette (2006) and Martinette and Obenchain-Leeson (2010, 2012) tested the model, except that the sample was drawn from a population of currently licensed CPA's in one of the 50 United States. Since PSFs differ greatly from manufacturing or other service firms, the demographics survey questions were specifically tailored to fit the accounting firm segment within the larger accounting industry. Strata within the questions were based on accounting surveys conducted by the Journal of Accountancy (JOA) and Accounting Today (AT) from 2011 through 2013. The JOA is published by the AICPA and AT is a trade magazine for the accounting profession in the US. Demographic questions addressing type of services offered and the size of the firm based on number of employees are consistent with those found in the AT's "Top 100 Firms for 2013." The demographic question addressing the size of firm based on geographic reach used standard terminology commonly used by accounting firms.

Martinette (2006) researched the influence of learning orientation on business performance (the achievement of sales and profit objectives) and Martinette and Obenchain-Leeson (2010) did the same in the context of the manufacturing sector. As a follow-up, Martinette and Obenchain-Leeson (2012) focused on pure service firms and concluded that competitive advantage moderates the relationship between the learning organization and its business performance in pure service firms. Since the 2006, 2010, and 2012 studies used a convenience sample, this study, using the same questionnaire, conducted a new survey using a random sample of accounting firms in order to develop more specific knowledge in the pure service sector. Therefore, the purpose of this research is to test the existing model, as depicted in Figure 1, in the context of a specific type of firm in the service sector; namely, an accounting firm, focusing on several research questions, including:

1. Is there a relationship between learning orientation and business performance in terms of the achievement of sales and profit objectives in an accounting services firm?
2. Is there a relationship between learning orientation and competitive advantage in an accounting services firm?
3. Does competitive advantage moderate the relationship between learning orientation and business performance in an accounting services firm?

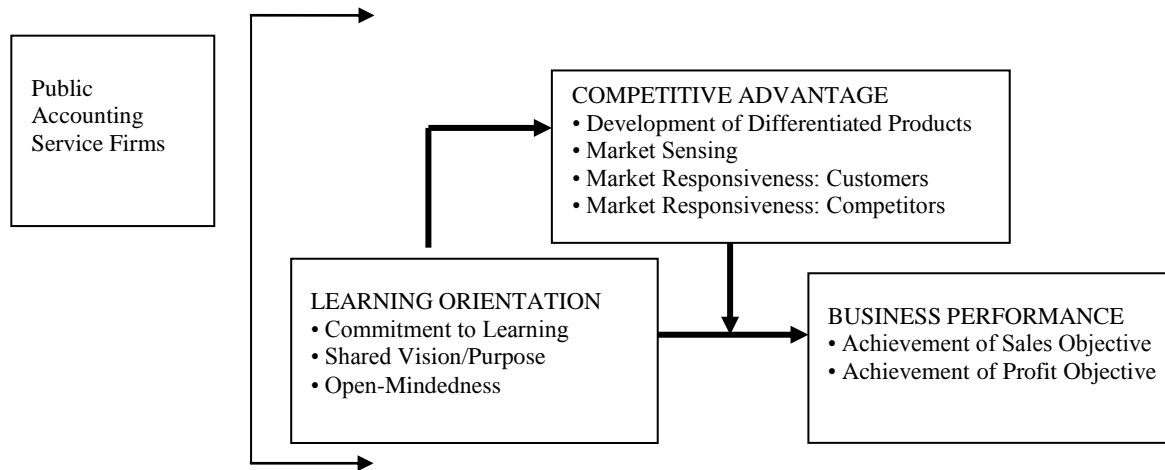


Figure 1: Conceptual Framework of Learning Orientation (Sinkula, Baker, & Noordewier, 1997), Competitive Advantage (Ramaswami, Bhargava, & Srivastava, 2004), and Firm Performance (Vorhies & Morgan, 2003)

The previous studies by Martinette (2006) and Martinette and Obenchain-Leeson (2010, 2012) posited that business performance measures (sales and profits) were influenced by the way a firm uses sources of competitive advantage and how it moderates learning orientation’s relationship to firm performance. This study extended the propositions of the earlier works - first, by using the same conceptual framework in Figure 1 to assess learning orientation’s influence on firm performance on a specific group of service firms (public accounting services firms) and second, this study did the same with the moderating influence of competitive advantage on that relationship within the strata of public accounting service firms.

Literature relating to the model in Figure 1 was thoroughly reviewed by Martinette (2006) and Martinette and Obenchain-Leeson (2010, 2012) and can be summarized with the terms defined in Tables 1 and 2.

Table 1: Literature Review Summary and Term Definitions from Martinette (2006) and Martinette and Obenchain-Leeson (2010, 2012)

Learning Orientation	Definition of Terms
-Commitment to Learning	Shared insights and past knowledge (Stata, 1989)
-Shared Vision/Purpose	Information generation is one of the most important elements of market information processing (Sinkula et al., 1997)
-Open-Mindedness	A company can create a future from “unlearning its past (Hamel & Prahalad, 1994)

Table 2: Literature Review Summary and Term Definitions from Martinette (2006) and Martinette and Obenchain-Leeson (2010, 2012)

Competitive Advantage	Definition of Terms
-Responsiveness: Customers and Competitors	Organizations with market insights are successful because they know why they succeeded in the past and they understand current structures, relationships, and motivations in their markets (Day, 1991).
-Competitors	Organizations with market insights are successful because they know why they succeeded in the past and they understand current structures, relationships, and motivations in their markets (Day, 1991).
-Differentiation	Differentiated products are the result of a myriad of competencies that enhance competitive advantage (Ramaswami et al., 2004).
-Market Sensing	A firm that is market-driven has the ability to sense events and trends in their markets and act accordingly (Day, 1994a)

The conceptual framework (Figure 1) used in this research that illustrated the relationships among learning orientation, sources of competitive advantage, and business performance were identified in a way that was previously studied by Martinette (2006) and Martinette and Obenchain-Leeson (2010, 2012). The following is a brief review of the development of those theories from earlier works of Martinette (2006) and Martinette and Obenchain-Leeson (2010, 2012).

Learning Orientation

Senge (1990) focused on a very basic definition of learning orientation that centered around the ability of an organization to use the five disciplines of team learning, personal mastery, mental models, building shared values, and systems thinking combined with the ideas of commitment to learning, shared vision/purpose, and open-mindedness. This operationalization has demonstrated reliability and validity offered by Sinkula et al. (1997).

Commitment to Learning

Ussahawanitchakit (2008) focused on organizational learning cultures on service quality and performance in accounting firms, providing the insight that learning orientation involves information sharing as it relates to customer needs as well as other market factors, like competitor actions and product development. Slater and Narver (1995) indicate that leaders are more often committed to learning and that commitment provides a road to competitive advantage (Sinkula et al., 1997). Valuing learning by an organization reflects a commitment to learning (Sinkula et al., 1997). Senge (1990) supports the idea that leaders who are committed to change are also committed to learning.

Shared Vision/Purpose

Martinette (2006) and Martinette and Obenchain-Leeson (2010, 2012) cited Sinkula et al. (1997) when they noted that information that is efficiently distributed to decision-makers provides more opportunity to use the information effectively. As such, a learning orientation influences the satisfaction of an organization with how proactive learning occurs, thereby affecting the information that is ultimately used, accepted or rejected, interpreted, and evaluated (Day, 1991, 1994b; Senge, 1990, 1992; Sinkula et al., 1997).

Open-Mindedness

In summarizing the idea that “unlearning” (Hamel & Prahalad, 1994) is as important as learning, Martinette and Obenchain-Leeson (2012) stated, “Learning orientation is an organizational characteristic that reflects the value that a firm places on constantly challenging the assumptions that frame the organization’s relationship with its environment, relative to both customers and competitors” (p. 50).

Competitive Advantage

Hunt and Morgan (1996) and Ramaswami et al. (2004) posit that the resources used to develop market offerings include sources of competitive advantage (differentiation, sensing, and customer and competitor responsiveness) that can be exploited and enhanced by higher-order learning. The construct of competitive advantage put forth by Ramaswami et al. (2004) was used for this study as illustrated in Figure 1 and has demonstrated reliability and validity.

Responsiveness: Customer and Competitor

Day (1991) focused on three critical trends in order to explain the importance of learning, including the rapid pace of change, the amount of available information, and the need for organizations to be proactive in the development of timely and coherent strategies that address markets. It was also important, according to Day (1991), for organizations to refine their knowledge of the past in order to better understand current structures within their markets as well as the relationships with and motivations of the players in their markets.

Differentiation

Competitive advantage often comes from unexpected places, such as regular activities that companies perform in the course of doing business that allow them to compete (Porter, 1985). Those activities include order processing, meeting with customers, assembling products, and employee training (Porter, 1985). Both Day (1994a) and Porter (1985) suggest that companies that look inward are more likely to isolate activities as resource capabilities that can facilitate a firm’s competitive advantage.

Market Sensing

The process that actively acquires and distributes information about the needs and responses of the market is called market sensing by researchers (Day, 1994a; Ramaswami et al., 2004). Ramaswami et al. (2004) suggest that firms that are skilled at market sensing are better than others at identifying trends and responding to customers wants and needs.

Business Performance

The dependent variable in this study included the achievement of sales and profit objectives. Many marketing and management studies over time use these performance measures as a way of determining success or failure of their programs and plans.

METHODOLOGY

The general premise for the methodology follows the recommendation of Martinette and Obenchain-Leeson (2012) where it was noted that it is clear that a focus on service organizations provided support for the theoretical model of this study. However, to further validate this finding, this study could be replicated in specific service industries. The current study championed this recommendation by focusing on accounting services firms.

Data Collection

Data were collected using the self-administered questionnaire from prior studies of Martinette (2006), Martinette and Obenchain-Leeson (2010), and Martinette and Obenchain-Leeson (2012). Adaptations to demographic questions were made to capture nuances and the nature of the accounting services industry.

Sample

A sampling frame of 8,179 licensed Certified Public Accountants was used for this study. Data were collected during three different periods between February 13, 2013 and July 30, 2013 via Survey Monkey. Respondents were contacted via email, using a cover letter, and an email link. Two hundred and fifty-nine responses were received and approximately 200 additional respondents either openly declined the invitation to participate or had inaccurate email addresses. Of the 259 responses, 218 were usable (~ 3% response rate). Of the 218 usable responses, 94 respondents self-identified as 'public accounting services firms and were partitioned as the focus of this study. Responses were declared unusable if data on any of the major variables of the study were missing. Where data were missing on non-major variables of the study, data were replaced by the appropriate measure of central tendency. Table 3 demonstrates the profile of the average respondent in accounting service firms.

Table 3: Profile of the Average Respondent in Accounting Service Firms (n = 94)

Variable	Most Frequently Occurring Answer
Type of Business	Public Accounting (including sole proprietors)
Primary Services Provided	Audit, Attest, and Tax
Level within the Firm	Partner/Owner
Number of Employees	50 or Fewer
Firm Revenue	Greater than \$10,000,000
Length of Time at Firm	>11 years
Gender	Male
Age	51 – 60
Perceived Learning Orientation	3.8 (scale of 1 – 5)
Perceived Competitive Advantage	3.3 (scale of 1 – 5)
Perceived Business Performance	3.8 (scale of 1 – 7)

In general, the average respondent in this study was a male between the ages of 51 and 60 years. As a partner/owner, he works in a public accounting services firm of less than 50 employees with gross revenue greater than \$10,000,000. His firm focuses on the services of tax, audit, and attest. Among the major variables of the study,

respondents reported that their firms reflected above average scores on learning orientation, competitive advantage, and business performance.

The response rate of the random sample was low - at 3%. The authors underestimated the ongoing seasonality of accounting services that are active in nearly every business quarter. Additionally, the sampling frame was not tested for currency. The first sample was collected in February 2013 and the low response rate, coupled with at least one respondent indicating that the timing of Spring tax season posed a barrier, led researchers to postpone further data collection until after the Spring tax season. Given this information, the researchers thought a summer data collection would be appropriate to avoid Fall tax season. Several respondents indicated that this was a poor time for data collection as well. Lastly, the timing of the second data collection coincided with a very public disclosure surrounding the surveillance methods of the U.S. National Security Agency. According to Proquest ABI/INFORM database, 1,715 articles referring to this disclosure were authored during the data collection period of June 14, 2013 – July 30, 2013. In general, public opinion culminated in worries over privacy and information usage. Thus, the context for data collection was negative, at best.

FINDINGS

Using newly gathered data from a similar questionnaire used by Martinette (2006), Martinette and Obenchain-Leeson (2010) and Martinette and Obenchain-Leeson (2012), this research tested an earlier model in accounting services firms (Figure 1). The following research questions and hypotheses were tested:

Is there an association between learning orientation and business performance - the achievement of sales and profit objectives in accounting service firms?

Ho1: There is no association between learning orientation and business performance in accounting services firms.

Ha1: There is an association between learning orientation and business performance in accounting services firms.

Analysis: Bivariate Correlation

In a sample of public accounting services firms ($n = 94$), a simple bivariate correlation was calculated to assess the relationship between learning orientation and business performance variables. According to Table 4 and, similar to Martinette and Obenchain-Leeson (2012), the relationship was both positive and significant with a weak effect, $r(94) = .24$, $p < .05$. Thus, as learning orientation increases in accounting services firms, business performance scores also increase. This suggests that approximately 5.8% of the change in business performance in small organizations is related to learning orientation.

The positive correlation found between learning orientation and business performance, noted in Table 4, is not surprising. This relationship has been suggested by Senge (1990) and demonstrated by a variety of empirical studies (Baker & Sinkula, 1999; Lopez, Peon, & Ordas, 2005; Martinette, 2006; Martinette & Obenchain-Leeson, 2010; Martinette & Obenchain-Leeson, 2012). Additionally, it was expected that accounting services firms, categorized as pure service organizations, would clearly demonstrate a statistically significant relationship between learning orientation and business performance because the offering of pure service firms is inseparable, in delivery, between the buyer and the seller; that is, built into the very heart of service creation and service delivery are key processes of information exchange, personal attention, and relationship management between the buyer and seller. Perhaps it is the case that service organizations have a built-in capability for learning. Additionally, this finding also supports Kepczk (2004) who noted that “The accounting profession operates in a world of constant change. The firms that can quickly identify and implement those changes that make them more productive will be the most profitable firms of the future. The only way this can be accomplished is by creating a culture where this is inherent, which is the learning organization” (p. 37).

Table 4: Bivariate Correlation Analysis of Learning Orientation and Business Performance in Accounting Services Firms

Accounting Services Firms (n = 94)	
	Business Performance
Learning Orientation	.24*

Note: * p < .05

Is there an association between learning orientation and competitive advantage in accounting services firms?

Ho2: There is no association between learning orientation and competitive advantage in accounting services firms.

Ha2: There is an association between learning orientation and competitive advantage in accounting services firms.

Analysis: Bivariate Correlation

Similar to Martinette and Obenchain-Leeson (2012), a simple bivariate correlation was calculated to assess the relationship between learning orientation and competitive advantage variables on the sample (n = 94) of public accounting services firms. According to Table 5, the relationship was both positive and significant with a nearly moderate effect, $r(94) = .36$ $p < .01$. Thus, as learning orientation increases in accounting services firms, competitive advantage scores also increase. This suggests that approximately 13% of the change in competitive advantage in accounting services firms is related to learning orientation.

The positive correlation found between learning orientation and business performance, noted in Table 5, is not surprising. This relationship has been suggested by Senge (1990) and demonstrated by a variety of empirical studies (Baker & Sinkula, 1999; Pemberton, Stonehouse & Yarrow, 2001; Martinette, 2006; Martinette & Obenchain-Leeson, 2010; Martinette & Obenchain-Leeson, 2012). Based on the findings of Martinette and Obenchain-Leeson (2012), where a convenience sample of pure service and service-reliant organizations demonstrated a statistically significant relationship between learning orientation and competitive advantage, it was expected that public accounting services firms, as pure service organizations, would reflect similar results. The breadth and scope of services provided by public accounting services firms clearly include activities, processes, and services where the provider and client co-create value. These activities, identified earlier in this paper can be delivered on a local, regional, national, or global level to include tax services, audit services, and a host of professional consulting and business acquisition services. The connectedness between service provider and client may allow better knowledge and understanding of client needs, resulting in new services and ways of doing business. As a result, superior growth and outcomes, particularly competitive advantage is possible (Martinette & Obenchain-Leeson, 2012).

Table 5: Bivariate Correlation Analysis of Learning Orientation and Competitive Advantage in Accounting Services Firms

Accounting Services Firms	
	Competitive Advantage
Learning Orientation	.36**

Note: ** p < .01

Does competitive advantage moderate the relationship between learning orientation and business performance in accounting services firms?

Ho3: Competitive advantage has no effect on the relationship between learning orientation and business performance in accounting services firms.

Ha3: Competitive advantage has an effect on the relationship between learning orientation and business performance in accounting services firms.

Analysis: Partial Bivariate Correlation

To examine Hypothesis 3, a partial correlation was conducted to assess if competitive advantage moderates the relationship between learning orientation and business performance in accounting services firms. First, multiplying the overall learning orientation scores and the overall competitive advantage scores created an interaction term. This created the new interaction term LOXCA, which was used to assess if, taken together, the product of learning orientation and competitive advantage is associated to business performance.

Zero-order correlations – those without any control variables – are presented in Table 6 where positive and statistically significant relationships exist among all variables - learning orientation, competitive advantage, business performance, and the interaction term (LOXCA).

Table 6: Zero Order Correlations among Learning Orientation (LO), Competitive Advantage (CA), Business Performance (BP) and the Interaction Term (LOXCA) in Accounting Services Firms

	LO	CA	BP	LOXCA
LO	1.0	.36**	.24*	.82**
CA	--	1.0	.47**	.83**
BP	--	--	1.0	.44**

Note: ** p < .01; * p < .05

To partition the independent variance of each variable, competitive advantage and learning orientation were entered as control variables. After controlling for the above variables, the interaction term (LOXCA) was no longer significantly related to business performance, $r(94) = .14$, $p = .18$. This non-significant correlation suggests that competitive advantage does not moderate the relationship between learning orientation and business performance in public accounting services firms.

RECOMMENDATIONS FOR FUTURE RESEARCH

In many ways, this study confirmed the results of Martinette and Obenchain-Leeson (2012) by demonstrating a significant relationship between learning orientation and business performance and between learning orientation and competitive advantage. Unlike the results of Martinette and Obenchain-Leeson (2012), the research found that competitive advantage does not moderate the learning orientation business performance relationship in public accounting service firms. Martinette and Obenchain-Leeson (2012) recommended future researchers test the model in Figure 1 by conducting a replication study on a random sample (versus convenience sample) of a specific service industry. This current study fulfilled this recommendation.

Future researchers may want to consider several possibilities, as also noted in Martinette and Obenchain-Leeson (2012):

- First, researchers could follow the lead of this study and target another precise set of respondents by using a different targeted population, such as attorneys.
- Second, using the same sample, or a new one, surveys could be conducted that focused on front line workers while excluding other levels of management. It may be important for researchers to have a large enough sample to make more significant comparisons among the subgroups. Multiple companies in different industries could be surveyed in large enough numbers so as to provide context across service businesses.
- Third, as one thinks about the variety of pure service industries (e.g., law, health care, etc.) where value must be created as collaboration between the seller and the client, it might be useful to evaluate if the key relationships of this model might demonstrate stronger correlations. If one replicates this study, it is recommended that all factors impacting respondent access (business season, currency of contact, etc.) and respondent willingness (business season, current events regarding privacy) be considered. A larger sample size would be desirable in order to avoid non-response bias. It would also be recommended that Dillman’s Tailored Design Method be followed while gathering data.
- Fourth, this model could also provide researchers with a way of considering learning orientation and process issues. Process thinkers continue to suggest the need for learning orientation, as noted by Woodruff

(1997) as he states with regard to the creation of customer value - "...managers must translate customer learning into superior performance with customers. For instance, an organization's internal process for delivering value must be brought in line with a customer's value" (p. 140). This requires a coordinated effort to capture and disseminate information throughout the organization (Woodruff, 1997, as cited by Martinette and Obenchain-Leeson, 2012).

- Fifth, there remains a need for researchers to study the impact of strategy on the relationship between learning orientation and business performance. As Senge (1990) suggests, the long run implications of superior performance depends on learning excellence with a long-term systematic focus. Martinette and Obenchain-Leeson (2012) indicated as much when they stated, "Learning provides the opportunity for decisions to be made with an understanding of the myriad of variables and relationships with processes and the market that set the stage for making correct customer value, creating choices that lead to desirable business performance" (p. 54). Kaplan and Norton (2001) have noted that the ability to implement strategy is likely more important than the actual strategy, adding, "The feedback and review of strategic information helps to maintain enthusiasm about the strategic journey and to guide the organization to ever-higher levels of performance" (p. 328).
- Sixth, it would be useful for researchers to further develop the study by looking at the impact of inherent learning orientation of CPA's on any organization in which they work beyond that of a public accounting firm.

CONCLUSION: MANAGERIAL IMPLICATIONS

The findings of this study demonstrated a positive relationship between learning orientation and firm performance and learning orientation and competitive advantage, consistent with previous literature. First, this suggests that the partners/owners of public accounting firms seeking improved business performance should consider leveraging learning orientation within the organization to improve overall performance results. Second, the partners/owners could benefit by providing an example for learning from the top in order to develop a business culture that encourages overall organizational learning and, in doing so, can impact overall business performance. Third, there is also a public perception of the overall accounting profession and rebuilding the public's trust that was so damaged at the start of the 21st century. In general, a better understanding of one's customer base not only offers the potential for improved client relationships and retention that leads to additional and recurring billable hours, but it could also provide an increase in public trust through transparency by reflecting an image that suggests that business performance for a professional services firm goes beyond positively impacting profits.

Unlike in the previous study (Martinette & Obenchain-Leeson, 2012), the moderating influence of competitive advantage on the learning orientation-firm performance relationship was not demonstrated as it relates to Hypothesis 3. That result could indicate that public accounting firms may have a different perspective on what a competitive advantage in their respective market may actually mean because they may have a unique way in which they view a competitive advantage in the context of their own value proposition.

Overall, the results of this study continue to provide a useful framework that will help partners/owners of public accounting firms better focus their decision-making when making internal investment and strategic planning decisions. Clearly, CPA's within public accounting firms inherently have a learning orientation that can - and should - be leveraged within the context of overall firm practice management and performance, which suggests a unique perspective within those types of firms.

First, this research suggests that, as noted by Stata (1989) and cited by Martinette and Obenchain-Leeson (2012), learning remains a major source of competitive advantage.

Second, the research also suggests, as noted by Martinette and Obenchain-Leeson (2012) that resources in a pure service firm are made up of assets that are intangible.

Third, this research also suggests that a focus on learning is incumbent upon firms that are in the business of selling their knowledge as the primary value proposition.

Fourth, while the findings of this research indicated that having a competitive advantage did not impact the learning orientation business performance relationship, it suggests that it would be useful for public accounting firms to get a handle on how they define competitive advantage in the context of their particular business.

Fifth, these findings, as in the previous study, suggest that organizations with a learning orientation should continue to focus on the most effective ways of exploiting and enhancing the ability of their organization to learn in order to maintain a positive and significant relationship with business performance.

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