

**INFLUENCE OF HUMAN RESOURCE AUDIT ON PERFORMANCE OF
MULTIPLE GROUP OF TRANSPORT COMPANIES IN KENYA**

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**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF
ENTREPRENEURSHIP, PROCUREMENT AND MANAGEMENT
IN THE COLLEGE OF HUMAN RESOURCES DEVELOPMENT IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
AWARD OF MASTERS OF SCIENCE DEGREE IN HUMAN
RESOURCE MANAGEMENT OF JOMO KENYATTA
UNIVERSITY OF AGRICULTURE
AND TECHNOLOGY**

APRIL 2018

DECLARATION

This project is my original work and has not been presented in any other University or institution of higher learning for examination or the award of a degree in any other university.

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This project has been submitted with my approval as the University Supervisor.

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DEDICATION

This project is dedicated to first and foremost my dad who has been a great mentor, financier and driving force towards my career progression. My spouse and adorable son allowed me time away from their attention to concentrate on my studies and finally my brothers, sisters and workmates who showed great concern, support and encouragement towards my studies.

ACKNOWLEDGEMENT

First and foremost, I wish to thank God for his great care, inspiration and encouragement throughout my study. Secondly, I profoundly acknowledge and thank my research supervisor Dr. Kwasira Josphat for his guidance, criticism and encouragement towards my academic achievements and all the lecturers who have tutored me during my studies. I also appreciate my classmates and the entire JKUAT Nakuru CBD campus for their support. Thank you and God bless you abundantly.

ABSTRACT

In Kenya, the transport industry employs large number of employees. It is the responsibility of the management to ensure that employees have the right skills and knowledge that necessitates the organization to achieve its objective. To achieve this, employers have adopted a variety of human resource policies and practices with the aim of improving organization performance but despite all these efforts, performances of these organizations are perennially low. The human resource function in the transport sector cannot be considered to be a complete system of efficiency and effectiveness unless it is followed by an equally competent system of audit. It is for this reason that the researcher assessed the influence of HR audit on performance of Multiple group of transport companies. The key variables of the study were: training, the reward system, recruitment and selection and how they influence performance. The study was guided by three theories namely: Human capital theory, contingency theory and the best fit theory. The study employed a descriptive survey design; collected data from all the 5 group companies of multiple using questionnaires. The target population of the study comprised of 28 HR staff at Multiple group of companies. Since the whole population was involved, 28 Questionnaires were self-administered to all the respondents. The collected data was then subjected to SPSS for analysis and interpretations. Hypotheses were tested at 0.05 level of significance and findings presented in form of tables. The coefficient of correlation for the relationship between independent variables and the dependent variable is 0.905 which shows a strong positive correlation. The value of R-square of 0.819 implies that 81.9% of the variation in organization performance at Multiple group of Transport Companies is explained by the independent variables. As from the inferences drawn from the regression analysis and conclusions drawn, the study recommended a regular audit on major HR practices as they are key factors that influence organization performance. The study was significant as it will be used by organization directors in formulating human resource policies and operational procedures that will work on improving performance.

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ABBREVIATIONS AND ACRONYMS

GDP	Gross Domestic Product
HRP	Human Resource Planning
HR	Human Resource
HRM	Human Resource Management
MHEAL	Multiple Hauliers East Africa Limited
MFSL	Multiple Freight Solution Limited
MICD	Multiple Inland Container Depot
NTSA	National Transport and Safety Authority
PMS	Performance Management Systems
RTEAL	Randon Trailer East Africa Limited
SHRM	Strategic Human Resource Management
SWOT	Strength Weakness Opportunities and Threats

DEFINITION OF TERMS

Human Resource Audit: Is a quality control check on the human resource activities in a division of a company in order to determine how well the activities support the organization's overall strategy (Florkoski & Schuler, 1994).

Human Resource Planning: Is a systematic analysis of HR needs in order to ensure that correct numbers of employees with the necessary skills are available when they are required (Armstrong, 2001).

Recruitment and Selection: Is a set of activities and processes used to legally obtain a sufficient number of qualified people at the right place and time (Costello, 2006).

Human Resource Management: Is the understanding and application of the policies and procedures that directly affect the people working within the project team and the overall workforce (Armstrong, 2006).

Human Resource Policies: Are continuing guidelines on how people should be managed in the organization (Armstrong, 2010).

Training: Is the organized procedure by which people acquire knowledge or skills for a definite purpose (Jones & George, 2005).

Reward: Is the compensation which an employee receives from an organization for exchange of services offered by the employee or as the return for work done (Lin, 2007).

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In a world characterized by intense competition as well as increase in the demands and wants of all the stakeholders, businesses have struggled to achieve and maintain a competitive edge. Nevertheless, human capital in the business has been identified as a key source for attainment of sustained competitive edge (Shiri, 2012). To respond to the demands of human capital as a source of competitive edge, organizations have developed and utilized new human capital management approaches and procedures to achieve their objectives. On the other hand, the academic fraternity has identified the human capital as a key source of competitive edge.

It has presented various theories to human capital management such as personnel management, employee relations, human resource management and strategic human resource management (Amy, 2010). At the heart of the use and development of these strategies is the need to understand, evaluate and explore the current conditions, practices, strategies and policies that define human resource management at the organization level. This is commonly referred to as human resource audit. HR audit is a human resource effectiveness tool that aims to examine and evaluate the policies, procedures and practices in relation to their application, use and effectiveness at the work place (Durai & Adaikalasany, 2014).

It aims to investigate how human resource policies, practices and personnel contribute to the overall organization performance or attainment of organization goals. According to Anthony et al., (2002), HR audit is the study of human resource units to determine the effectiveness of the human resource function. Human resource units are concerned with effectiveness and one of the ways to assess these is through HR audit and research. Anthony explains further that the purpose of an HR audit is serving the organization needs.

It helps the organization analyze its human resource policies and practices, determining whether changes and improvements are necessary. It helps decision makers understand what is happening with the various activities such as compensation, hiring, recruitment and training.

1.1.1 Human Resource Audit

Human resource audit is a logical review of the working of human resource department. It involves the review of all major areas of human resource such as human resource planning, job analysis, recruitment and selection of workers, compensation, training, orientation, benefits, compliance and human resource information systems (Berry, 1967). An HR audit can be compared to an annual health check. It can perform the same function for the organization. It is a means by which an organization can measure where it currently stands and determine what it has accomplished to improve its human resource function.

It involves systematically reviewing all aspects of human resource management practices usually in a checklist fashion. It ensures that the government regulations are being adhered to (Gupta, 2004). The main purpose of an HR audit is to identify the strengths and weaknesses in the human resource function and bring out any issue that may require resolution. Its purpose is to improve the quality of financial decisions of management.

It assumes that the availability of quantitative data on human resources would result in widening the scope of management decisions mainly by permitting considerations of large set of variables or improving the basis on which these variables work. Human resource audit works best when the focus is on analyzing and improving the effectiveness of the human resource function. HR audit itself is a diagnostic tool not a perspective instrument. It is most useful when an organization is ready to action its findings and to evolve its human resource function so as mission and objectives can be realized (Armstrong, 2006).

According to Sherer and Kent (1983), the audit function may have emerged originally to monitor one specific type of accountability relationship. The expansion in the scope of auditing and the adoption of modes of operation can be viewed as response to a broader interpretation of accountability. Human resource audit is therefore characterized as a monitor mechanism within the accountability process. According to (Lev & Schwartz, 1971) HR audit practices helps to uncover areas of liability exposure, cost and opportunity on three levels: the audit helps focus on what needs to be known to generate even better human resource system results.

It also helps to correct misunderstandings, oversights, mistakes and missed opportunities. Reinforce good practice and help further develop the essential areas in which we already have knowledge, Sherer and Kent (1983). Multiple Group of companies' objective of carrying out human resource audit is to get more information about the rewarding system, training, recruitment and selection and recommend policies for improving its performance.

1.1.2 Multiple Groups of Companies

Multiple group is the largest logistics and supply chain management group owned by Kenyans. The group is a home to approximately 2,000 dedicated and committed individuals with 5 group companies namely: Multiple Hauliers East Africa Limited (MHEAL), Randon Trailer East Africa Limited (RTEAL), Multiple Inland Container Depots (MICD), Multiple Freight Solution Limited (MFSL), and the Porsche Centre Nairobi. Multiple Hauliers East Africa Limited (MHEAL) was established in 1982 as a family business whose core business is cross border haulage of general merchandise, petroleum products, industrial raw materials and finished products. The company has grown tremendously from 3 trucks to a fleet of over 1000 trucks. Randon trailer East Africa limited (RTEAL) commenced its operations in 2005 with the assembly of Randon trailer brand imported as parts from Randon.

Randon is the third largest trailer manufacturer in the world; it also sells Volkswagen commercial vehicles and MAN buses and trucks in Kenya Uganda and Tanzania. Multiple inland containers depot (MICD) Kenya limited was incorporated in 2007 as a limited company. It focuses on container handling, bulk cargo storage and warehousing. Multiple freight solution limited (MFSL) was established in 2008 in Nairobi Kenya. It is involved in custom clearance, warehousing and cargo consolidation. MFSL aims at assisting with all freight forwarding and supply chain management requirements. The Multiple group also owns the Porsche Centre Nairobi which started in 2014 as a local franchise holder of the German luxury car dealer Porsche.

1.2 Statement of the Problem

In Kenya, road transport is core and dominates the entire transport sector accounting for approximately 93% of the total cargo and passenger traffic (Kenya roads board). It is therefore of no doubt that a huge number of Kenya's population work in the

transport sector either directly or indirectly. These employees require skills and knowledge to help the organization achieve its objectives and to bring down the cost of operation related to frequent accidents. To achieve this, employers have adopted a variety of human resource policies and practices with the aim of improving organization performance but despite all these efforts, performances of these organizations are perennially low. According to NTSA the economic cost associated with road crashes in Kenya is approximately 5.6 of the GDP. It further posits that over 70% of these accidents are caused by human errors i.e. drunk driving, speeding, disregard of the laws, carelessness and dangerous driving. Despite huge investments in recruitment, training, rewarding and other HRM practices with the aim of enhancing job satisfaction, the trend is going up instead of diminishing. Another challenge is the high rate of labor turnover especially in the trucking industry. Organizations incur huge losses as a result of losing trained and skilled employees due to loopholes in the process of attracting employees, motivation, rewarding, and job satisfaction all through to employee termination. It is for these reasons that the researcher undertook a study on human resource audit with recruitment and selection, rewarding system and training being the key variables for the study.

1.3 Research Objectives

The study has one general and three specific objectives;

1.3.1 General Objective

The general objective of the study is to determine the influence of HR audit on performance of Multiple group of transport companies in Kenya.

1.3.2 Specific Objectives

- i. To establish the influence of training audit on performance of Multiple Group of Transport Companies in Kenya.
- ii. To determine the influence of reward system audit on performance of Multiple Group of Transport Companies in Kenya.
- iii. To assess the influence of recruitment and selection audit on performance of Multiple Group of Transport Companies in Kenya.

1.4 Research Hypotheses

The study attempts to test the following hypotheses:

- i. **H₀₁**: Training audit has no significant influence on performance of Multiple Group of Transport Companies in Kenya.
- ii. **H₀₂**: Reward system audit has no significant influence on performance of Multiple Group of Transport Companies in Kenya.
- iii. **H₀₃**: Recruitment and selection audit have no significant influence on performance of Multiple Group of Transport Companies in Kenya.

1.5. Justification of the Study

The study seeks to assess the influence of HR audit on performance of Multiple group of transport companies in Kenya. It is hoped that the findings obtained in this study will enable Directors and management to appreciate the importance of HR audit. It will also assist them in rating their level of compliance against those of their competitors or the entire market.

The outcome of the study will be used by other organizations to improve on human resource policies and their operational procedures as they work towards improving performance. The academicians will be furnished with relevant information regarding the relationship between human resource audit and performance of an organization. It will also contribute to the body of knowledge and form the basis for further research by guiding future researchers on fruitful areas of studies.

1.6 Scope of the Study

The study was undertaken in the human resource departments of the five group companies of Multiple in their head offices in Nairobi Kenya. The study was limited to HR staff in each of the constituent companies. Further the study was limited to three variables namely recruitment and selection, reward systems and training. The study was conducted between September 2017 and January 2018 with an approximate budget of Kenya shillings 94,000.

1.7 Limitations of the Study

The study encountered some limitations, firstly, privately owned institutions seldom release all information required which made some respondents, apprehensive of the intentions of the study. Secondly the nature of the study may have led to some respondents giving false information. To counter these limitations, the researcher

attempted to adequately brief the targeted respondents about the intentions of the study and how the findings were to be used. The respondents were also assured of confidentiality and anonymity.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This chapter presents theoretical reviews and what other scholars have done in relation to the current topic and its objectives. The chapter presents a conceptual framework, a summary of existing literature and the research gaps created by empirical review.

2.2. Theoretical Review

The study was based on the Human Capital Theory, Contingency theory and the Best Fit Theory. These theories are reviewed below.

2.2.1. Human Capital Theory

The demonstrated idea is the basis of the Human Capital Theory which was invented in 1960's by T. Schultze and G Becker. In the context of the theory the importance of education as an economic factor started to be discussed while before it had been observed just as a social need. It is a framework that examines the relationship between education, economic growth and social wellbeing. It is an extension of the capital concept and posits that expenditures on education, job training and healthcare are capital investments that will yield economic and social returns at the individual and societal levels Becker (1993). Human capital itself is a composite of an individual or workforce knowledge, skills and life experiences and higher levels of human capital are expected to yield increased wages and GDP benefitting individuals and societies as a whole.

According to Armstrong (2009), Human Capital Theory consists of three concepts. The first concept is the Intellectual Capital which is defined as the stocks and flows of knowledge available to an organization and regarded as the intangible resources associated with people. The second concept is Social Capital that consists of knowledge derived from networks of relationships within and outside the organization. Social Capital has been defined by (Putnam, 1996) as the features of social life networks, norms and trust that enable participants to act together more effectively to pursue shared objectives. The final concept is Organization Capital which is the institutionalized knowledge by an organization that is stored in databases (Youndt, 2000). According to Armstrong (2009), Human Capital Theory involves

obtaining answers to what are the key performance drivers that create value, what skills are present, what skills are needed now and in future to meet strategic aims. How is the organization going to attract, develop and retain these skills? How will it develop a culture and environment in which the organization and individual learning takes place that meets both the organization needs and needs of employees? And how to provide for both the explicit and tacit knowledge created in an organization to be captured, recorded and used effectively. A limitation of human capital theory is that it assumes education increases productivity in the workplace.

Such treatment of education is problematic because the process of human capital formation varies for individuals and groups. People learn differently, and a quality education in one context may prove ineffective in another Becker, G. (1993). Human Capital Theory is relevant to this study as it helps to determine the impact of people in an organization and their contribution to shareholders returns. It demonstrates that human resource practices produce value for money in terms of for example return on investment. It provides guidance on the future human resources and business strategy. Human Capital Theory provides data that may inform strategies and practices designed to improve the effectiveness of the human resource function in the organization.

2.2.2 Best Fit Theory

Best fit HRM theories which are also known as universalistic theories postulates that HRM Practices are universal in the sense that they are best in any situation and that adopting them will lead to superior organizational performance. Universalistic scholars (Luthans & Summers, 2005; Pfeiffer, 2001) argue that there is a set of superior HRM practices which if adopted by a firm, would lead to enhanced firm performance. A crucial aspect concerning SHRM is the concepts of fit and flexibility. The degree of fit determines the human resource system's integration with organization strategy (Kumar, 2006). Fit includes the utilization of human resources to help with the achievement of organizational objectives. In this context, organizational behavior, organization theory, and strategy researchers have long assumed that "fit" among organizational subcomponents results in organizational effectiveness, but often they have been frustrated by difficulties in both conceptualizing and operationalizing the concept. Similarly, a dominant theme of the

SHRM literature is the need to fit human resources strategy to the larger organizational context (Milliman et al., 1991).

According to Lengnick-Hall (1988), managers should be fitted or matched to the nature of strategic business planning, the firm's expansion strategy, product life cycle, and future strategic needs and choices. In addition to the concept of fit, another theme in the SHRM literature is the need for flexibility in adapting human resources strategy to its larger organizational context (Lengnick-Hall, 1988). According to the best fit theory, a firm that follows a cost-leadership strategy designs narrow jobs and provides little job-security, whereas a company pursuing a differentiation strategy emphasizes training and development. This approach is a counterpart to the “one strategy fits all” seen in Pfeffer’s seven best practices.

The best fit school, therefore, argues that all SHRM activities must be consistent with each other and linked to the strategic needs of the business (Schuler, 1992). According to the best fit school, human resources strategy will be more effective when it is appropriately integrated with its specific organizational and environmental context (Boxall and Purcell, 2000). It has been argued that human resources management practices that are not aligned and consistent with organizational strategy and which conflict with other human resources practices can restrain both individual and organizational performance. Based on contingency or fit perspective, SHRM can be defined as the integration of human resources practices and policies to the overall organizational objectives with the aim of improving performance. The contingency perspective of SHRM gives particular importance to human resources planning and argues that a firm can be effective if its human resources practices and strategy aligned with other aspects and strategies of the firm. There are two forms of fit alignment- vertical and horizontal. Vertical or external fit refers to the alignment of human resources practices with the specific organizational context and horizontal or internal fit refers to the alignment of human resources practices into a coherent system of practices that support one another (Delery, 1998).

In general, vertical fit is viewed as a critical step toward attaining the organizational goals through initiating some human resources activities that are aligned with firm objectives, while horizontal fit is essential when making good use of these resources (Wei, 2006). This type of fit shifts the focus from individual human resources

practices to the entire human resources management system. If all of the practices fit into a coherent system, the effect of that system on performance should be greater than the sum of the individual effects from each practice alone (Ichniowski et al., 1997).

2.2.3 Contingency Theory

The contingency theory of leadership was proposed by the Austrian psychologist Fred Edward Fiedler in his landmark 1964 article ‘a contingency model of leadership effectiveness’. The contingency theory emphasizes the importance of both the leaders’ personality and the situation in which that leader operates. Contingency scholars have argued that human resource strategies would be more effective only when appropriately integrated with a specific organizational and environmental context. The best fit theory emphasizes the importance of ensuring that human resource strategies are appropriate to the circumstances of the organization, including the culture, operational processes and external environment. Human resource strategies have to take in to account the particular needs of both the organization and its people. It explores the close link between strategic management and human resource management by assessing the extent to which there is vertical integration between an organization’s business strategy and its human resource policies and practices ((Decktop, 2006). The best fit therefore ensures an explicit link or relationship between internal people processes and policies and the external market in business strategy, and thereby ensures that competences are created which have a potential to be a key source of competitive advantage (Wright, Gardener & Allen, 2005).

According to the contingency approach, strategic human resource management is not the ultimate factor that contributes to improved firm performance; it has to be integrated with other factors and the impact of human resource practices in firm performance is conditioned by an organizations strategic postures. A firm’s approach to competition depends on, or makes use of the talents and capabilities of employees, then HR practices would be more likely to have an impact on performance; otherwise the connection between human resources and performance might be minimal. One criticism often leveled at the contingency model is that it tends to over-simplify organizational reality. In attempting to relate one dominant variable to the

organization to another internal variable, they tend to assume a linear problematic relationship.

According to Purcell (2001), this theory is limited by impossibility of modeling all the contingent variables, the difficulty of showing their interconnection, and the way in which changes in one variable have an impact on others. Boxall and Purcell (2003) further emphasize the complexity of matching human resources and business strategy by stating the need to keep up with the ongoing environmental change. They bring attention to a model by Wright (2005) asserting that strategic human resources management should simultaneously promote fit and flexibility to cope with the future. However, responding to those external demands may undermine the possibility of achieving internal fit (Legge, 2005).

2.3 Empirical Review

It is a set of broad ideas and principles taken from relevant fields of inquiry and used to structure a subsequent presentation (Armstrong 2010). For the purpose of this study we limited ourselves to recruitment and selection, reward systems and training practices which are perceived to directly affect organization performance.

2.3.1 Training and Organization Performance

Training is the organized procedure by which people acquire knowledge or skills for a definite purpose (Jones & George, 2005). The objective of training is to achieve a change in the behavior of those trained. This means that the trainees shall acquire new manipulative skills on the job in such a way as to aid in achievement of organizational goals (Archive, 2008).

According to Grobeler et al., (2006), training is the use of specific means to inculcate specific learning, using techniques that can be identified and described. These techniques and methods should be continually improved. Training therefore is a deliberate effort to teach specific skills, knowledge and attitudes to serve a specific purpose (Archive, 2008). Training is not only aimed at improving the employees knowledge and skills with regard to his or her functional and administrative duties, but also the acquisition of certain virtues and attitudes like diligence, integrity, loyalty and responsibility is also within its scope.

At any organization level, training is very important in enhancing organization performance. In line with the above (Lane & Robinson, 2009) are of the opinion that training impart positively and effectively for optimum performance to achieve corporate goals of the organization. In order to evaluate and uncover shortcomings in the training program, an audit is carried out to reveal the changes and improvements that should be implemented in the training program. It is hoped that this will raise the quality of training leading to a better job understanding and quality work (Jones & George, 2005). This is achieved by conducting an HR audit of the whole function or training as a specific component. In practice the nature, content and extent of training received by personnel should be reconciled with the needs of the organization for staff trained in particular fields. Training needs to be given under the guidance of a knowledgeable instructor. It is necessary that the person responsible for training a particular employee or group of employees should have the necessary knowledge, skills and attitudes to do a meaningful job (Stahl, 2009). Basically, training from the time of employment is considered to be a necessary and continuous personnel function.

In Nigeria the importance of auditing training practices is more obvious given the growing complexity of the work environment, the rapid change in organizations and advancements in technology, among other things. Therefore, organizations have realized that training offers a way of developing skills, enhancing productivity and quality of work and building loyalty to the firm. According to Jones and George (2005), conducting an HR audit on training in organizations improves organization performance, customer satisfaction and productivity. Employees that are trained by their organizations are more involved to the assigned tasks, Becker et al. (2011). He also attested that employees who are committed to their job assignments are an essential part of their lives.

After their better performance, they feel satisfied and this nature of job involvement deemed towards self-esteem (Wright, 2008). Most of the benefits derived from training are easily attained when training is planned. This means that the organization, trainers and trainees are prepared for the training well in advance. According to Kenny and Rteid (1986), planned training is the deliberate intervention aimed at achieving the learning necessary for improved job performance and includes the following steps: Identifying and defining training needs - define the learning required

in terms of what skills and knowledge have to be learnt and what attitudes need to be changed. Define the objectives of the training, plan training programs to meet the needs and objectives by using the right combination for training techniques and locations. Decide who provides the training, evaluate training, amend and extend training as necessary. Training is therefore a key element to employee as well as organization performance. It helps to reconcile the gap between what should happen and what is happening between the desired targets or the standards and actual levels of work performance (Armstrong, 2001). Training need is any shortfall in employee performance captured through the HR audit process, or potential performance which can be remediated by appropriate training. There are many ways of overcoming deficiencies in organization performance but at the heart of all these is training.

2.3.2 Reward Systems and Organization Performance

Reward is the compensation which an employee receives from an organization for exchange of services offered by the employee or as the return for work done (Lin, 2007). It also refers to the collection of brain structures that try to control and regulate behavior by inducing pleasure (Lane & Robinson, 2004). Human resource can be rewarded and optimally utilized through rewarding it using different techniques of significant importance. Barrick & mount (2001) advocates that there should be an effective reward system for organization performance and reward should be related to productivity.

According to Durai & Adaikalasamy (2014), the system of rewards can be classified as intrinsic or extrinsic. Intrinsic reward systems are those that are inherent in the job and which the individual enjoys as a result of successfully completing the task or attaining his goals. On the other hand extrinsic rewards come from external and are tangible in order to appreciate the task performed by employees. Extrinsic rewards are external to the task of the job, including pay, work condition, fringe benefits, security, promotions, contract of service, salary, incentives, bonuses, payments, job security the work environment and conditions of work, Kenny and Rteid (1986). Reward systems are very sensitive and complex activity of the HRM process. They present financial and non-financial rewards linked to efforts and performances of employees. This activity is understood as very important due to the following main reasons. First, compensations are operational costs for the company, making up to 60 % of total operational costs of the company (Costello, 2006). These costs have to be understood

as investments in human capital, (Morley & Czarnecki, 2010). Understood in this way, costs of compensations have to be properly managed.

Second, compensations and benefits are mechanisms of corporate culture and make one of the most important motivation factors for many executives and employees. Motivation and performances are shaped based on the link between the effort and the reward and by the importance of the reward to the person in question (Brewster et al., 2007). Third, according to Gupta (2004), executives have accumulated enormous wealth that has little or even negative correlation with their contribution to the long-term performance of their companies. Executives have received generous pay after periods of failing performances. Fourth, since compensations and benefits are material and non-material rewards for employees and executives, they can be a subject for many risks and also financial rewards can be a subject for many frauds.

Because of the complexity of the reward process given above, it is significant to explore possibilities of improving the rewarding system by providing insights and recommendations based on analyses and assessments of available data. This can be done through an HR audit. Auditing the reward system can bring transparency to compensation disclosures and ensure that the process established in aligning and developing reward packages has credibility and integrity by enlisting auditors to conduct an HR audit on reward (Gupta, 2004). This is the main reason for auditing the rewarding system.

Beside this, one more reason why an HR audit is very significant process for efficiency of production system is the fact that management of the company often is in the position of designing and recommending its own compensation. Amounts and structure of rewards can be highly inconsistent with the production system's performances, so auditors can inspect and control adequacy of the set rewarding system in the company. According to Hyland (2005), there are compelling reasons for internal audit to devote substantial resources to the evaluation of strategic risk in HRM audits. Also, a significant influence was made in this area with the research of Florkowski and Schuler in (1994).

They investigated how MNEs enhance their ability to utilize human resources and internal labor markets for competitive advantage through audits of the international human resource management (IHRM) function Florkowski and Schuler (1994). As it

can be viewed, there are many reasons for doing an audit in area of HR compensations and reward. Also, there are some researches done in the past that promote interest in, and indicate the importance and benefits of audits in contemporary production system. The request for cost efficiency in terms of expenditures and effectiveness, in terms of corporate governance, high performances and above average profits are typical for modern companies.

All those requirements are also related to HRM process, and inside of it, compensations for employees (Costello, 2006). Auditing reward systems can be understood as the process aimed at determining whether existing processes and procedures of rewarding employees and executives comply with predetermined rules and regulations made according to laws of the company and adopted by committee, or deviate in any way from it.

2.3.3 Recruitment and Selection and Organization Performance

Recruitment is a set of activities and processes used to legally obtain a sufficient number of qualified people at the right place and time Costello (2006). Effective recruitment and selection of employees is a fundamental HRM activity, one that if managed well can have a significant impact on organizational performance. It as well leads to a more positive organizational image. Recruitment and Selection are vital processes for a successful organization, having the right staff can improve and sustain organizational performance. Effective recruitment and selection is central and crucial to the successful functioning of the organization. It depends on finding people with the necessary skills, expertise and qualifications to deliver the organization's strategic objectives and the ability to make a positive contribution to the values and aims of the organization, Dessler (2000). On the other hand, better recruitment and selection strategies results to improved organizational outcomes.

The more effectively organizations recruit and select candidates, the more likely they are to hire and retain satisfied employees. In addition, the effectiveness of an organization's selection system can influence bottom-line business outcomes, such as productivity and financial performance. Hence, investing in the development of a comprehensive and valid selection system is money well spent Hall and Torrington (1998). To achieve these, organizations should audit the recruitment and selection process. The process comprises the assessment of methods and procedures used for

staff recruitment; the recruitment costs; the efficiency of the recruitment process through filling in the vacant positions and the efficiency of the selection and integration procedures of the new employees within the organization.

The outcome of this process reveals the strengths and weaknesses that may require resolution. Recruitment as a human resource management function is one of the activities that selection also has an important role in ensuring work performance and positive organizational outcomes. It is often claimed that selection of workers occurs not just to replace departing employees or add to a workforce but rather aims to put in place workers who can perform at a high level and demonstrate commitment. Recruitment and selection play a pivotally important role in shaping an organization's effectiveness and performance.

If organizations are able to acquire workers who already possess relevant knowledge, skills and aptitudes and are also able to make an accurate prediction regarding their future abilities, they can both avoid undesirable costs for example those associated with high staff turnover, poor performance and dissatisfied customers and thereby create a mutually beneficial employment relationship characterized by high commitment on both sides. According to Costello (2006), there is a useful overview of potential positive and negative aspects noting that: The recruitment and selection of employees is fundamental to the functioning of an organization and there are compelling reasons for getting it right.

According to Dessler (2000), inappropriate selection decisions reduce organizational effectiveness, invalidate reward and development strategies, are frequently unfair on the individual-recruit and can be distressing for managers who have to deal with unsuitable employees. Recruitment and selection are very important for the survival of every organization but that does not end there, new recruits need to be developed and appraised from time to time in order for them to remain abreast with new trends and challenges. When employees are developed it helps to increase their performance and help sustain the growth of organizations. The recruitment and selection are the major functions of the human resource department.

Recruitment process is the first step towards creating the competitive strength and the recruitment strategic advantage for the organizations Phillips (1998). In today's rapidly changing business environment, a well-defined recruitment policy is necessary

for organizations to respond to its human resource requirements in time. Therefore, it is important to have a clear and concise recruitment policy in place, which can be executed effectively to recruit the best talent pool for the selection of the right candidate at the right place quickly Hylands (2005).

The purpose and importance of recruitment are given below by Dessler (2000): it helps increase the success rate of selection process by decreasing number of visibly under qualified or over qualified job applicants. It increases the pool of job candidates at minimum cost, create a talent pool of candidates to enable the selection of best candidates for the organization, attract and encourage more and more candidates to apply in the organization. Recruitment is the process which links the employers with the employees. It determines the present and future requirements of the organization in conjunction with its personnel planning and job analysis activities. It helps reduce the probability that job applicants once recruited and selected will leave the organization only after a short period of time. It also helps organizations meet its legal and social obligations regarding the composition of its workforce Dessler (2000).

2.3.4 Concept of Organizational Performance

Organization performance comprises the actual output or results of an organization as measured against its intended outputs. According to Sunizjal and Singh (2003), organization performance encompasses three specific areas of firm outcomes; financial performance, product market performance and shareholders return. Specialists in many fields are concerned with organization performance including strategic planners, operations, finance, legal and organizational developments. In recent years, many organizations have attempted to manage organization performance using the balanced scorecard methodology where performance is tracked and measured in multiple dimensions.

The management of people at work is an integral part of the management process. To understand the critical importance of people in the organization is to recognize that the human element and the organization are synonymous. A well-managed organization usually sees an average worker as the root source of quality and productivity gains. Such an organization does not look to capital investment, but to employees as the fundamental source of improvement. An organization is effective to the degree to which it achieves its goals. An effective organization will make sure that

there is a spirit of cooperation and sense of commitment and satisfaction within the sphere of its influence, Sunizijal and Singh (2003). Organizational productivity is achieved by satisfying employees and being sensitive to both their psychological and socio-emotional needs in a holistic manner. A study conducted by Cole and Cole (2005) reports that there is a positive correlation between employee individual attitudes and their performances. It is important for management in organizations to create a work environment that facilitates higher job satisfaction.

This is because employee job satisfaction has a stimulus effect on loyalty and confidence of employees, improves the quality of outputs and also increases productivity (Stang et al, 2009). Satisfied employees tend to perceive that the organization will be more satisfying in the long run; they care about the quality of their work and are more committed to the organization leading to a demonstration of organizational citizenship behaviors. According to Schneider et al. (2001), satisfied employees have higher retention rates and are more productive.

When employees are dissatisfied, their mental and mental health is negatively affected (Dielman et al 2004). Consequently, organization performances will also deteriorate as more production time will be lost because dissatisfied employees are likely to take more leave (Stang et al., 2009). Therefore, if steps are taken to improve job satisfaction, overall success of the organization is enhanced and the results can be reflected through happier employees, enhanced workforce productivity, reduced absenteeism and higher profits. This typifies the importance of people in organizations, since they are the promoters of excellent organizational performance.

2.4 Conceptual Framework

The study conceptualizes that auditing training practices may influence the performance of an organization through equipping its employees with the necessary knowledge and skills. Similarly the study conceptualizes that getting right the recruitment and selection process results to acquisition of a competent and able team of employees who possess the required skills and knowledge the organization requires in increasing productivity. As a way of employee motivation and commitment to organizational objectives, the reward system should be fair and related to productivity. Lastly to ensure an organization has the right number of employees at

the right time and place, auditing human resource planning is of great importance. This makes sure that the HR capital is optimally utilized.

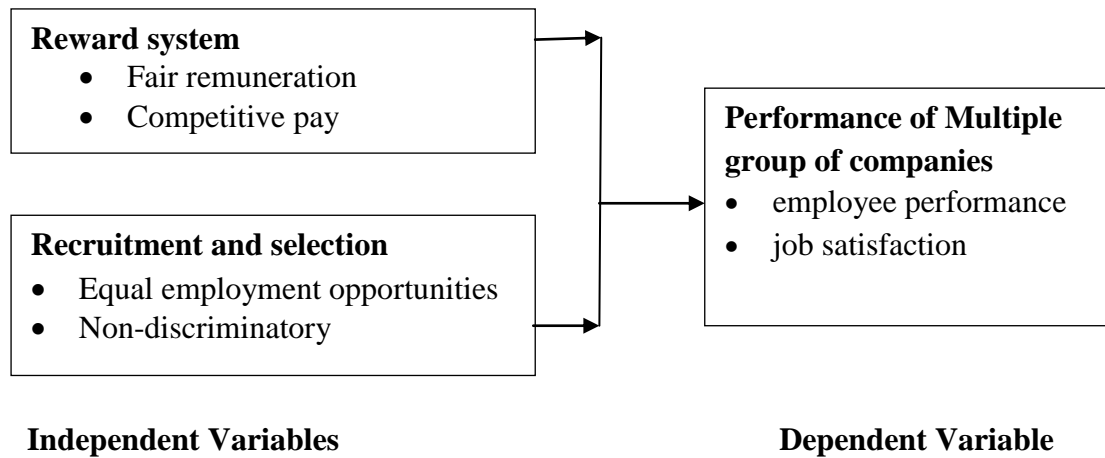


Figure 2. 1: Conceptual Framework

2.5 Summary of Reviewed Literature

The review shows there is considerable evidence that in the absence of HR Audit organizations may not realize the inefficiency or ineffectiveness of their Human Resource systems in time for corrective action. HR audit have not been prevalent but of late, organizations have started to know and reap from the benefits of HR audit.

A study done on the relationship between performance management system and organizational performance reveal that performance management system put in place has to a great extent contributed positively to organization performance. According to Costello (2006), training and development among media houses is used to enhance employee performance and hence organization performance. In another study of career development in the court registry staff the researcher concluded that the gains realized in the sector were because of prudent implementation of performance management practices.

Nevertheless, many organizations have carried out HR audit and discovered the positive contribution of HRM practices to the overall performance of the organization. They also recommended either an overall audit of the human resource function or specific human resource practices e.g. compensation, job satisfaction, performance management, employee welfare, recruitment etc. Results based on a national sample of nearly one thousand firms indicated that these practices have an economically significant impact on both intermediate employee outcomes and short and long-term measure of corporate financial performance, Dessler (2000).

2.6 Critique of Reviewed Literature

Various studies in literature have reported different outcomes on the influence of variables under study on both employee and organization performance. Firstly, training is not only aimed at improving employee knowledge and skills with his or her functional and administrative duties but the acquisition of certain virtues and attitudes like integrity, loyalty willingness and responsibility (Lane & Robinson, 2009).

Secondly, according to (Stang et al., 2009) linking the extrinsic and intrinsic rewards to employees efforts and performance is a very sensitive and complex activity. Employees report that extrinsic reward systems lead to a perception of unfairness and cite studies with similar outcomes. Marsden and Richardson (1994) associates extrinsic reward systems with demoralizing effects derived from perceived unfairness and favoritism of supervisors. Therefore the conflicting outcome of the rewarding system calls for more research to ascertain its influence on performance of an organization. Thirdly it is true that recruitment and selection is one of the most critical aspects of human resource management. It is also true that the implementation of this function can be tainted with problems and challenges for organizations and stakeholders.

According to Hyland (2005), recruitment and selection is susceptible to manipulation and exploitation. Applicants can also play a critical role in manipulating the system by falsifying qualifications, skills and work experiences. A combination of these challenges is likely to result in poor hiring practices and negative consequences for the organization. Therefore in an attempt to overcome these challenges, it calls for more research on recruitment and selection practices. Finally, human resource planning may have a negative effect on performance of an organization. The cost involved in HRP can be quite unbearable for some organizations. In addition to money, organizations invest a great deal of time and effort which could have been used by employees to offer services and produce more goods.

According to Ajila and Abiola (2004) most studies included in the current review do not provide a substantive analysis of HRP in the short run and also in small and medium enterprises. Therefore more investigations on the influence of HRP practices are needed to clarify the relationship between HR audit practices and organization

performance. The current study therefore attempts to fill this knowledge gap and hopefully offer empirical findings that would help enhance clarity on the subject area. Given the importance of financial audit that most organization undertakes on yearly basis, HR audit should be given the same importance in trying to bring out the inefficiency and ineffectiveness that are prevalent in the HR function. The inefficiencies should be corrected to maximize the overall performance of the organization.

2.7 Research Gaps

According to Shitakwa (2010), in an attempt to determine the human resource audit among sugar manufacturing companies in Kenya he found out that the sugar companies had not fully embraced the human resource audit. The study employed a descriptive a descriptive research design specifically a case study of sugarcane farms. The target population was 2750 employees and used cluster sampling due to the geographical coverage of the sugarcane farms to have a representative sample of 96 employees. He recommended that employees and top management should be involved in the formulation, implementation and evaluation of human resource audit practices. In another study conducted by Genga (2014) in an attempt to establish the perceived effect of HR audit on the effectiveness of the HR function at Alterain Service Group Kenya, Genga recommended that the HR audit should involve all staff in the organization. He also recommended an investigation to many other organizations so as to provide deeper insights not from one organization.

Based on the findings, the human Resource function can improve its effectiveness by identifying existing problems, creating detailed solutions and reinventing human resource structure. Regular evaluation implies the obvious in that the human resource function needs to work through the results of the evaluation and develop a plan of action to address the highlighted issues Shitakwa (2010). However, more still needs to be done regarding HR audit practices in any organization. The study focused on the private sector which operates under different regulatory regimes and all what may work in one organization may not necessarily work for another. Since strategies differ in organizations, it would be prudent to investigate how specific HR audit influence performance of many other organizations.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology the researcher used in investigating the influence of human resource audit on performance of Multiple group of transport companies in Kenya. Among the elements discussed in this section are the research designs, target population, sampling design, research instruments, and data collection procedure as well as the techniques used in analysis of the collected data.

3.2 Research Design

A research design is a plan or a framework for guiding a study. The design connects the questions or objectives of the study to the gathered data. Gupta (2004) defines a research design as the scheme, outline or plan that is used to generate answers to research problems. For the purpose of this study, a descriptive design specifically a survey was employed using qualitative and quantitative approaches. The method is preferred as it permits gathering of data from the respondents in a natural setting. It involves establishing what is happening as far as a particular variable is concerned and the design used to investigate the effect of HR audit on performance of Multiple group of transport companies in Kenya.

3.3 Target population

According to Mugenda (2003), a study population is a well-defined or specified set of people, group of things, households, firms, services, elements or events which are being investigated. The target population for this study was the HR staff of the 5 group companies of Multiple in Nairobi totaling 28.

Table 3. 1: Distribution of HR staff

NO.	COMPANIES	NO. OF HR STAFF
1	MHEAL	11
2	MICD	4
3	MFSL	7
4	RTEAL	4
5	PORSCHE	2
TOTAL		28

3.4 Sample Size and Sampling Technique

The researcher conducted a census in this study; this is because the entire population of 28 HR staff was accessible. Mugenda suggests that the sample size determines the precision with which population values can be estimated. With a census there are enough respondents to have a high degree of statistical confidence in the survey results.

3.5 Research Instruments

Data was collected using questionnaires. Questionnaires are preferred in collection of data because it is straight forward and consumes less time for both the respondents and the researcher. The questionnaire consists of close-ended items aimed at obtaining data from the respondents in a way that elicits objective information from the respondents based on the background and the working environment. Barrick and Mount (2001) asserts that matrix questions share the same sort of response categories. The most commonly used form of category is the likert type scale. The questionnaires were self-administered and collected later after completion.

3.6 Pilot Testing

According to (Mugenda & Mugenda, 2003), pre-testing allows errors to be discovered before the actual collection of data begins. The researcher carried out a pilot test on the constructed questionnaire with a small representative sample identical to, but not including the group in the survey. Pilot testing was done on employees of Bollore Logistics Company in Nairobi Kenya. This was done to determine whether the questions measured what they were supposed to measure, check the wording and sentence construction, if the respondents are interpreting the questions clearly and whether the questions are provoking. The instruments were modified on the basis of the pilot test before administering it to the study respondents.

3.6.1 Validity of Research Instruments

According to Mugenda (2003), a valid instrument measures the concept in question accurately. To ensure validity, the researcher used accurate measuring instruments, standardized data collection procedures by guiding the respondents appropriately and carried out a pilot test to determine the usefulness of instruments, clarity of terminology, focus of questions, relevance and applicability, time required and methods for analysis. The findings of the pilot study and the respondent's comments

were used to enhance the quality of the questionnaires so that they adequately addressed the constructs of the study. Further, the input and guidance from the research supervisor enhanced the validity of the research instrument.

3.6.2 Reliability of Research Instruments

A questionnaire with high reliability would receive similar answers if it is done again and again or by other researchers (Grobeller et al 2006). Utilizing data from the pilot study, the reliability was determined through the Cronbach alpha coefficient analysis. The Cronbach alpha reliability recommends a reliability coefficient of $\alpha = 0.70$ and above. Cronbach alpha provides a good measure of reliability because holding other factors constant the more similar the test content and conditions of administration are, the greater the internal consistency reliability.

Table 3. 2: Reliability Test Results

Study constructs	Test items	Alpha coefficients
Organization performance	6	0.81
Training audit	4	0.79
Recruitment and selection audit	6	0.80
Rewarding system audit	6	0.81

3.7 Data Collection Methods

According to Mugenda (2003), the choice of instruments depends mainly on research topics, problem statement, objectives and expected data and results. This is because each tool and instrument collects specific data. Primary data was collected using semi structured questionnaire designed to address specific objectives of the study. The questionnaire was developed with a five point likert scale. The key informants were the 28 HR staff in Multiple Group Of Transport Companies. Before embarking on the collection, the researcher had to seek clearance from the relevant personnel. The questionnaires were self-administered to all the respondents and picked later after completion.

3.8 Data Analysis and Presentation

Raw data was collected from the field and cleaned for further analysis. It was then subjected to statistical package for social science (SPSS version 20) for analysis and interpretations using descriptive statistics and findings presented in form of tables.

Regression analysis was used to find out the relationship between organization performance the (dependent variable) and the independent variables namely; recruitment and selection, training and the rewarding system using the following model.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

The chapter provides a descriptive analysis of the collected data, interpretation and discussion of the findings. Following the processing and analysis of the collected data, the findings are presented and discussed in this chapter. The findings and discussions are in line with the variables and objectives of the study. The responses on all the variables are on a 5-point scale while the statements in the view of the same are on a Likert scale.

In the 5-point scale 1, 2, 3, 4 and 5 represent strongly disagree, disagree, neutral, agree, and strongly agree respectively. Other statements have 1, 2, 3, 4 and 5 representing strongly disagree, disagree, undecided, agree, and strongly agree respectively while others have 1, 2, 3, 4 and 5 representing not at all, to a less extent, moderately, to a high extent and to a very high extent respectively. The chapter also provides the regression analysis carried out. Finally, it provides a model summary and inferences drawn from the model.

4.2 Response Rate

Out of 28 questionnaires that were issued to the study respondents, all of them were filled and returned. Of the returned questionnaires, 2 were incorrectly filled and thus were not used in the final analysis. Therefore, 26 were correctly filled and hence used for analysis representing a response rate of 92.8%. Various studies indicate that getting a high response rate from a small group is considered preferable than a low response rate from a large sample and thus is an important element in proving the statistical significance of the responses.

4.3 Demographic Information

The profile of the respondents identifies the main information about the characteristics of those who participated in the research process depending on the relevance of the information sought. The researcher sought to find out the distribution of the respondents according to their age bracket, gender, education level and their work experience. The aim was to deduce any trend from the respondents' profile that was directly linked to the variables of the study. Similarly, previous studies have

noted some relationships between these demographic factors on employee performance and thus overall organization performance.

4.3.1 Gender of the Respondents

The study sought to establish the gender of the respondents' in the study. Table 4.1 shows the distribution of the respondents according to their gender.

Table 4. 1:Distribution of Respondents by their Gender

	Frequency	Percent
Male	19	73.6
Female	7	26.4
Total	26	100.0

According to the findings, majority of the respondents were male 73.61% while female respondents were 26.39%. The study attributed this trend to the existing gender gap in employment in the transport industry in Kenya which is predominantly dominated by the male gender.

4.3.2 Distribution of Respondents by Age

The study then sought to establish the age groups of the respondents in the study. Table 4:2 shows the distribution of the respondents according to their age group.

Table 4. 2: Distribution of Respondents by Age

	Frequency	Percent
[20 -30yrs]	9	36.1
[31-40yrs]	7	27.8
[41-50yrs]	6	23.6
[51-60yrs]	3	9.7
[Over 60yrs]	1	2.8
Total	26	100.0

The findings above indicate that majority of the respondents in the region were of the age-group 20 -30 years (36.1%) while the least age group was above 60 years (2.8%), (27.8%) were of the age group 31-40 years while (23.6%) and (9.7%) were of the age group 41-50 and 51-60 years respectively. This shows that the sample used by the

study was well distributed in terms of age and could therefore give reliable information. It also attributes that (87.5%) of the respondents were between 20 and 50 years which is usually the productive age group hence improved organization performance. Furthermore the researcher attributed this trend to the fact that most people in the transport industry retire before they reach 60 years.

4.3.3 Distribution of Respondents by their attained educational level

The study sought to establish the attained level of education of the respondents in the study. Table 4.3 shows the distribution of the respondents according to their attained educational levels.

Table 4. 3: Distribution of Respondents by their Education Levels

	Frequency	Percent
Masters	5	19.4
Bachelors	15	56.9
Diploma	5	18.1
Certificate	1	5.6
Total	26	100.0

From table 4.3, the study found that the majority of the respondents had a university degree qualification (56.94%). Furthermore, more than 75% of the respondents had a bachelors or a master’s degree. This indicates that the organization employs highly educated individuals further indicating that high qualification levels are required for one to join the organization and can be attributed to high employee performance thus improved organization performance. It also showed that the respondents were knowledgeable and would thus give valid and reliable information appertaining to influence of human resource audit on performance of multiple group of transport companies in Kenya.

4.3.4 Distribution of Respondents by their Working Experience

The researcher further wanted to establish the working experience of the respondents. This was important since previous studies indicate strong relationships between experience and employee performance. The findings are depicted in Table 4.4.

Table 4. 4: Distribution of Respondents according to their working experience

	Frequency	Percent
Less than 5 Years	5	19.4
[6-10yrs]	7	29.2
[11-15yrs]	9	34.7
[16-20yrs]	3	9.7
[21-25yrs]	2	6.9
Total	26	100.0

In terms of working experiences, majority of the respondents (34.7%) had worked for the organization for between 11-15 years. Cumulatively, more than 80% had worked for the organization for more than 5 years while less than 20% of the respondents had worked with the organization for less than 5 years. The researcher therefore concluded that majority of the respondents had enough experience and thus would provide credible information with regard to human resource strategies and organization performance. It was deduced that work experience would mean most of the respondents were aware of the organization's operational procedures. It would as well tell how implementation of these strategies positively or negatively affected performance of Multiple Group of Transport Companies.

4.4 Descriptive Statistics of the Study Variables

The researcher analyzed the influence of the three factors on organization performance at Multiple Group of Transport companies in Kenya. The selected factors which formed the independent variables in the study were recruitment and selection, rewarding system and training strategies. The dependent variable was organization performance at Multiple Group of Transport companies in Kenya.

4.4.1 Influence of Recruitment and Selection on Organization Performance

The study sought to establish the influence of recruitment and selection on organization performance at Multiple Group of transport companies in Kenya. The results of the analysis of the factors associated with recruitment and selection and how it influences organization performance are shown in table 4.5

Table 4. 5: Influence of Recruitment and Selection on Organization Performance

Statement	N	SD	D	N	A	SA	Mean	S.D
		%	%	%	%	%		
There is a recruitment policy in my organization.	26	0.0	0.0	0.0	50.0	50.0	4.50	.504
Job advertisements provide for equal employment opportunities and disability regulations.	26	0.0	5.6	16.7	43.1	34.7	4.07	.861
There is training for hiring managers on the hiring process.	26	0.0	5.6	16.7	34.7	43.1	4.15	.899
Test and assessments conducted are job related and validated based on actual job performance.	26	0.0	9.7	19.4	36.1	34.7	3.96	.971
There is a regular system for monitoring and auditing the human resource for compliance.	26	0.0	18.1	26.4	40.3	15.3	3.53	.964
In my organization there is a recruitment policy that includes defining the job prior to advertising openings.	26	0.0	1.4	20.8	23.6	54.2	4.31	.850

As depicted in table 4.5, the results show respondents agreed that the recruitment policy in their organization affected organization performance (M=4.5, S.D=0.504). That job advertisements provided for equal employment opportunities and disability regulations (M=4.07, S.D=0.861). Further, the respondents agreed that there is training for hiring managers (M=4.5, S.D=0.899) and that there is a recruitment policy that includes defining the job prior to advertising opening (M=4.3, S.D=0.850). However, the respondents were unsure whether their organization had a regular system for monitoring and auditing the human resource for compliance (M=3.53, S.D=0.964). The respondents were also unsure on whether test and assessments

conducted are job related and validated based on actual job performance (M=2.90, S.D=0.971).

4.4.2 Influence of Training on Organization Performance

The study sought to establish the influence of training on organization performance at Multiple Group of transport companies. The results of the analysis of the factors associated with training and how it influences organization performance are shown in table 4.6

Table 4. 6: Influence of Training on Organization Performance

Statement	N	SD	D	N	A	SA	Mean	S.D
		%	%	%	%	%		
Training Programmes are geared towards improving employee capacity	26	0.0	0.0	6.9	58.3	34.7	4.28	.587
Training programmes have greatly improved my knowledge and skills.	26	0.0	0.0	11.1	52.8	36.1	4.25	.645
The organisation conducts the HR audit to understand the relevance of the training programmes.	26	0.0	12.5	27.8	43.1	16.7	3.64	.909
Organization continually reviews its training programmes to meet the needs of the market.	26	0.0	23.6	31.9	34.7	9.7	3.31	.944
Organization offers training based on long-term needs of its employees.	26	0.0	5.6	25.0	38.9	30.6	3.94	.886
There is a professional development programme in the organization.	26	0.0	34.7	30.6	33.3	1.4	3.01	.864

As depicted in table 4.6, the results show that the respondents agreed that training programs in their organization are geared towards improving employee capacity, (M=4.28, S.D=0.587). That the organization offers training based on long term need of its employees (M=3.94, S.D=0.886) and that training programs have greatly improved their knowledge and skills (M=4.25, S.D=0.645). Further, it was established that the respondents were undecided concerning the organization conducting HR audit

to understand the relevance of the training programs (M=3.64, S.D=0.909). That the organization continually reviews its training programs to meet the needs of the market (M=3.31, S.D=0.944) and whether there is a professional development programs in the organization (M=3.01, S.D=0.864).

4.4.3 Influence of the Rewarding System on Organization Performance

The study sought to establish the influence of the rewarding system on organization performance at Multiple Group of transport companies in Kenya.

Table 4. 7: Influence of the Rewarding System on Organization Performance

Statements	N	SD	D	N	A	SA	Mean	S.D
		%	%	%	%	%		
There is a fair and equitable reward and compensation system of all employees.	26	16.7	26.4	37.5	19.4	0.0	2.60	.988
The reward system is in consistency with the company values regarding compensation.	26	0.0	0.0	22.2	43.1	34.7	4.12	.749
There are disparities in the compensation plan of all employees including new hires.	26	6.9	8.3	25.0	48.6	11.1	3.49	1.035
Reward and compensation system is competitive as compared to similar companies.	26	5.6	26.4	38.9	27.8	1.4	2.93	.909
The current compensation and reward programmes are satisfactory.	26	13.9	29.2	31.9	25.0	0.0	2.68	1.005

As depicted in table 4.7, the results shows that respondents disagreed that the compensation system of all employees is fair and equitable (M=2.6, S.D=0.988). That the current compensation and reward programs are satisfactory (M=2.68, S.D=1.005). Further, it was established that the respondents were unsure of the disparities in the compensation plan of all employees including new hires (M=3.49, S.D=1.035) and whether the reward and compensation system is competitive as compared to similar companies (M=2.93, S.D=0.909). However, the respondents agreed that the rewarding

system is in consistency with the company values regarding compensation (M=4.12, S.D=0.749).

4.4.5 Organization Performance

The study sought to measure the dependent variable. The results of the analysis on factors associated with HR audit at Multiple Group of transport companies in Kenya that may affect performance of the organization are shown in table 4.8

Table 4. 8: Organization Performance

Statements	N	SD %	D %	N %	A %	SA %	Mea n	S.D
Enhanced recruitment and selection programme.	26	0.0	0.0	13.9	44.4	41.7	4.28	.697
Reduced employee turnover.	26	1.4	8.3	36.1	34.7	19.4	3.62	.941
Increased job satisfaction.	26	0.0	12.5	69.4	13.9	4.2	3.10	.653
Improved employee performance.	26	0.0	0.0	9.7	73.6	16.7	4.07	.513

As depicted in table 4.8, the results show that the respondents agreed that human resource audit greatly enhanced recruitment and selection process (M=4.28, S.D=0.697). That the human resource audit increased returns on investments (M=4.10, S.D=0.754) as well as improved employee performance (M=4.07, S.D=0.513). Further, the respondents were not sure whether the human resource audit increased job satisfaction (M=3.10, S.D=0.653) and whether the human resource audit reduced employee turnover (M=3.62, S.D=0.941).

4.5 Inferential Analysis

Inferential analysis focuses on the strength and direction of relationship between variables and inferring the findings from the sample to the population. The researcher undertook a Pearson correlation analysis to establish the underlying relationships between the independent variables and the dependent variable.

4.5.1 Relationship between Training and Organization Performance

Table 4. 9: Training and Organization Performance Correlation

		Organization Performance	Training
Organization Performance	Pearson Correlation	1	.673**
	Sig. (2-tailed)		.000
	N	26	26

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

The study conducted a Pearson correlation analysis to establish the strength of relationship between training audit and organization performance. As tabulated in Table 4.9, the researcher established that there was a moderate positive significant relationship ($r = 0.673$) and a p value of 0.000 which is less than 0.05. This means there exist a strong positive relationship between training audit and organization performance. As a result we reject the null hypothesis and conclude that training audit influences organization performance at Multiple Group of Transport Companies in Kenya. This findings support those of Obiero (2011) who concluded that auditing training enhances employee performance.

4.5.2 Relationship between Recruitment and Selection and Organization Performance

Table 4. 10: Rewarding Systems and Organization Performance Correlations

		Organization Performance	Rewarding systems
Organization Performance	Pearson Correlation	1	.599**
	Sig. (2-tailed)		.000
	N	26	26

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

The study steered a Pearson correlation analysis to establish the strength of relationship between rewarding system audit and organization performance. As tabulated in Table 4.10, the researcher established that there was a moderate positive significant relationship ($r = 0.599$) and a p value of 0.000 which is less than 0.05. This means there exist a strong positive relationship between rewarding system audit and organization performance. As a result we reject the null hypothesis and conclude that

rewarding system audit influences organization performance at Multiple Group of Transport Companies in Kenya. This findings support those of Maina (2015) who concluded that auditing training influences organization performance.

4.5.3 Recruitment and Selection on Organization Performance

Table 4. 11: Recruitment and Selection on Organization Performance Correlations

		Organization Performance	Recruitment and Selection
Organization Performance	Pearson Correlation	1	.708**
	Sig. (2-tailed)		.000
	N	26	26

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

The study conducted a Pearson correlation analysis to establish the strength of relationship between recruitment and selection audit and organization performance. As tabulated in Table 4.11, the researcher established that there was a strong positive significant relationship ($r = 0.708$) and a p value of 0.000 which is less than 0.05. This means there exist a strong positive relationship between recruitment and selection audit and organization performance. As a result we reject the null hypothesis and conclude that recruitment and selection audit influences organization performance at Multiple Group of Transport Companies in Kenya. This findings support those of Laboso (2010) who concluded that auditing recruitment and selection process influenced organization performance.

4.6 Regression Model Summary

This section shows how the researcher came up with relevant inferences in line with the study objectives. The section presents findings resulting from regression analysis. Multiple regression analysis was employed to determine if the independent variables predicted organization performance at Multiple Group of transport companies in Kenya.

Table 4. 12: Multiple Regression Model Summaries

Model Level	R	R Square	Adjusted R Square	Std. Error	Sig.
1	.905a	.819	.806	2.939	.000

a. Predictors: (Constant), Training, Rewarding System, Recruitment and Selection.

From Table 4.12, the coefficient of the correlation of the relationship between the independent variables and the dependent variable is 0.905, which shows a strong positive correlation. The value of R-square of 0.819 implies that 81.9% of the variation in the organization performance at Multiple Group of transport companies in Kenya is explained by the independent variables.

4.6.1 Multiple Regression Analysis.

The researcher further conducted a multiple regression analysis and the findings of the multiple regression model is depicted in Table 4.13

Table 4. 13: Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	8.186	4.375		1.871	.066
Recruitment and Selection	.221	.045	.316	4.888	.000
Training	.194	.049	.252	3.922	.000
Rewarding System	.218	.045	.280	4.808	.000

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

The above model led to the following substitution

$$Y = 8.186 + 0.221X_1 + 0.194X_2 + 0.218X_3 + \varepsilon$$

Y = organization performance

X₁ = Recruitment and selection

X₂ = Training

X₃ = rewarding system

ε = error

From the multiple regression models, holding Recruitment and Selection, Training and rewarding system constant, the organization performance would increase by 8.186. It was established that a unit increase in recruitment and Selection would cause an increase in organization performance by a factor of 0.221, a unit increase in training would cause an increase in organization performance by a factor of 0.194, and a unit increase in the rewarding system would cause an increase in organization performance by a factor of 0.218. According to these findings, it was clearly observed that recruitment and selection played the most important role in improving organization performance while training played the least important role. The fact that the rewarding system was observed to influence organization performance at Multiple group of companies, the same findings were made by Maina (2015). The study had noted that there was need for organizations to develop and document strategies for rewarding its employees in a bid to enhance organization performance.

Training was also not underscored by a study by Obiero (2011) where it was observed that training was crucial in mitigating staff turnover and consequently ensuring employee performance and productivity. The study also revealed that recruitment and selection were important in regard to performance of Multiple group of transport companies. The study supported past findings by Laboso (2010) where it was noted that recruiting competent employees was crucial in ensuring improved performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study sought to establish the influence of the human resource audit on organization performance. In this chapter the findings of the study are summarized and conclusions are drawn from the summary. The conclusions enable the researcher to put across a number of key recommendations. The summary, conclusions and recommendations are presented in line with the Study objectives.

5.2 Summary

The researcher summarized the research findings in the order of the study objectives. The aim of summarizing was to enable the researcher to come up with key findings from which conclusions will be drawn.

5.2.1 Influence of Rewarding System on Organization Performance

The study established that the organization compensation system of all employees is not fair and equitable (μ :2.6). That the current compensation and reward programs are not satisfactory (μ :2.68). Further, it was unclear whether the organization applied disparities in the compensation plan of all employees including new hires (μ :3.49) or whether the reward and compensation system is competitive as compared to similar companies (2.93). However, the company rewarding system is in consistency with the company values regarding compensation (μ :4.12).

5.2.2 Influence of Recruitment and Selection on Organization Performance

It was established that the recruitment policy in the organization affected its performance (μ :4.5), that job advertisements provided for equal opportunities and disability regulations (μ :4.07), that there is training for hiring managers (μ :4.5) and that there is a recruitment policy that includes defining the job prior to advertising opening (μ :4.3). Further, it was established that it was unclear whether the organization had a regular system for monitoring and auditing the human resource for compliance (μ :3.53). Finally, it was established that the test and assessments conducted were job neither related nor validated based on actual job performance (μ :2.9).

5.2.3 Influence of Training on Organization Performance

The study established that training programs in the organization are geared towards improving employee capacity in the organization (μ :4.28), that the organization offers training based on long term needs of its employees (μ :3.94) and that the training programs have greatly improved their knowledge and skills (μ :4.25). Further, it was established that the HR were undecided concerning the organization conducting the HR audit to understand the relevance of the training programs (μ :3.64). Also, if the organization continually review its training programs to meet the needs of the market (μ :3.31) and if there is a professional development programs in the organization (μ :3.01).

5.3 Conclusion

Based on the findings of the study, the researcher has drawn several conclusions which are presented in this section following the order of the study objectives.

5.3.1 Influence of Rewarding System on Organization Performance

It was concluded that the organization compensation system of all employees should be fair and equitable and that the current compensation and reward programs should be satisfactory. Further, it was concluded that the organization should apply disparities in the compensation plan of all employees including new hires. That the reward and compensation system should be competitive as compared to similar companies.

5.3.2 Influence of Recruitment and Selection on Organization Performance

It was concluded that the recruitment policy in the organization improves organization performance by ensuring that the organization employs qualified and competent employees. This is achieved by ensuring that there is training for hiring managers. The study concluded that the organization should have a regular system for monitoring and auditing the recruitment and selection process for compliance.

5.3.3 Influence of Training on Organization Performance

The study concluded that training programs in the organization are geared towards improving the employee capacity in the organization. The organization offers training based on long term needs of its employees and that training programs have greatly improved their knowledge and skills. Further, the study concluded that the

organization conducts HR audit to understand the relevance of the training programs. Also, the organization continually reviews its training programs to meet the needs of the market and that there is a professional development program in the organization.

5.4 Recommendation.

After drawing inferences in line with the study objectives, the researcher has proposed relevant recommendations. In order to improve performance, the organization should ensure effective utilization of its human resources by implementing the HR audit feedback. It should also give a sense of confidence to a HR department that is well managed and prepared to meet potential challenges and opportunities. The study also recommends that since recruitment and selection influence employee performance with a large margin, the organization should have a regular system for monitoring and auditing the recruitment and selection process for compliance and that test and assessments conducted should be job related and validated based on actual job performance.

To understand the relevance of the training programs, the organization should continually audit its training program in order to understand and meet the needs of the market. The organization should also implement a career advancement program in the organization. Finally, the study recommends that the current compensation and rewarding programs should be satisfactory fair and equitable.

5.5 Suggestion for Further Studies

It is suggested that further research be conducted to investigate other factors which influence organization performance, most important in the transport industry. Similarly, other scholars could also evaluate both the internal and external factors that influence organization performance. Also, more research to be conducted in small and medium sized enterprises to deduce the influence of these factors on organization performance. Lastly, more research should be conducted to understand the comparative influence of these factors in both the public and private sector in order to generalize their influences on organization performance.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

**Charles N. Kiarie
C/O JKUAT
Nakuru Campus,
P.O Box 1063-20100,
Nakuru**

**The Human Resource Manager
Multiple Hauliers
P.O Box 43844-00100,
Nairobi.**

Dear Sir

RE: REQUEST FOR DATA COLLECTION

I am a student of Jomo Kenyatta University of Agriculture and Technology pursuing Master of Science in Human Resource Management. Pursuant to the pre-requisite course work, I would conduct a research project to determine the Influence of Human Resource audit on performance of Multiple group of companies in Kenya. I kindly therefore, seek your permission to collect data from respondents who are HR staff in your organization. Information collected will be used exclusively for this research while observing utmost confidentiality.

Your assistance will be highly valued. Thank you in advance.

Yours sincerely

Charles Kiarie.

	compared to similar companies.					
9.	The current compensation and reward programs are satisfactory.					

SECTION C: Recruitment and selection and organization performance

Kindly indicate your level of agreeableness with each of the statements by ticking in the appropriate space. **Key 5- strongly agree: 4-agree: 3- neutral: 2-disagree: 1-strongly disagree**

		5	4	3	2	1
10.	There is a recruitment policy in my organization.					
11.	Job advertisements provide for equal employment opportunities and disability regulations.					
12.	There is training for hiring managers on the hiring process.					
13.	Tests and assessments conducted are job related and validated based on actual job performance.					
14.	There is a regular system for monitoring and auditing the human resources for compliance.					
15.	In my organization, there is a recruitment process that includes defining the job prior to advertising openings.					

SECTION D: Training and organization performance

Rate the extent to which each of the statement in the matrix below influence organization performance by ticking against the most appropriate response. **KEY: (5) Strongly agree, (4) Agree, (3) undecided, (2) disagree (1) strongly disagree.**

		5	4	3	2	1
16.	Training programs are geared towards improving employee capacity.					
17.	Training programs have greatly improved my knowledge and skills.					
18.	The organization conducts HR audit to understand the					

	relevance of the training program.					
19.	Organization continually reviews its training program to meet the needs of the market.					
20.	Organization offers training based on long term needs of its employees.					
21.	There is a professional development program in the organization as a result of existing HR audit on training.					

SECTION E: Human resource audit and organization performance

Please rate the following statements with regards to HR audit practices in your organization by ticking against the most appropriate response. **KEY: (5) Strongly agree, (4) Agree, (3) undecided, (2) disagree (1) strongly disagree.**

		5	4	3	2	1
22.	HR audit in is linked to the overall organization strategy.					
23.	The scope of HR audit covers all policies, strategies, procedures, systems and activities.					
24.	HR audit is intended to enhance performance.					
25.	The organization has been undertaking HR audit on yearly basis.					
26.	HR audit is geared toward evaluating the contribution of the HR department in the organization.					
27.	HR audit is intended to enhance efficiency and effectiveness of the organization.					

To what extent are the following performance indicators influenced by HR audit. Use the **key (5) to a very high extent (4) to a high extent (3) moderately (2) to a less extent (1) Not at all.**

NO.	STATEMENT	5	4	3	2	1
28.	Enhanced recruitment and selection process.					
29.	Increased return on investments.					
30.	Reduced employee turnover.					
31.	Increased job satisfaction.					
32.	Improved employee performance.					

Thank you for your time and cooperation