

**EFFECT OF HUMAN RESOURCE AUDIT ON EMPLOYEE
PERFORMANCE AT KISUMU WATER AND SEWERAGE COMPANY,
KENYA**

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BY

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**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL
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ABSTRACT

Kisumu Water and Sewerage Company is bedeviled by numerous customer complaints on water shortages and contamination, regular water line bursts, delay in connections, bias in customer handling and reducing profitability. This study therefore seeks to find out the influence of human resource audit on employee performance at KIWASCO. The purpose of this study was to establish effect of human resource audit on employee performance. The study specifically sought: to establish the effect of recruitment audit on employee performance at Kisumu Water and Sewerage Company; to assess the effect of training audit on employee performance at Kisumu Water and Sewerage Company and to determine the effect of grievance handling audit on employee performance at Kisumu Water and Sewerage Company. The study employed a correlation research design. The relationships of the variables of the study were set on a conceptual framework which depicts the interrelationship between the variables in an environment of other intervening variables. The target population was 293 employees out of which a sample of 170 representing 79% of the respondents were sampled using proportionate stratified random sampling technique. Structured questionnaires were used to obtain primary data while secondary data was obtained from organizations publications, Government publications, research institutions, internet publications, newspapers and journals. The researcher carried out a pilot study to pretest the validity of data collected using the questionnaire. The reliability of the questionnaire was evaluated through Cronbach's Alpha which measures the internal consistency. The findings of the pilot study shows that questions on recruitment audit had the highest reliability ($\alpha=0.821$) followed by grievances handling ($\alpha=0.802$) and then training audit ($\alpha = 0.751$). This illustrates that all the four scales were valid and reliable as their reliability values exceeded the prescribed threshold of 0.7. The data was analyzed using descriptive statistics, Pearson's correlation and regression analysis. The study revealed that a unit increase in recruitment audit will lead to 0.646 increases in employee performance; a unit increase in training audit will lead to 0.528 increases in employee performance and a unit increase in grievances handling audit will lead to 0.625 increases in employee performance. This infers that recruitment audit contribute most to employee performance followed by grievances handling while training audit contributed the little to employee performance. All the variables were significant as their P-values were less than 0.05. The study concludes that recruitment audit, training audit and grievance handling audit all positively impacts on the organizational performance. It therefore recommends that KIWASCO should do human resource auditing annually to get an accounting of their workforce and the efficiency with which the organization as an entity deals with its people, from recruiting to firing. It also recommends that all jobs should have job descriptions since they serve as a key foundation for many different HR processes, including compensation system design, job classification group/level, recruitment, and performance management. Line managers should be held accountable for their people-management responsibilities. These responsibilities should be outlined in their own performance appraisals, so that managers can be evaluated on their people management skills in their related responsibilities, goals and competencies. And lastly it recommends that a review of human resource audit should be done to develop implementation plan. This step would ensure that issues raised by the audit are broadly discussed and understood by management, and the manager will accept the responsibility for implementing indicated change. This study will be significant to managers, government policies, and scholars in human resource management.

CHAPTER ONE

INTRODUCTION

This chapter contains the background of the study, statement of the problem, objectives of the study and the research questions. It also looks at the scope of the study, justification of the study as well as conceptual framework underpinning the study.

1.1 Background of the study

A Human Resources (HR) Audit is a comprehensive method (or means) to review current human resources policies, procedures, documentation and systems to identify needs for improvement and enhancement of the HR function as well as to ensure compliance with ever-changing rules and regulations (Hittinger, 2014). It involves systematically reviewing all aspects of human resources, usually in a checklist fashion (Hittinger, 2014). Sections of review include: hiring and orientation, benefits, compensation, performance evaluation process, termination process and exit interviews, job descriptions, form review and personnel file review. The purpose of an HR Audit is to recognize strengths and identify any needs for improvement in the human resources function. A properly executed audit will reveal problem areas and provide recommendations and suggestions for the remedy of these problems. Periodic HR audits can ensure that policies and procedures are fair and consistent across the organization and strengthen employee satisfaction. By maintaining a satisfied and productive workforce, an employer lessens the expense associated with costly turnover of staff. Losing one employee is estimated to cost a company 50–150% of the lost employee's salary in time and money spent to replace that employee (Hittinger, 2014).

Numerous studies have been done to find out how recruitment audit can best contribute to human resource management. For instance, an empirical study conducted in Venezuela by Darity and Mason (1998) to establish the relevance of recruitment steps and whether the steps complied with human resource procedures established that 75% of the middle level organizations sampled followed some existing steps in recruitment process. The steps were however different from organization to organization. For the organizations which had no steps in their recruitment process, the employee turnover was found to be very high. Darity and Mason study failed to point out clearly how recruitment audit contribute to performance of employees in the organization. This omission has informed the researcher to initiate this study in order to conduct an in-depth insight into the relationship between recruitment audit and employees performance.

In a case study to find out levels of accountability in Cairo, Stone (1995) found out that hiring process which had individuals accountable in every step and compliance ensured, there was tremendous reduction of errors. However, Stone failed to link accountability audit to employee performance. This discrepancy has informed the researcher to initiate this study in order to establish the relationship between accountability audit and employees performance.

In Latin America, human resource audit is something that many companies do annually, just as they audit their financial information. This gives them an account of their workforce and the efficiency with which the organization as an entity deals with its people, from recruitment to training to grievance handling. Human Resource audit can be likened to a person going to the doctor for a general check-up to stay well. The process allows a company to identify problems such as employee turnover. The process also allows a company to get a general idea of where it stands so it can better correct any potential problems and plan for the future (Pareek and Rao, 1992). According to Flamholtz (1987), when it comes to physical health, prevention of problems is far better than waiting until a problem arises and trying to cure it. The same holds true for human resource auditing. Preventing problems is much easier than trying to fix them after the fact. Good human resource audit can not only help prevent those problems, but also mitigate them if they already exist and save companies money and difficulties and costs associated with failure to conduct human resource audit (Flamholtz, 1987).

Human resource audit is one of the methods of gathering factual information of management controls and activities based on an unbiased assessment of objective evidences rather than subjective opinion (Werther and Davis, 1996). According to the findings of Bowman and Wilson (2008), on a cross sectional study in Singapore to establish compliance with training objectives, it was established that the organizations which developed training objectives and criteria in compliance with human resource procedures had their programs focused on important topics relevant for employee performance. The study further indicated that the objective and criteria provided a basis for evaluating training program. Bowman and Wilson study focused on the importance of developing training objectives and criteria, thereby failing to point out the link between employees' performance element with regards to auditing training objectives and criteria. This study seeks to fulfill this omission by examining the relationship between auditing training objectives and criteria and employees performance. According to a case study conducted

on implementation compliance in Malaysia by Anderson (2000), it was established that the organizations that did not implement training program adoption rate of the program suffered and was an obstacle to overcome. Conversely, for the organizations that implemented training program and were compliant with the human resource procedures, 90% of their companies realized value more quickly. The study by Anderson linked implementation of training program with value addition to the organization. It didn't not clearly define how implementation of training programs in the organization reflects on employees' performance, an aspect which has been emphasized in this study.

An empirical survey conducted on the impact of grievance handling on performance by Ayres, Ian, and Siegelman (1995) established that the first step in majority of the organizations sampled was acknowledgement of the dissatisfaction. They further established that the organizations that had effective grievance handling procedures focused attention on grievances and did not turn away from them. Up to 80% of the managers interviewed indicated that they had positive attitude towards grievance handling in compliance of human resource procedures. Such managers had their employees out put on the rise while the 20% of managers who had descending attitude towards grievance handling had their employee's performance graph on the downward trend. The researcher has replicated this study in KIWASCO in order to validate findings of Ayre *et al.*, 1995 which revealed that organizations that practiced effective grievance handling procedures had their employees output/performance on the rise by 80%.

Kisumu Water and Sewerage Company is bedeviled by numerous customer complaints on water shortages and or contamination, regular water line bursts, delay in connections, bias in customer handling and reducing profitability (KIWASCO HR DEPT, 2013). Despite literature asserting that human resource audit has a relationship with employee performance, there is lack of documentary evidence which authoritatively links human resource audit practices of KIWASCO with the performance of its employees. It is on this basis that this study has been initiated in KIWASCO to establish effect of human resource audit on employee performance with a view of investigating how, recruitment audit, training audit and grievances handling audit influence quality of employees service, employee efficiency and employee effectiveness.

1.2 Statement of the problem

Human Resource audits may accomplish a variety of objectives, such as ensuring that recruitment, training and grievance handling are in compliance with the human resource procedures; helping maintain or improve a competitive advantage; establishing efficient documentation and technology practices; and identifying strengths and weaknesses in training, communications and other employment practices. Human resources audit will provide any employer with valuable information regarding its current employment systems and procedures, as a basis to determine their adequacy to meet the current and projected needs of the business. Despite positive contribution of human resource audit, especially on recruitment audit, training and grievances handling audit, there is lack of evidence on credible studies which have been done linking human resource audit with employee performance. In spite of numerous customer complaints on water shortages, water contamination, regular water line bursts, delay in connections, bias in customer handling and reducing profitability that has bewildered KIWASCO, little has been done to redeem the situation. This discrepancy between the expectation of customers on prudent service delivery and the actual services being provided by KIWASCO motivated the researcher to initiate this study in KIWASCO in order to examine the effect of human resource audit on employees' performance.

1.3 Objective of the Study

1.3.1 General objective

The general objective of this study was to establish the effect of human resource audit on employee performance at Kisumu Water and Sewerage Company.

1.3.2 Specific objectives

The specific objectives were:

- i. To establish the effect of recruitment audit on employee performance at Kisumu Water and Sewerage Company
- ii. To assess the effect of training audit on employee performance at Kisumu Water and Sewerage Company

- iii. To determine the effect of grievance handling audit on employee performance at Kisumu Water and Sewerage Company

1.4 Research Questions

- i. What is the effect of recruitment audit on employee performance at Kisumu Water and Sewerage Company?
- ii. What is the effect of training audit on employee performance at Kisumu Water and Sewerage Company?
- iii. What is the effect of grievance handling on employee performance at Kisumu Water and Sewerage Company?

1.5 Scope of the Study

The study was geographically limited to Kisumu Water and Sewerage Company. The company is situated within the Kisumu Central Constituency in the formally Kisumu East District of Kisumu County which is part of the larger Western Kenya region. This study focused on establishing the effect of human resource audit on employee performance by establishing the effect of recruitment audit on employee performance, assessing the effect of training audit on employee performance and; determining the effect of grievance handling audit on employee performance. This study was carried out during the month of August, 2014.

1.7 Justification of the Study

This study was confined to Kisumu Water and Sewerage Services because an introspection of records at the Company reveals that it has been bedeviled by numerous customer complaints on water shortages and or contamination, regular water line bursts, delay in connections, bias in customer handling and reducing profitability ((KIWASCO HR DEPT, 2013). Besides, there is no known study that has been carried out in the context of water and sewerage institutions. This leaves a wide knowledge gap as managements are not well informed on the human resource audit. This warrants a study to be conducted in the Kenyan context and its where this study comes-in. The study therefore looked into how human resource audit in Kisumu water and Sewerage Company in Kenya affects employee performance. The findings of the study would be of great assistance to all the stakeholders in policy formulation in the development of appropriate

organization vision, strategic goals and measures that would help them gain a competitive advantage through their workers by managing their behavior and results.

1.8 Conceptual Framework

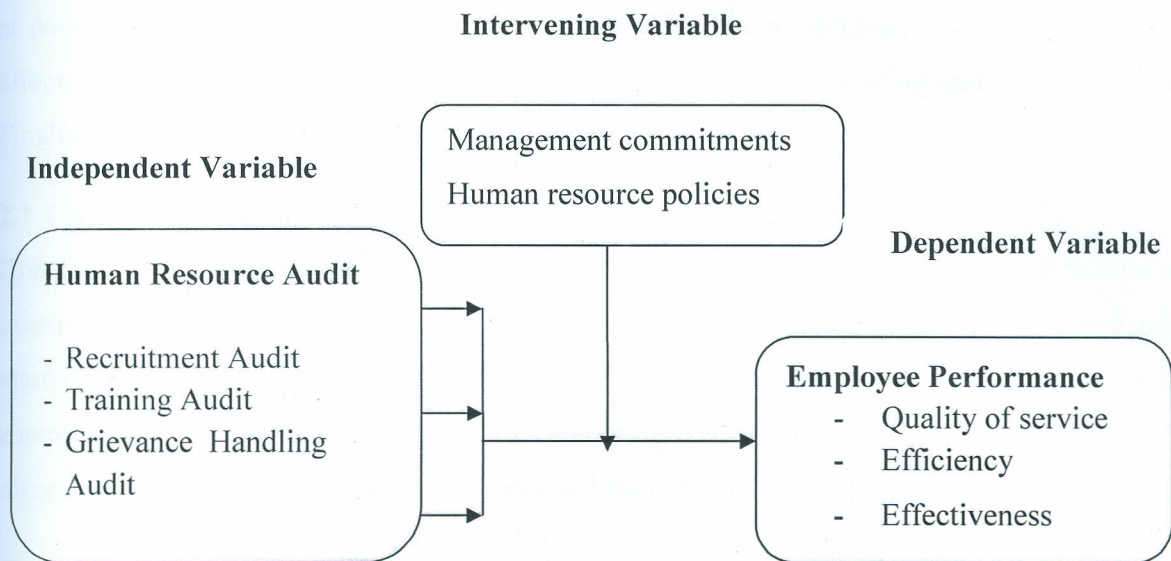


Figure 1.1: Effect of Human Resource Audit on Employee Performance adapted from Pareek and Rao (1992).

The conceptual framework of this study examined how human resource audit conducted for various functions led to employee performance. The functions that were operationalized in this study include; recruitment, training and grievance handling audit (Pareek and Rao, 1992). Employee performance on the other hand was measured in terms of optimal quality of services by employees. When employees are to do the right job, optimal quality is expected out of their performance. Performance is measured in terms employees effectiveness i.e the degree to which an employee is successful in producing a desired result/ the capability of employees to produce the desired results. It is also measured in terms of employee efficiency i.e the level of performance that describes the process that uses the lowest amount of inputs to create greatest amount of outputs/ the ability of employees being able to do something or produce something without wasting materials, time or energy.

CHAPTER TWO

LITERATURE REVIEW

This chapter presents the literature related to the study. In particular, it looks at theoretical review; it looks at the Scientific Management theory and the Kirkpatrick model. It further looks at the empirical review of literature on effects of recruitment audit on employee performance, effects of training on performance and the effects of grievance handling audit on performance. Finally, it presents a summary of knowledge gaps.

2.1 Theoretical Review

Human resource auditing has evolved in recent years to the point that it has ceased to be a mere instrument of control and has become a necessary decision making tool in personnel related matters according to the global objectives of the company. As a result, all of the functions and competencies of Human resource auditing are being progressively expanded. This is creating a distinction between its component elements and the different types of Human resource audits.

Grossman (2000) proposes a three-pronged approach for the measurement of the HR function. First, according to this model, there should be efficiency measurements that help to determine the way in which the resources are being used. Within this group are the measurements of turnover, quits, and discharges as a percentage of total employees, average tenure of employees in various jobs, absenteeism, employee productivity, and intellectual capital. After calculating the measurements of efficiency, they must be compared to the results obtained in previous periods. Nevertheless, this is not sufficient, and it is critical to benchmark against others in the same industry or profession. When inefficiencies are revealed, careful analysis of the problem should follow before expenditures are slashed. These cover the efficiency side, but one must also look at the value-creation side. Thus, it is necessary to develop a new set of strategic measurements that connect directly with the mission and strategies of the company.

2.1.1 Scientific Management Theory

Scientific management theory also known as quantitative approach has evolved from the early application of some of the scientific management techniques of classical theorists. Because of complexities of organizations, today's managers are required to have more and better

information in order to make effective decisions. Scientific management theory proposes the use of quantitative technique to aid decision making. Despite voluminous data to be analyzed and sophisticated computations to be done, a wide variety of quantitative tools have been developed in the analysis of information (Cekada, 2010).

According to Boydell (1976) this approach gained momentum during the Second World War when interdisciplinary groups of scientists called Operations Research Teams were engaged to seek solutions to many complex problems of war. These teams constructed mathematical models to simulate real life problems and by changing the values of variables in the model, analyzed the effect of changes and presented a rational basis for decision makers.

Tools such as linear programming, queuing theory, simulation models, inventory-control and quality control tools were extensively used in this approach. Thus the focus of Management Science or quantitative approach is on making objective and rational decisions. Objective rationality implied an ability and willingness to follow a reasoned, unemotional, orderly and scientific approach in relating means with ends and in visualizing the totality of the decision environment. It is an attempt to rationalize and quantify the managerial process (Jane, 1997).

This theory lends credence to human resource audit in the sense that both are scientific. Human resource audit involves a systematic review of all human resource functions that includes recruitment, training and grievance handling among other functions. Human resource audit has a means (methodology) to view current human resource policies procedures and documentation and systems to identify need for improvement. The dominant argument in management science model is on making objective and rational decisions to ensure performance. This is in consonance with auditing which is aimed at making rational decisions for auditing to ensure employee performance (Riyaz, 1996).

This approach facilitated disciplined thinking, achieving precision and perfection by expressing relationships among variables and facts in quantitative terms. While this approach has found wide applications in evaluation of human resource functions, not all managerial processes can be said to be scientific. Lastly, it can be seen that the most dramatic developments in scientific management theory and practice have occurred since 1900. This theory has provided few key concepts like looking at organizations as open systems, having contingency basis for managerial

actions, considering a variety of individual needs in designing organizations and use of a wide variety of quantitative tools to aid managerial decisions (Bowman and Wilson, 2008).

2.1.2 Kirkpatrick Model

Human resource management plays an important role in an organization's ability to remain competitive. A major contributing factor to the success of the human resource development is auditing of human resource functions. For instance, for a training program to be successful in achieving the goals of the organization there needs to be pre-established performance objectives which are congruent with the strategic organizational goals, this then becomes the basis of auditing the function. Consequently, it is essential that the outcomes of the audited functions such as recruitment, training, and grievance handling be measured in terms of its contribution to the employee performance and organization performance to a large extent. However, this has been identified as a problem in the human resource management literature (Al-Lamki and Salma 2000).

There are a number of approaches that have evolved in an attempt to address the evaluation of training programs from different perspectives. The most commonly used method is the Kirkpatrick Model (Kirkpatrick, 1994), which uses auditing approach to the evaluation of human resource functions. However, Kirkpatrick's model has been criticized as being simplistic and lacking in any underlying economic or psychometric theory that can claim to provide valid measurements (Swanson, 1998).

Typically, recruitment, training and grievance handling programs have been evaluated from the perspective of the participants' post-auditing behavior and generally compared to the original objective of the function with reliance upon the observations reported by their immediate supervisors. The use of cost benefit analysis and return on investment (ROI) has been recognized as more appropriate method to measure the performance of the employees (Andrew, 2000).

Evaluations undertaken using these methods represent the outcomes of the investment in auditing from an economic and financial perspective. Whilst this is generally recognized as providing a more meaningful analysis the calculation of ROI presents a problem in most organizations. Specifically, the problem is associated with the identification of the relevant variables and the allocation of dollar values in terms of costs and benefits and this in turn causes management to

doubt the validity of the claimed returns for the training dollars. The current study presents a framework that uses qualitative and quantitative formula to determine compliance of the human resource procedures with the outcome (ROI) being employee performance (Ularch, 1998).

2.2 Human Resource Audit

Human resource audit is based on the premise that human resource processes are dynamic and must continually be redirected and revitalized to remain responsive to the ever changing needs (Flamholtz, 1971). Human Resource Audits are not routine practices aimed at problem solving. Instead of directly solving problems, HR audits, like financial audits, help in providing insights into possible causes for current and future problems (Flamholtz, 1971).

2.2.1 Recruitment Audit

A Recruitment Audit is an unbiased examination and evaluation of systems and processes of an organization in order to demonstrate whether they are in compliance with a standard (Anand, 2013). It is a comprehensive method to review your current recruitment policies, procedures, documentation and systems to identify needs for improvement and enhancement of the overall recruitment function (Anand, 2013). It involves systematically reviewing all aspects of recruitment, usually in a checklist fashion. Recruitment audit –The recruitment audit process is conducted in different phases. Each phase is designed to build upon the preceding phase so that the organization will have a very strong overview of the health of the recruitment function, at the conclusion of the audit. These phases include: Pre-audit information: This phase involves the acquiring and review of relevant recruitment manuals, handbooks, forms, reports and other information present with the individual recruiters, consultancy and the corporate. Self-assessment: in order to maximize the time spent during subsequent portions of the audit, a pre-audit self-assessment form, if sent to the client can be of use. The self-administered yes/no questionnaire asks a number of questions about the current recruitment policies and practices. The completion of this self-administered questionnaire allows auditors to identify key areas for focus during the recruitment audit. The information gathered is used to develop a recruitment audit report.

2.2.2 Training Audit

Training audit refers to assessment of the extent to which a management framework for training activities is in place (Soucy, 2012). This includes an examination of directives and guidelines, organizational structures, and roles and responsibilities. The audit also examines planning processes and reporting and monitoring systems in place to support training activities. It assesses the effectiveness and efficiency of current training courses and programs to ensure they meet organizational needs and goals (Kelly, 2003). Training audit compares training with best practices, checks whether training is aligned to organization goals and assesses the maximization of training technology. It also ascertains integration of training into the daily work of the organization, training transfer to workplace and critical areas in need of improvement (Kelly, 2003).

2.2.3 Grievance Handling Audit

Grievance handling audit refers to the audit of how a workplace treats a workplace violation or dispute between the union or a unit member and management (Docstoc, 2013). Grievance handling process is a formal administrative mechanism through which employees may seek the resolution of differences pertaining to terms and conditions of employment. This process must present all the important parts of a grievance including who is involved, what happened, where it happened, why it is grievable, when it happened and what must be done to make the grievant whole (Docstoc, 2013). An employee is entitled to present a grievance if the employee feels aggrieved as a result of any occurrence or matter affecting his or her terms and conditions of employment. There are three types of regular grievances: individual grievances, group grievances and policy grievances. Grievances should be presented and handled in a timely manner. Time frames for presenting, transmitting and responding to a grievance at each step are determined by the griever's collective agreement or individual however it should be noted that time frames can vary accordingly.

2.3 Employees Performance

Employee's performance is a rating system used in most corporations to determine the abilities and output of an employee (Paauwe and Boon 2009). Performance is divided into five components: Planning, monitoring, developing, rating and rewarding. In the planning stage goals are set to help measure the employee's work time to see if they are able to maintain the goals set or reach new goals. Monitoring is the phase in which the goals are looked at to see how well one is doing to meet them. This can also be a feedback stage in which employers determine if progress is being seen or not. During the developing stage an employee is supposed to improve any poor performance that has been seen during the time frame one has been working at the company. Generally employee's performance ratings are given out each year. The rating is to summarize the performance based on a number system to determine where on the scale a person is. At the end of the cycle is rewarding stage. This stage is designed to reward and recognize outstanding behavior such as that which is better than expected. Most see employee's performance as a way to appraise the employee for their effectiveness in the company. It is a system designed on individual performance rather than group performance meaning you are looked at for strengths and weaknesses to determine where you might improve. Any issue that might hinder this improvement such as a physical limitation is taken into account to assess the performance you give. Performance evaluations are looked at for which employees to keep, if you were to get to the crux of the question. Employee performance can be assessed through quality of service offered, efficiency and effectiveness of the employee (Paauwe and Boon 2009).

2.3.1 Quality of Employee Service

Employee service quality is a comparison of expectations with employee performance. A business with high employee service quality will meet customer needs whilst remaining economically competitive (Collings and Wood, 2009). Improved employee service quality may increase economic competitiveness. This aim may be achieved by understanding and improving operational processes; identifying problems quickly and systematically; establishing valid and reliable service performance measures and measuring customer satisfaction and other performance outcomes.

2.3.2 Employee Efficiency

Employee Efficiency is a complex measurable parameter which characterizes an output produced by efforts and by achievements of an employee. In most cases the employee efficiency answers questions on: whether an employee is useful to organization i.e produces more or less value; whether an employee is useful (the exact worth that the employee produces). There is no single understanding of this quite wide term, but usually sense of employee Collings and Wood (2009) argue that employee efficiency refers to various conceptions which intersect with each other in certain aspects and usually are used in a mixture.

First is productivity-oriented approach. This stands for objective appraising of the value produced by efforts and talents of the employee and comparing this value against the worth of inputs and resources provided to this employee by the organization. In other words this attitude means determining the level of employee profitability: his or her ability to convert investments into direct profits or some long-term benefits (Collings and Wood, 2009) Second is objectives-oriented approach, this approach supports the determination of ability of employee to accomplish certain amount of work (or to achieve some other required objectives) within a given period of time or/and other business resources. This attitude identifies an employee as efficient one if he or she properly fulfills certain working plans or matches certain productive norms. These plans usually imply certain inbuilt level of profitability (Collings and Wood, 2009)); third is performance-oriented approach. This attitude means giving an appraisal to a manner which an employee adheres to while carrying out his or her job. In this case the employee efficiency is analyzed by measuring compliance of his/her activities with certain standards or requirements. This attitude states that employee is 100% efficient when he or she strictly follows a predefined procedure or workflow which is considered as efficient (Collings and Wood, 2009).

2.3.3 Employee Effectiveness

Employee effectiveness is a capability of employees to produce a specific, desired effect with minimized costs and in strict compliance with initial requirements (Klerck, 2009). It is a qualitative characteristic that indicates the extent to which targeted problems are addressed and the degree to which preset goals and objectives are achieved by employees. Employee effectiveness means a situation when a worker produces a desired outcome in the best possible

way. Labor output acts as a key parameter for measuring employee effectiveness. For example, a web designer's effectiveness includes labor costs the employee spends within a period of time (week) on developing a draft of a website. The drafted website will be labor output of the designer. Higher effectiveness of this employee is reached if the website is designed as close to customer requirements as possible and with minimized costs. Employee effectiveness can be improved through a range of activities that create a better working environment. The activities include; training and recertification, better communication, rewarding and remuneration and employee recognition. Others are; improved leadership and teamwork, retooling and re-equipment and better corporate culture.

2.4 Empirical Review

This section explores literature on studies carried out on subjects related to the current study. It gives insights into what has been investigated and what has not thereby creating the ground for this study.

2.4.1 Relationship between Recruitment Audit and Employee Performance

Recruiting the right person for the job is extremely important just like any other human resource function. This is true and rightly so because recruitment mistakes are costly to any organization anywhere in the world, particularly if they are not in compliance with the human resource procedures. As such, recruitment audit ensures a current review of recruitment policies, procedures, documentation and systems to identify needs of improvement and enhancement and ensures compliance with human resource recruitment procedures. This therefore ensures that costly mistakes such as flawed recruitment steps are mitigated in good time thereby increasing the performance of the employee recruited (Crutchfield, 2000).

If a step is missing in the recruitment process, that missing step cannot make its contribution to the overall hiring process. As such a lot of researches have been conducted to try and find out how recruitment audit can best contribute to human resource management. For instance a survey study conducted in Venezuela by Darity and Mason (1998) to establish the relevance of recruitment steps and whether the steps complied with human resource procedures, it was established that 75% of the middle level organizations sampled followed some existing steps in recruitment process. The steps were however different from organization to organization. For the

organizations which had no steps in their recruitment process, the employee turnover was found to be very high. This study however fails to point out clearly how recruitment steps audit contribute to performance of employees in the organization.

Without clear and measurable goals, it is highly unlikely that any activity can purposely produce desirable results and so does the recruitment steps. In essence recruitment process and in particular, the steps should be audited to establish whether the steps have defined goals for the overall performance of the human resource management. The case study research in Philipines conducted by Eric (1987) concentrated on the effects of goals as part of a company's overall performance management process. It was establish that the level of performance was highest when goals were clearly defined and compliance observed. This study however has nothing to do with auditing and therefore fails to show how auditing defined goals in a recruitment process contribute to employee performance.

Boudreau and Ramstad (1997) postulate that without feedback mechanism to provide data or metrics to monitor the output of the steps or process, the probability of failure increases dramatically. As such, the work of auditors becomes finding out whether performance measures exist or not and making recommendations appropriately for the organization. The goal of performance measure is to assess the performance of new hires and to use that performance information to validate or prove that the overall recruiting process is producing quality hires. If a high percentage new hires fail, quit, or are poor performers, the organization will know that the hiring process needs significant improvement. Markhamre (1985) concurs in his study conducted in Jordan to find out the effects of employee turnover. It was established that employees could not cope with job requirements. This study was not linked singularly to audit of performance measure in view of improving employee performance.

According to Pareek and Rao (1992), if no individual owns the step of recruitment, there is less likelihood that errors will be caught. This brings to the fore an element of accountability in the recruitment process. Different steps needs to have individuals that are fully in charge and accountable for that particular step. Only then can errors be caught and rectified within a good time. Auditors therefore seek to find out whether or not accountability is there in the recruitment process. They then recommend for the organization to take measures to assign individuals in all the steps in the recruitment process and thereby increasing the chances of finding errors and

removing them. With error free recruitment process, chances are that the recruit will be of quality and therefore will improve performance. In a case study to find out levels of accountability in Cairo, Stone (1995) found out that hiring process which had individuals accountable in every step and compliance ensured, there was tremendous reduction of errors. However this study fails to link accountability audit to employee performance.

Ziegenfuss (2000) asserts that without a defined budget, there is no need to justify the existence and the performance of the steps. Recruitment budget ensures that all the recruits go through the recruitment process in time as scheduled. This can only be the case if adequate funding is allocated for the process. Defined funding therefore is an element of a recruitment process that cannot be ignored by both the organization and human resource auditors. This hypothesis was put to test by Aswathappa (2006) on a survey research to access the availability of funding or lack of it and its impact on the recruitment process in South Africa. It was found that recruitment teams which were compliant and had defined funding within time had timely recruitment. It is not clear in this study whether timely recruitment was associated with employee performance, an aspect which this study seeks to investigate.

2.4.2 Relationship between Training Audit and employee performance

Training is a short term process utilizing a systematic and organized procedure which non-managerial personnel acquire technical knowledge and skills for a definite purpose. It also refers to instructions in technical and mechanical operation like operation of some machine. It is designed primarily for non-managers. It is short duration and it is for specific job related purpose. Training audit ensures that the steps of training and development in the organization are in line with policies and procedures of the human resource management. As such auditing helps the organization to establish whether the policies and procedures are followed or not and recommend improvement where necessary.

Anderson (1994) conducted a survey to identify whether organizations conducted training needs assessment in Abu Dhabi. The study established that all (100%) of the organizations sampled conducted training assessment. The study further established that training needs assessment determined where training was needed, what needed to be taught, and who needed to be trained. Thus, without training needs assessment, there can be no solid prognosis to diagnose if the whole

training process was correctly designed. This study has left out the element of compliance with human resource procedure in training needs assessment. Compliance is about finding out by the human resource auditors whether the training needs assessment element is included in the entire step. The auditors then give their recommendations with view to increase employee performance.

According to the findings of Bowman and Wilson (2008), on a cross sectional study in Singapore to establish compliance with training objectives, it was established that the organizations which developed training objectives and criteria in compliance with human resource procedures had their programs focused on important topics relevant for employee performance. The study further indicated that the objective and criteria provided a basis for evaluating training program. This study focuses on the importance of developing training objectives and criteria. It therefore fails to point out employee performance element with regards to auditing training objectives and criteria.

Clarke (2003) carried out a cross sectional survey to find out the impact of validation on the training steps in Senegal. It was established that the ability to identify and measure the outcomes from training programs was highly relevant to organizations sampled. Other researches depart from this arguing that the rating scores derived from the staff performance appraisals for validation are an acceptable proxy measure for performance against the established values identified by the company. The justification for this assumption is based upon the argument that the ratings provide the only readily available data that has been consistently undertaken each year within the confines of the company itself. Certainly within other companies the outputs of the performance appraisal process were viewed by management as being a valid way of demonstrating such progress of staff on an annual basis after training. These researches however fail to indicate how compliance and validation as training step improves employee performance.

The Implementation Stage of training inevitably happens, regardless of the degree of prior planning. However, implementation is as crucial as the prior steps, if not more so. The organization of a program launch is crucial to the training program's success. According to a case study conducted on implementation compliance in Malaysia by Anderson (2000), it was established that the organizations that did not implement training program adoption rate of the program suffered and was an obstacle to overcome. Conversely, for the organizations that implemented training program and were compliant with the human resource procedures, 90% of

their companies realized value more quickly. Value however is not specific and is different from employee performance. Therefore, this study fails to clearly link implementation compliance with employee performance.

Evaluation and follow up is the last stage of training process and is meant to assess the success of the program. Brown (2002) conducted a survey in Comoros on impacts of follow up on performance of middle level organizations. It was established in his study that companies which had evaluation and follow up in their step had feedback devices to measure what learners had actually learned. The study further indicated that evaluation and follow up determined the level of improvement in job performance and assessed need maintenance. Organizations that implement training audit therefore are more likely to benefit from evaluation and follow up. However this study fails to exhaustively point out all the benefits of implementing evaluation and follow up with regard to employee performance.

2.4.3 Relationship between Grievance Handling Audit and Performance

Grievance is any discontent or dissatisfaction arising from feeling or a belief of injustice felt by employee or a group of employees in connection with the work environment (Crosby, 2000). The use of grievance handling audit is intended to find out if it exists in an organization and if not to make recommendation to put it into existence. Grievance handling procedure addresses the grievances raised by employees in the interest of promoting justice and to avoid disputes. As such, a united peaceful working force is likely to build synergy in their various working departments thereby ensuring employee performance. To that extent various researches have been done to show how grievance handling audit leads to employee performance.

An empirical survey conducted on the impact of grievance handling on performance by Ayres, Ian, and Siegelman (1995) established that the first step in majority of the organizations sampled was acknowledgement of the dissatisfaction. They further established that the organizations that had effective grievance handling procedures focused attention on grievances and did not turn away from them. Up to 80% of the managers interviewed indicated that they had positive attitude towards grievance handling in compliance of human resource procedures. Such managers had their employees output on the rise while the 20% of managers who had condescending attitude towards grievance handling had their employee's performance graph on the downward trend.

This study however fails to show how acknowledgement of dissatisfaction as a step in grievance handling procedure relates to employee performance.

A research conducted on human resource audit on organizational performance by Berkovec (1998) lends credence to the one done by Ayres *et al* (1995). The study established that most organizations had defined the problem as a step in grievance handling procedure in compliance with the human resource procedures. The study further found out that the organizations that did not have the problem defined dealt with the wrong complaint. The organizations that had the problem defined keenly listened to the aggrieved parties and therefore true complaints were voiced out. This study however fails to pinpoint how having the problem defined in the grievance handling step in compliance with the human resource procedures leads to employee performance.

Aneely (2005) asserts that facts should be separated from fiction in grievance handling. Although grievances result in hurt feelings, the effects should be to get the facts behind the feeling. There is need for a proper reward for each grievance. The research conducted in Dhaka by Eric (1987) tested this hypothesis. It was established that the organizations sampled were not in compliance with the human resource procedures. The study found out that grievance handling steps were not followed and which were the causes of perennial strikes. This study however only looks at one construct of human resource audit and fails to bring out how compliance in the grievance handling step leads to employee performance.

Werther and Davis (1996), postulates that the decisions on each of the grievances will have a precedent effect. While no time should be lost in dealing with them, it is no excuse to ignore them. According to case study research conducted by Rupsys, Rolandas and Boguslauskas, (2007), it was established that organizations that had consistent peace and synergy made prompt analysis and decision on grievance mitigation. The study further established that the grievance handling step was in compliance with human resource grievance handling procedures. This study concentrated on grievance handling step compliance leaving out its impact on employee performance.

On a different case study on human resource audit, Ulrich (1997) established that follow up was the last step in grievance handling for the majority of the organizations. Organizations that did

well in grievance handling process had prompt follow up. It was further established that all the steps in the grievance handling were in compliance with the human resource procedures. In this study performance was measured in terms of communication between employee and his immediate boss. This study failed to recognize that performance can also be measured in terms of employee synergy occasioned by peaceful coexistence among employees and their superiors. This study did not explore relationship between grievance handling and employee performance.

The criteria used in assessing performance in the human resource context is described as efficiency and effectiveness whereas auditors more frequently consider performance in the context of efficiency, effectiveness and also 'economy'. There are clear implications for this study arising from the literature review. First, human resources practitioners would benefit from a better understanding of audit philosophy, theory, definitions, methodology and processes; and from combining a risk based approach with strategic human resource management. Second, a published example of a human resource performance audit in the Kenyan context, demonstrating the consideration of organizational strategic objectives and human resource objectives, standards and risks would add value to the body of knowledge. Third, the identification of the potential challenges and issues in conducting a human resources performance audit would inform human resource practitioners, auditors and other interested stakeholders.

The literature review resolves many of the 'what' questions of human resource auditing. The literature review presents a method of evidencing the contribution of human resources on value for money criteria, but it appears to be rarely found in practice. Human resource auditing is still not well known or understood as a method of evaluation by human resource practitioners but the topic is an emerging area of interest in the context of evaluating the contribution of human resources to the achievement of an organization's objectives.

2.5 Summary of Literature and Gap

Human resource audit is a crucial if not the most important facet in human resource management. Auditing recruitment, training and grievance handling ensures that human resource procedures documentation and systems are checked by the human resource auditors. This procedure identifies needs for improvement and enhancement of human resource functions as well as ensures compliance with ever changing rules and regulations. As such all organizations should audit their human resource functions regularly, only then can they reap the benefits

arising from human resource audit to the fullest. A majority of the studies above were conducted abroad. This does not reflect the local scene. Further, a majority were cross sectional surveys. The current study will be a case study with in-depth analytical approach. Whereas many of the studies dwelt on describing compliance of specific aspects or steps of grievance handling, training and or recruitment audit, a few established relationships among the aspects investigated and employee performance or overall organizational performance.

Human resources audit measures human resource outputs and effectiveness under the given circumstances and the degree of utilization of human resource outputs and effectiveness in the best possible manner conducive to the organization. A periodic human resource audit can qualify its effectiveness within an organization. Despite this, no study has been done on effect of human resource audit on employee performance. The current study sought to bridge this knowledge gap by investigating relationships between human resource auditing and employee performance at KIWASCO.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter provides an overview of the research design used, the study area, the target population, sample size, sampling technique, the data collection instruments, reliability and validity test of the data collection instruments, data analysis methods and lastly data presentation tools.

3.1 Research Design

A research design is a blue print which guides the study. In this study, the researcher employed correlation research design. This design enables the researcher to assess the degree of relationship that exists between two or more variables. It analyzes the correlation between two or more variables (Orodho 2003). This design is relevant to this study because it will enable the researcher to establish the relationship between recruitment audit, training audit and grievance handling audit with employees' performance through the multiple regression equation.

3.2 Study Area

Kisumu Water and Sewerage Company is located within Kisumu Central Business District, in Kisumu Central Constituency along Obote Road opposite Swan Centre Building and lies within longitudes 33° 20'E and 35° 20'E and latitudes 0° 20'South and 0° 50' South. The County is bordered by Homa Bay County to the South, Nandi County to the North East, Kericho County to the East, Vihiga County to the North West and Siaya County to the West. The County covers a total land area of 2,009.5 km² and another 567 km² covered by water.

3.3 Target Population

Kombo and Delmo (2006) defined population as a group of individuals, objects or items from which samples are taken for measurement. In this regard, the universe for this study comprised of 293 employees drawn from the top management, the supervisors and the subordinates. This enabled the researcher to obtain elaborate information and to save on time, finances and human resource (Mugenda and Mugenda, 2003).

3.4 Sample and Sampling Technique

A sample is the number of items selected to represent the whole population (Kothari, 2014).

Cooper and Emory (2001) defines sample size as the subject on which the measurement is being taken as the unit of study. The sample size consisted of 170 respondents as shown in Table 3.1.

This study used stratified random sampling approach and collected information from a random sample generated using (Yamane, 1967) formula of $n = N / [1 + N (e)^2]$

Where:

n = the sample size

N = the population size

e = the desired margin of error

Where n is the required sample size, N (293) is the population of permanent employees in the pay roll and e is the level of precision at 95% confidence level set at 0.05.

Therefore;

$$n = 293 / [1 + 293(0.05)^2] = 293 / 1.7325$$

= 170 employees

Table 3.1 Sample Distribution

Category	Population Distribution	Sample Distribution
Permanent Employees	134	78
Contract Employees	159	92
Total	293	170

Source: KIWASCO (2014)

3.6 Data Collection Methods

The data collection methods are discussed in the following subsections

3.6.1 Data Sources

The study used questionnaires to collect primary data and document analysis, publications, Government publications, research institutions, internet publications, newspapers and journals too collect secondary data.

3.6.2 Data Collection Procedure

The researcher first obtained a letter of introduction endorsed by university. The researcher then contacted the relevant manager at the Kisumu Water and Sewerage Company to make prior arrangements before the actual data collection. The research instruments were managed by five trained research assistants to help in distribution of question to the targeted respondents. The questionnaires were administered through drop and pick later method. According to Franker, (2006) questionnaires have the added advantage of being less costly and using less time as instruments of data collection. These assistants were recruited based on knowledge, skills and background in research. They were trained on the subject of this research and the best among them were the team leader. The researcher provided overall supervision of the assistants to uphold quality assurance.

The pilot testing was conducted using the questionnaire on 29 staff. The pilot group was divided into two groups/categories. Staff members who were to be included in the pilot group were randomly selected based on numerical strength from the two groups/categories. Members who participated in the pilot testing were not engaged during the final data collection phase. The purpose of the pilot testing was to establish the validity and reliability of the research instruments and hence enhance face validity (Joppe, 2000).

3.6.3 Data Collection Instruments

Structured questionnaires were used to collect primary data. The questionnaires were divided into three sections. One section was concerned with human resource audit while another section was concerned with employee performance. The third section was concerned with respondent characteristics. See appendix II. Questionnaires are appropriate for this study since they collect information that is not directly observable as they inquire about feelings, motivations, attitudes, accomplishments as well as experiences of individuals, Mellenbergh (2008). The questionnaires comprised of both open and close-ended questions. Franker, (2006) stated that a questionnaire is

useful in obtaining objective data because participants are not manipulated in any way by the researcher. A detailed literature review related to the topic of study was conducted to get an in-depth of the study problem, to help shed light on it. Secondary sources of data included; publications, Government publications, research institutions, internet publications, newspapers and journals.

3.6.4 Reliability Tests

Reliability of the questionnaire was evaluated through administration of the said instrument to the pilot group. A construct composite reliability co-efficient (Cronbach alpha) of 0.7 or above, for all the constructs, was considered adequate for this study.

The reliability of the questionnaire was evaluated through Cronbach’s Alpha which measures the internal consistency. The Alpha measures internal consistency by establishing if certain item measures the same construct. Cronbach’s Alpha was established for every objective in order to determine if each scale (objective) would produce consistent results should the research be done later on. The findings of the pilot study shows that questions on recruitment audit had the highest reliability ($\alpha=0.821$) followed by grievances handling ($\alpha=0.802$) and then training audit ($\alpha = 0.751$). This illustrates that all the four scales were valid and reliable as their reliability values exceeded the prescribed threshold of 0.7 (Nunnally, 1978).

Table 3.2 Reliability Coefficients

Scale	Cronbach's Alpha	Number of Items
Recruitment audit	0.821	21
Training audit	0.751	19
Grievances handling audit	0.802	11

Source: Researcher, 2014

3.6.5 Validity Tests

The researcher carried out a pilot study to pretest the validity of data collected using the questionnaire. According to Mugenda and Mugenda (2003) validity is the accuracy and meaningfulness of inferences, based on the research results. Validity indicates the degree to which an instrument measures what it is supposed to measure. This gave the accuracy and meaningfulness of inferences. It is the extent to which differences found with a measuring

instrument reflect true differences among those being tested. It also refers to the data that is not only reliable, but also true and accurate. The instruments were subjected to appraisal and amendment by use of simple language, peers review and experts (supervisors) whose recommendations were taken to improve the face and content validity.

3.7 Data Analysis

Before processing the responses, data preparation was done on the completed questionnaires by editing, coding, entering and cleaning the data. Data collected was analyzed using descriptive statistics. The descriptive statistical tools helped in describing the data and determining the respondents' degree of agreement with the various statements under each variable.

The study generated both qualitative and quantitative data. Quantitative data was coded and entered into SPSS version 20.0 and analyzed using descriptive statistics. Descriptive statistics involved the use of absolute and relative (percentages) frequencies, measures of central tendency and dispersion (mean and standard deviation respectively). Quantitative data was presented in tables and figure while the explanation to the same was presented in prose. The study also employed inferential statistics to establish the effect of human resource audit on employee performance at Kisumu Water and Sewerage Company, Kenya. Specifically, the study used Karl Pearson's coefficient of correlation to establish this association. The correlation coefficient was expected to be two-tailed as the relationship outcome is expected to be either positive or negative and at 95% confidence level (Kothari, 2004). Qualitative data was analyzed based on the content matter of the responses. Responses with common themes or patterns were grouped together into coherent categories.

The following regression equation was used;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e \dots\dots\dots 3.2$$

Where Y= employee performance (mean of frequency, effectiveness and quality of service)

X_1 = recruitment audit

X_2 = training audit

X_3 = grievances handling audit

e = Error term (Assumptions: other variables such as synergy, organizational culture etc)

Tables and other graphical presentations as appropriate were used to present the data collected for ease of understanding and analysis. Tables were used to summarize responses for further analysis and facilitate comparison. This generated quantitative reports through tabulations, percentages, and measure of central tendency.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

This chapter presents the findings of the study and discussions on the findings. This chapter presents analysis of the data on influence of human resource audit on employee performance at Kisumu Water and Sewerage Company. The finding was intended on answering the study's research questions.

4.1 Response Rate

The study targeted 170 respondents from Kisumu Water and Sewerage Company. However, out of 170 questionnaires distributed 135 respondents completely filled in and returned the questionnaires contributing to 79% response rate. This was an adequate response to enable analysis and generalization as Mugenda and Mugenda (2003) pointed that for generalization, a response rate of 50% is adequate for analysis and reporting, 60% is good while 70% and over is excellent. The 21% questionnaires that were not returned were due to reasons like; the respondents were not available to fill them at the time of collecting back the questionnaires. Persistence follow-ups from respondents through phone calls did not yield any fruit.

4.2 Demographic Characterization of the Respondents

As part of the general information, the study sought to know the respondents gender, age, highest academic qualification and their working experience.

4.2.1 Gender of the Respondents

The study sought to know the gender of the respondent and the findings are presented in the figure 4.1.

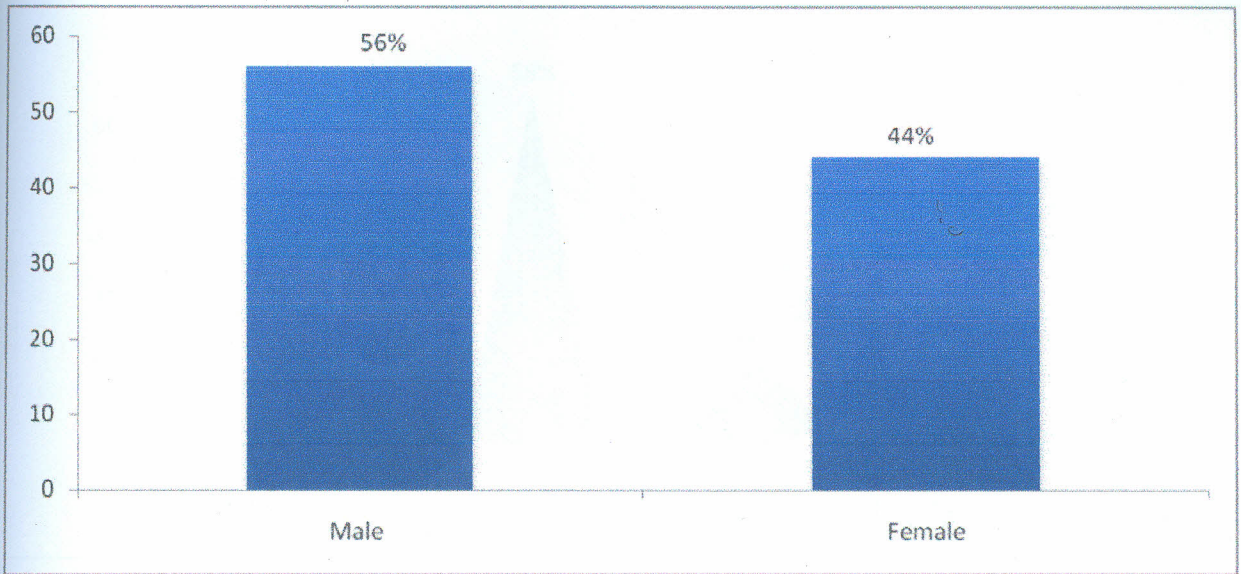


Figure 4.1: Gender of the Respondents

Source: Survey Data (2014)

The study revealed that (56%) of the respondents were male while 44% were female. This implies that most of the employees in public institution are male though the gender equality as stipulated in the Kenya constitution is adhered.

4.2.2 Age of the Respondents

The study also sought to know the age of the respondents and the findings are presented in figure 4.2

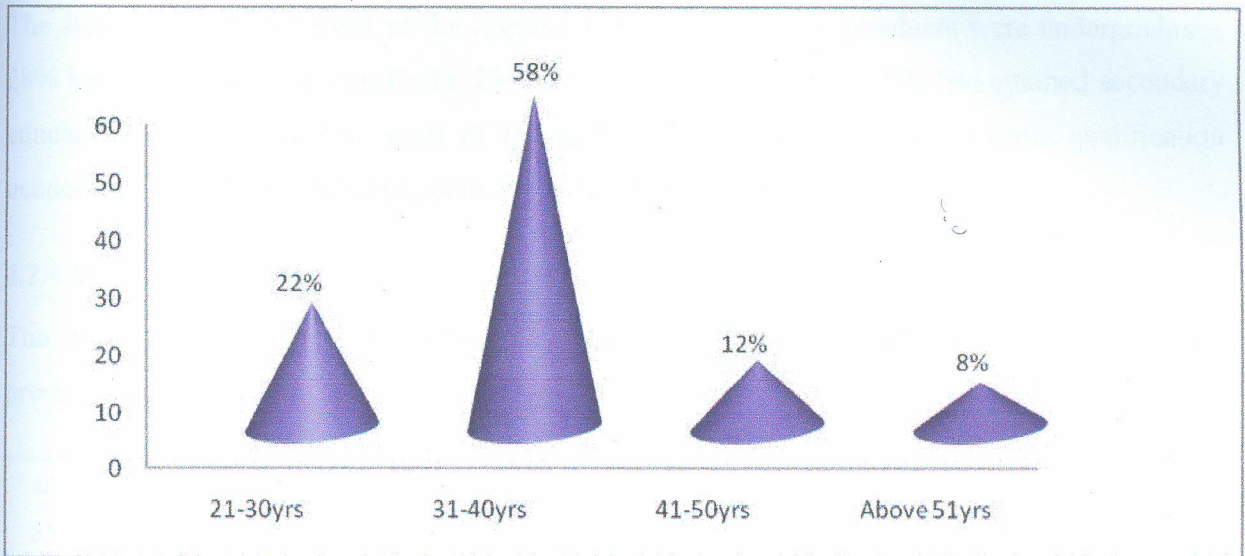


Figure 4.2: Age of the Respondents

Source: Survey Data (2014)

The study established that majority of the respondents (58%) were aged between 30-40 years. Those in the age range of 21-30years had percentage of 22%, 12% were those aged between 40-50 years while 8% of the interviewed respondents were above 50 years. This implies that most of the employees are energetic and that they can have a positive impact to their organization through their performance.

4.2.3 Level of Education

The study also sought to know academic qualification that the respondent had attained and the finding are presented in table 4.1.

Table 4.1: Level of Education

	Frequency	Percent
Secondary	13	10
College	38	28
Undergraduate	53	39
Postgraduate	31	23
Total	135	100

Source: Survey Data (2014)

The study revealed that most of the respondents (39%) of the respondents were undergraduate, 28% had attained college certificate, 23% were post graduate while 10% had attained secondary education. This implies that most of the staff had acquired adequate academic qualification needed in the public institution to deliver services to the public.

4.2.4 Work Experience

The study further sought to know the work experience of the respondents and the findings are presented in Figure 4.3.

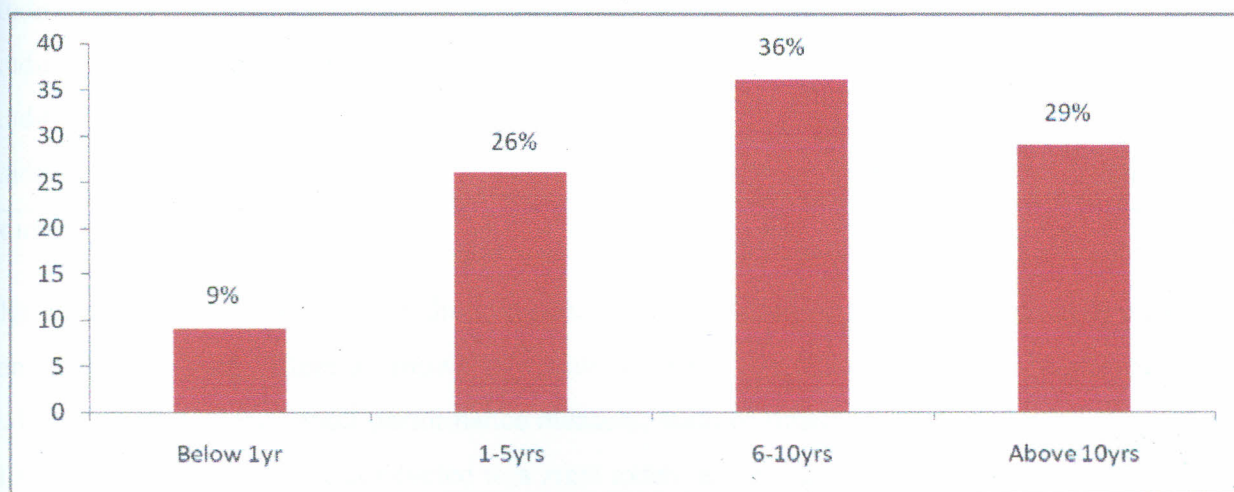


Figure 4.3: Work Experience

Source: Survey Data (2014)

The study revealed that most of the respondents (36%) of the respondents had worked in the organization for a period of 6-10 years, 29% had worked for a period of above 10 years, 26% had worked for a period of 1-5 years while the rest (9%) had served in the organization for a period below 1 year. This implies that most of the respondents of this study had worked for an ample time thus they were conversant of the information that the study sought pertaining to the organization.

4.3 Human Resource Audit

This section elaborately discussed the independent variables – Human resource audit; its sub-indicators include recruitment audit, training audit and grievance handling audit.

4.3.1 Recruitment Audit

The findings of the study on the extent to which recruitment audit is conducted in KIWASCO is presented in table 4.2.

Table 4.2: Recruitment Audit

	Mean	SD
Audit of steps in recruitment	3.52	1.168
Audit of clarity of goals	3.77	1.297
Audit Performance measure	3.70	1.198
Audit of recruitment quality	4.01	1.196
Audit of timeliness of recruitment	3.64	1.284

Source: Survey Data (2014)

The study revealed that most of the respondents pointed that audit of recruitment quality is conducted to a great extent as shown by mean score of 4.01, also respondents purported that audit of clarity of goals, audit performance measure, audit of timeliness of recruitment and audit of steps in recruitment were conducted to a great extent as depicted by mean score of 3.77, 3.70, 3.64 and 3.52 respectively. This implies that the organization had adopted and carried out human resource audit. This process has enhanced employees' performance since through these practices employees are recognized of their achievement through non-monetary and monetary benefits such as promotion and bonuses respectively. This is in line with Crutchfield (2000) study which established that 75% of the middle level organizations sampled followed some existing steps in recruitment process. Recruitment audit ensures a current review of recruitment policies, procedures, documentation and systems to identify needs of improvement and enhancement and ensures compliance with human resource recruitment procedures.

4.3.2 Training Audit

The finding on the extent to which training audit is done at KIWASCO is presented in table 4.3.

Table 4.3: Training Audit

	Mean	SD
Audit of training needs assessment	3.71	1.067
Audit of training objectives	2.93	1.305
Audit of training validation	3.62	1.133
Audit of implementation of training processes	3.25	0.91
Audit of evaluation and follow up of training	3.66	1.027

Source: Survey Data (2014)

The findings revealed that audit of training needs assessment was conducted to a great extent as shown by mean score of 3.71, audit of evaluation and follow up of training and audit of training validation were conducted to a great extent as illustrated by mean score of 3.66 and 3.62 respectively. On the other hand, respondent indicated that audit of implementation of training processes and audit of training objectives are conducted to a moderate extent as indicated by mean score of 3.25 and 2.93 respectively. The study further established that training needs assessment determined where training was needed, what needed to be taught, and who needed to be trained. From the findings it is clear that training audit ensures that the steps of training and development in the organization are in line with policies and procedures of the human resource management. Auditing helps organizations to establish whether the policies and procedures are followed and recommend improvement where necessary. Results of this study validates the findings of Anderson (1994) which revealed that all (100%) of the organizations sampled conducted training assessment.

4.3.3 Grievance Handling Audit

The findings of the extent to which grievance handling audit was practiced at KIWASCO and the findings is presented in table 4.4.

Table 4.4: Audit of Grievance Handling

	Mean	SD
Audit of acknowledgement of dissatisfaction	3.39	0.368
Audit of extent of definition of problems	3.54	0.306
Audit of how grievance facts are obtained	4.52	0.022
Audit of Analysis and decision regarding grievances	4.50	0.042
Audit on Follow up of grievance handling	4.59	0.383

Source: Survey Data (2014)

The study revealed that respondents were of the opinion that audit helps in follow up of grievance handling, audit of how grievance facts are obtained and that Audit of Analysis and decision regarding grievances helps on grievances handling as indicated by mean score of 4.59, 4.52 and 4.50 respectively. Likewise, respondent pointed that Audit of acknowledgement of dissatisfaction helps on grievances handling as depicted by mean score of 3.39. This reveals that audit practices helps in grievances handling since the management come-up with ways forward towards enhancing employees' performance. Findings of this study echo the report of Ayres, Ian and Siegelman (1995) which established that the organizations that had effective grievance handling procedures focused attention on grievances and did not turn away from them. The use of grievance handling audit is intended to find out if it exists in an organization and if not to make recommendation to put it into existence. Grievance handling procedure addresses the grievances raised by employees in the interest of promoting justice and to avoid disputes.

4.4 Employee Performance

This section discusses employee performance measured in terms of: quality of service, employee efficiency and employee effectiveness.

4.4.1 Quality of Service

The findings on the extent of quality service at KIWASCO is presented in table 4.5.

Table 4.5: Quality of Service

	Mean	SD
Employees in our organization are capable of performing the promised service dependably and accurately	4.16	0.211
Most of the employees are willing to help customers and provide prompt service	3.60	0.094
Most of the employees have adequate knowledge and ability to convey trust and confidence to the customers	3.74	0.13
We have suggestion boxes where customers indicate their level of satisfaction which is periodically reviewed	3.96	0.139

Source: Survey Data (2014)

The findings revealed that most of the respondents strongly agreed that employees in their organization are capable of performing the promised service independently and accurately as illustrated by mean score of 4.16, further respondents agreed that they have suggestion boxes where customers indicate their level of satisfaction which is periodically reviewed, most of the employees have adequate knowledge and ability to convey trust and confidence to the customers as depicted by mean score of 3.74, also respondents agreed that most of the employees are willing to help customers and provide prompt service as indicated by mean score of 3.60. Results of this study validate the findings of Collings & Wood (2009) which concluded that high employee service quality will meet customer needs whilst remaining economically competitive. Improved employee service quality may increase organization competitiveness. This aim may be achieved by understanding and improving operational processes; identifying problems quickly and systematically; establishing valid and reliable service performance measures and measuring customer satisfaction and other performance outcomes.

4.4.2 Employee Efficiency

The findings on the extent of employee efficiency at KIWASCO is presented in table 4.6.

Table 4.6: Employee Efficiency

	Mean	SD
Employees have improved on their service delivery to the customers by serving more customers than before	3.72	0.784
Employees adhere to set standards of the organization regarding prompt responses to customer inquiries and demands	4.65	0.947
Customers are always satisfied with the services and are willing to refer new customers to us	3.54	1.047
Employees are normally offered training on customer care skills	3.63	0.81
Team work is encouraged in our organization to ensure target and service is delivered in time	4.02	0.784

Source: Survey Data (2014)

The study revealed that most of the respondents' strongly agreed that employees adhere to set standards of the organization regarding prompt responses to customer inquiries and demands as depicted by mean score of 4.65, respondents also agreed that team work is encouraged in our organization to ensure target and service is delivered in time as illustrated by mean score of 4.02, further respondents agreed that employees have improved on their service delivery to the customers by serving more customers than before and that Employees are normally offered training on customer care skills as shown by mean score of 3.72 and 3.65 respectively. Finally respondents agreed that customers are always satisfied with the services and are willing to refer new customers to us as illustrated by mean score of 3.54. From the finding organization use specific parameter which characterizes an output produced by efforts and by achievements of an employee. In this case the employee efficiency is analyzed by measuring compliance of his/her activities with certain standards or requirements.

4.4.3 Employee Effectiveness

The findings on the extent to which employee effectiveness is experienced at KIWASCO is presented in table 4.7

Table 4.7: Employee Effectiveness

	Mean	SD
There are set standards to measure employee effectiveness in our organization such as number of customers served in a specific time	4.12	0.784
Employees effectiveness is measured in terms of meeting objectives set by the organization	4.55	0.947
Employees are encouraged to be cooperative, independent and making sound judgment in their area of working	4.04	1.047
There is less time wasted by employees in unnecessary activities hence improving their efficiency	4.33	0.81
I do my tasks with minimal effort and time	3.71	2.65

Source: Survey Data (2014)

The study revealed that respondent strongly agreed that employees effectiveness in their organization is measured in terms of meeting objectives set by the organization as depicted by mean score of 4.65, respondents also agreed that there is less time wasted by employees in unnecessary activities hence improving their efficiency as shown by mean score of 4.33. Further respondents agreed that there are set standards to measure employee effectiveness in our organization such as number of customers served in a specific time as illustrated by mean score of 4.12, also respondents agreed that Employees are encouraged to be cooperative, independent and making sound judgment in their area of work as depicted by mean score of 4.04. Finally, interviewed respondents agreed that organization they do their tasks with minimal effort and time as shown by mean score of 3.71. From the finding it is clear that organization measured employee effectiveness in terms of meeting objectives set by the organization while little time is wasted by employees in unnecessary activities hence improving their performance. The findings are in tandem with Klerck (2009) results which revealed that employee effectiveness means a situation when a worker produces a desired outcome in the best possible way. Labor output acts as a key parameter for measuring employee effectiveness. Employee effectiveness can be improved through a range of activities that create a better working environment.

4.5.1 Association between Human Resource Audit and Employee Performance

To determine the relationship between the study variables Pearson's coefficient of correlation (r) was used. The findings on the relationship between human resource audit and employee's performance is presented in table 4.8.

Table 4.8: Coefficient of Correlation of Human Resource Audit and Employee Performance

		EP	RA	TA	GHA
	Pearson Correlation	1			
Employee performance					
Recruitment Audit	Pearson Correlation	.5320	1		
Training Audit	Pearson Correlation	.5090	.3381	1	
Grievances Handling Audit	Pearson Correlation	.5320	.1210	.0608	1

Source: Survey Data (2014)

Key:

EP – Employee Performance

RA-- Recruitment Audit

TA – Training Audit

GHA – Grievance Handling Audit

The study revealed that there is a positive and significant relationship between employee performance and recruitment audit, training audit and grievance handling audit with correlation coefficients of 0.532, 0.509, and 0.532 respectively. This implies that human resource audit enhances employee performance.

4.5.2 Regression Analysis for Effect of Human Resource Audit on Employee Performance

The researcher further conducted a multiple regression analysis so as to analyze effect of human resource audit on employee performance. The main purpose of multiple regressions is to learn more about the relationship between several independent or predictor variables and a dependent or criterion variable.

The coefficient of determination was carried out to measure how well the statistical model was

likely to predict future outcomes. The coefficient of determination, R^2 is the square of the sample correlation coefficient between outcomes and predicted values. As such it explains the contribution of the three independent variables that were studied (Recruitment audit, Training audit and Grievances handling audit).

All the three independent variables that were studied, explain only 83.4% of the employees performance as represented by the adjusted R^2 . This therefore means that other factors not studied in this research contribute 16.6% of the employee performance. Therefore, further research should be conducted to investigate the other (16.6%) effects of human resource audit on employee performance.

Table 4.9 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.913	0.834	0.751	0.4538

Source: Survey Data (2014)

Multiple regression analysis was conducted to determine the relationship between human resource audit and the three variables. Results were as presented in Table 4.5.

Table 4.9.1 Regression Coefficients for Effect of Human Resource Audit on Employee Performance

Model	Unstandardized Coefficients		Standardized Coefficients	Sig.
	B	Std. Error	Beta	
(Constant)	1.217	0.342		.0342
Recruitment Audit	0.646	0.310	0.162	.0207
Training Audit	0.528	0.156	0.209	.0278
Grievances Handling Audit	0.625	0.322	0.059	.0231

Dependent Variable: Employee Performance

Source: Survey Data (2014)

$$Y = 1.217 + 0.646X_1 + 0.528X_2 + 0.625X_3 \dots\dots\dots 4.1$$

The regression equation has established that taking all factors into account (Recruitment audit, Training audit and Grievances handling audit) constant at zero, human resource audit will be 1.217. Findings presented also shows that taking all other independent variables at zero, a unit increase in recruitment audit will lead to 0.646 increases in employee performance; a unit increase in training audit will lead to 0.528 increases in employee performance and a unit increase in grievances handling audit will lead to 0.625 increases in employee performance. This infers that recruitment audit contribute most to employee performance followed by grievances handling while training audit contributed the little to employee performance. This notwithstanding, all the variables were significant as their P-values were less than 0.05.

The study findings are in tandem with (Crutchfield, 2000) statement which stated that “recruitment audit ensures a current review of recruitment policies, procedures, documentation and systems to identify needs of improvement and enhancement and ensures compliance with human resource recruitment procedures. This therefore ensures that costly mistakes such as flawed recruitment steps are mitigated in good time thereby increasing the performance of the employee recruited.”

The findings are also in line with a survey done by Anderson (1994) who conducted a survey to identify whether organizations conducted training needs assessment in Abu Dhabi and established that all (100%) of the organizations sampled conducted training assessment. The study further established that training needs assessment determined where training was needed, what needed to be taught, and who needed to be trained. Thus, without training needs assessment, there can be no solid prognosis to diagnose if the whole training process was correctly designed and this can lead to low organizational performance.

This findings also lends credence to the studies done by Berkovec (1998) and Ayres *et al* (1995). The studies established that most organizations had defined the problem as a step in grievance handling procedure in compliance with the human resource procedures. The studies further found out that the organizations that did not have the problem defined dealt with the wrong

complaint. The organizations that had the problem defined keenly listened to the aggrieved parties and therefore true complaints were voiced out.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter depicts the summary of the data findings on influence of human resource audit on employee performance at Kisumu Water and Sewerage Company, the conclusions and recommendations are drawn there to.

5.1 Summary of the Findings

The first objective of this study sought to establish the effect of recruitment audit on employee performance at Kisumu Water and Sewerage Company. The study revealed that a unit increase in recruitment audit will lead to an increases in employee performance. Recruitment audit practices that were also established to effect employee performance to a great extent enhance employees' performance since through these practices employees are recognized of their achievement through non-monetary and monetary benefits. Recruitment audit ensures a current review of recruitment policies, procedures, documentation and systems to identify needs of improvement and enhancement and ensures compliance with human resource recruitment procedures.

The second objective of the study sought to assess the effect of training audit on employee performance at Kisumu Water and Sewerage Company. The study established that a unit increase in training audit will lead to increases in employee performance. Training audit practices that were also established to enhance employee performance to a great extent promoted a synergy to the employees on their duties hence improving their service delivery to the public. Training audit determined where training was needed, what needed to be taught, and who needed to be trained. Training audit ensures that the steps of training and development in the organization are in line with policies and procedures of the human resource management.

The third objective of the study sought to determine the effect of grievance handling audit on employee performance at Kisumu Water and Sewerage Company.

The study established that a unit increase in grievances handling audit will lead to an increases in employee performance. It was further revealed that audit helps in follow up of grievance handling; audit helps in follow up of how grievance facts are obtained. Finally, audit of analysis

and decision regarding grievances helps on grievances handling. The use of grievance handling audit is intended to find out if it exists in an organization and if not to make recommendation to put it into existence.

5.2 Conclusion

From the summary of the findings in sections 5.1 Recruitment audit has positively impacted on the organizational performance, training audit has also positively impacted on the organizational performance and lastly grievance handling has positively impacted on the organizational performance.

5.3 Recommendation

Based on the conclusion the study therefore recommends that KIWASCO;

- i. Should do human resource auditing annually, just as they audit their financial information. This would give them an accounting of their workforce and the efficiency with which the organization as an entity deals with its people, from recruiting to firing. The process would also allow a company to get a general idea of where it stands so it can better correct any potential problems and plan for the future.
- ii. All jobs should have job descriptions since they serve as a key foundation for many different HR processes, including compensation system design, job classification group/level, recruitment, and performance management. Line managers should be held accountable for their people-management responsibilities. These responsibilities should be outlined in their own performance appraisals, so that managers can be evaluated on their people management skills in their related responsibilities, goals and competencies.
- iii. Should review all human resource audit to develop implementation plan. This step would ensure that issues raised by the audit are broadly discussed and understood by management, and the manager will accept the responsibility for implementing indicated change. Managers participating in this step should be selected on the basis of the nature and scope of the issues identified by the audit.

5.5 Limitations of Study

The study had the following limitations. It was challenging for the researcher to relate results obtained from SPSS on effects of human resource audit on employees performance. This is because; there were other aspects of human resource audit which affect employees' performance which was not considered for this study. The researcher overcame this challenge by assuming that only the components of human resource audit considered for the study i.e recruitment, training and grievance handling audit influence employees performance.

Some employees, especially the contract employees were not in a position to fill in the questionnaires because they were illiterate. The researcher overcame this limitation by reading questions and recording responses on behalf of the affected respondents.

5.6 Suggestion for Further Study

For further studies the study suggest that:

- i. Another study should consider other other aspects of human resource audit which affect employees' performance which was not considered for this study.
- ii. More than one or another data collection instrument be used i.e an interview schedule to solve the problem of some respondent not being able to give their response on their own on the questionnaire.

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