



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

Charles Ngotho Kiarie¹, Josphat Kwasira²

¹MSC Candidate, School of Entrepreneurship, Procurement and Management Jomo Kenyatta University of Agriculture and Technology, Kenya. Email: charleskiarie15@gmail.com

²School of Entrepreneurship, Procurement and Management, Jomo Kenyatta University of Agriculture and Technology. Email: jkwasira@gmail.com

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.

Keywords: Human Resource Audit, Training Audit, Reward System Audit, Recruitment and Selection Audit.

1.0 INTRODUCTION

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.

1.2 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 OBJECTIVES OF THE STUDY

This study has both general and specific objectives

1.3.1 General Objective

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

1.3.2 Specific Objectives

To establish the influence of training audit on performance of Multiple Group of Transport Companies in Kenya.

To determine the influence of reward system audit on performance of Multiple Group of Transport Companies in Kenya.

1.4 Research Hypothesis

H₀₁: Training audit has no significant influence on performance of Multiple Group of Transport Companies in Kenya.

H₀₂: Reward system audit has no significant influence on performance of Multiple Group of Transport Companies in Kenya.

2.0 LITERATURE REVIEW

2.1 THEORETICAL REVIEW

The study was based on the Human Capital Theory, Contingency theory and the Best Fit Theory.

2.1.1 Human Capital Theory

Human Capital Theory was developed by Schultze and Becker in 1960's. 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. 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 (Armstrong, 2009). 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. 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 HRM 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 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. 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.

2.2.3 Contingency Theory

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 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 Conceptual Framework

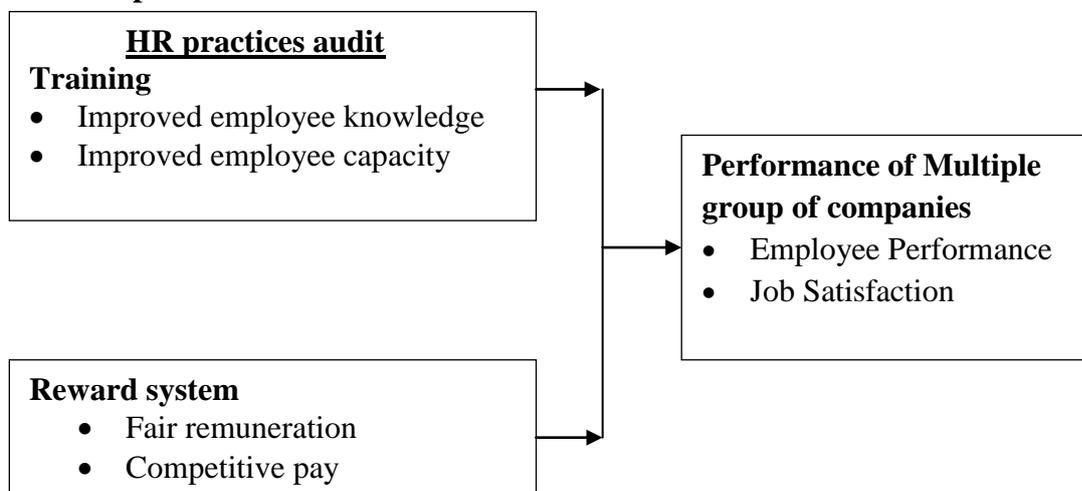


Figure 1: Conceptual Framework

2.4 Empirical Literature

2.4.1 Training and organization performance

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).

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.

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). 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.

2.4 Summary of Reviewed Literature

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.

2.5 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.

2.6 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.

3.0 RESEARCH METHODOLOGY

This study adopted the descriptive research design. According to Mugenda and Mugenda (2003), descriptive design is a process of collecting data in order to answer the questions of the current status of the subject under study. 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.

3.1 Target Population

The target population for this study was made up of HR staff of the 5 group companies of Multiple in Nairobi totaling 28. See Table 1 below. The study adopted census to incorporate all the 23 members of the population into data collection exercise.

Table 1: Target Population

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

3.2 Data Collection Instruments and Procedure

Data was collected using questionnaires. 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. The questionnaires were self-administered and collected later after completion. Pilot testing was done on employees of Bollore Logistics Company in Nairobi Kenya. 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. The reliability was determined through the Cronbach alpha coefficient analysis. The Cronbach alpha reliability recommends a reliability coefficient of $\alpha = 0.70$ and above.

3.3 Data Analysis and Presentation

Data was 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

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \epsilon$$

4.0 FINDINGS AND DISCUSSIONS

4.1 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%.

4.2 Demographic Information

The researcher sought to find out the distribution of the respondents according to their age bracket, gender, education level and their work experience.

4.2.1 Gender of the Respondents

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.

4.2.2 Distribution of Respondents by Age

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.

4.2.3 Distribution of Respondents by their attained educational level

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 Descriptive Findings and Discussions

4.3.1 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 4.4

Table 4.4: 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).

4.3.2 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 4.5: 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 4.5, 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).

4.3.3 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 4.6

Table 4.6: Organization Performance

Statements	N	SD %	D %	N %	A %	SA %	Mean	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 4.6, 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).

4.4 Correlation Analysis

The researcher undertook a Pearson correlation analysis to establish the underlying relationships between the independent variables and the dependent variable.

4.4.1 Relationship between Training and Organization Performance

The study sought to establish the correlation between training and organization performance. The findings of the study are as shown in Table 4.7.

Table 4.7: Relationship between Training and Organization Performance.

		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.

4.4.2 Rewarding Systems and Organization Performance

In addition the study sought to establish the relationship between rewarding systems and organization performance. The findings of the study are as shown in Table 4.8

Table 4.8: 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 4.8, 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 Regression Analysis

The researcher further conducted a multiple regression analysis and the findings of the multiple regression model is depicted in Table 4.9.

Table 4.9: Multiple Regression Analysis

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

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

The above model led to the following substitution

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

Y = Organization Performance

X₁ = Training

X₂ = Rewarding System

ε = error

From the multiple regression models, holding Training and rewarding system constant, the organization performance would increase by 8.186. It was established that 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 rewarding system played the most important role in improving organization performance while training played the least important role.

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusions

From the findings 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.

Regarding rewarding system the researcher 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.

5.2 Recommendations

The study recommends that 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.

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.

5.3 Suggestions for Further Research

The researcher suggested that further studies should 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.

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