

**HUMAN RESOURCE AUDIT AND ORGANIZATIONAL PERFORMANCE
IN THE COUNTY GOVERNMENT OF KISUMU, KENYA**

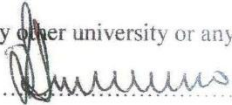
Timon Onyango Ambuso

**A Research Thesis Submitted in Partial Fulfillment of the Requirements for the
Award of Degree of Masters of Science in Human Resource Management of
Masinde Muliro University of Science and Technology**

October,2017

DECLARATION

I declare that this thesis is my own original work and has not been presented for a degree in any other university or any other award.

Sign  Date: 9/11/2017

Timon Onyango Ambuso

BHR / G / 35 / 11

CERTIFICATION BY SUPERVISORS

The undersigned certify that they have read and hereby recommend for acceptance by Masinde Muliro University of Science and Technology a Thesis entitled Human Resource Audit and Organizational performance in the county government of Kisumu, Kenya

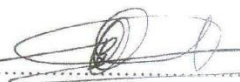
Sign:  Date: 9-11-2017

Dr. Ndiku Judah

Senior Lecturer

Department of Education Planning and Management

Masinde Muliro University of Science and Technology

Sign:  Date: 9/11/2017

Mr. Odhiambo Albert

Lecturer

Department of Accounting and Finance

Masinde Muliro University of Science and Technology.

COPYRIGHT

This proposal is copyright materials protected under the Berne Convention, the copyright 1999 and other international and national enactments in that behalf, on intellectual property. It may not be reproduced by any means in full or in part except for short extracts in fair dealing so for research or private study, critical scholarly review or discourse with acknowledgement, with written permission of the Dean School of Graduate Studies on behalf of both the author and Masinde Muliro University of Science and Technology.

DEDICATION

First and foremost I dedicate this proposal to my Almighty Creator who gave me the physical and mental strength to undertake and accomplish this thesis in the prescribed period of time. Secondly, my dedication goes to supervisors for their tireless efforts in ensuring that I achieve the requirements and concept of this course.

ACKNOWLEDGEMENT

The preparation of this thesis calls for cooperative efforts from several key individuals and institutions. However, while it might be impractical to mention all of them. Some minimum crediting is inevitable. First and foremost, gratitude goes to the supervisors Dr. Ndiku and Mr. Odhiambo, who devoted a lot of time and patience to this study and manuscript preparation. I secondly acknowledge all those who in one way or the other helped me in coming up with this thesis. I wish to appreciate the assistance I received from Dr. Egessa, Mr. Maniagi and Mr. Makori for all the suggestions, comments and directions they gave that enabled me in visualizing my ideas, correcting my mistakes and empowering my perspective to come up with this thesis. I appreciate lectures from the school of Business and Economics of Masinde Muliro University of Science and Technology for their ideas and cooperation during my study. Thanks to Human Resource and Management colleagues especially Cathy, Shifwoka and Dina Tuvei for their support. I wish to appreciate support given by my family and acknowledge all those institutions and their staff who enabled me to gather information required for research.

Finally I thank God Almighty for with Him all things were possible.

Timon. O. A

ABSTRACT

Human resource audit (HRA) is responsible for identifying human resource problems that affect the human resource functions of an organization and improve organizational performance. Effectiveness of a HRA in the public sector needs to be investigated because the audits are always done but there is still evidence of underperformance, strikes and complaints in most sectors. Human resource audit is an annual and costly activity carried out in forty seven counties in Kenya and its effects on organizational performance need to be investigated. The purpose of this study was to investigate the relationship between selected HRA approaches and organizational performance in Kisumu County, Kenya. The specific objectives of the study were to establish the relationship between compliance audit approach and organizational performance, to determine the relationship between productivity audit approach and organizational performance and to establish moderating effect of organizational factors on the relationship between HRA and organizational performance. The study was guided by a conceptual framework which shows the interrelationship between the variables as conceptualized by the author. Descriptive survey design was used in this study. The target population included 750 managers and 1360 operational level employees. A sample size of 15% was extracted from the universe of 2110 employees which gave a total of 330 employees. The employees were stratified and then randomly picked so as to participate in the study. The study used questionnaire as the main data collection tool. Reliability of the research instrument was ascertained by a test re-test method and validity by careful scrutiny by the supervisors. The data was analyzed using descriptive statistics and the findings presented by use of frequency distribution tables, means, mode and percentages. Correlation coefficient and regression were the main tools employed to test the relationship among the variables and also in answering the research questions. From the results, it can be established that 53.1% of variance in organization performance could be explained by variance in the independence variables; compliance audit, productivity audit and value-for-money audit. Further the result indicated that compliance audit is positively related to organizational performance at 99% with p value < 0.001 confidence level. This revealed that organizations that regularly audit compliance with employment rules and regulation will improve in performance. Organizational factor as a control variable has a greater significant positive moderating effect on the relationship between HRA and organizational performance as it changes R squared from 0.531 to 0.746 meaning organizational factors make the relationship more strong. The findings of the study may be useful to the managers of immediate organization involved in the study as well as other County governments in Kenya. County government should strengthen HRA policies in their counties, so as to improve the performance of its human resource function, there is need that HRA process in an organization should involve every employee and not only the managerial staff. County government need to re-look at a number of key HR products and services if they want to improve their current level of performance. Further research should be extended to other counties and the effect of organizational factors on the performance of Kisumu County Government can be established.

TABLE OF CONTENTS

DECLARATION	ii
CERTIFICATION BY SUPERVISORS	Error! Bookmark not defined.
COPYRIGHT	iii
DEDICATION	iv
ACKNOWLEDGEMENT	v
ABSTRACT	vi
LIST OF TABLES	x
LIST OF FIGURES	xi
ABBREVIATIONS AND ACRONYMS	xii
OPERATIONAL DEFINITION OF TERMS.....	xiii
CHAPTER ONE	1
INTRODUCTION TO THE STUDY	1
1.1 Background of the study.....	1
1.2 Statement of the Research Problem.....	6
1.3 Purpose of the study	7
1.4 Specific objectives of the study	7
1.5 Research Questions	7
1.6 Justification of the study.....	8
1.7 The Scope of the study	8
1.8 The Conceptual Framework	9
CHAPTER TWO	11
LITERATURE REVIEW.....	11
2.1 Introduction	11
2.2. Theoretical Foundation.....	11
2.2.1. Human Capital Theory.....	11
2.2.2. Resource Based Theory	13
2.3 Overview of Human Resource Audit (HRA)	14
2.4 HR Audit Approaches	20
2.4.1 Productivity Audit Approach.....	22
2.4.2 Compliance Audit Approach	24

2.4.3 Value- for- Money Approach.....	25
2.5 The Influence of Human Resource Audit on Organizational performance	26
2.5.1 Organizational Resource Control.....	29
2.5.2 Targets and Timelines	34
2.5.3 Organizational Growth.....	35
2.5.4 Service Delivery.....	37
2.5.5 County Government Revenue Collection	37
2.6 Organizational Factors.....	38
2.6.1 Management Style.....	38
2.6.2 Level of Technology	42
2.6.3 Organizational Culture	43
2.6.4 Organizational Politics	45
CHAPTER THREE.....	47
RESEARCH METHODOLOGY	47
3.1 Introduction	47
3.2 Research Design	47
3.3 Location of the Study	48
3.4 Target Population	49
3.5 Sampling Techniques and Sample Size.....	49
3.6 Instruments of Data Collection.....	50
3.7 Measurement of Variables.....	51
3.8 Data Collection.....	53
3.8.1 Validity of research instruments	53
3.8.2 Reliability.....	54
3.8.3 Data Analysis and Presentation.....	55
3.8.4 Ethical Issues	56
CHAPTER FOUR.....	57
DATA PRESENTATION, ANALYSIS, INTERPRETATION AND	
DISCUSSION	57
4.1 Introduction	57
4.2 Data collection process and response rate	57

4.3 General information of the respondents	57
4.3.1 Gender.....	58
4.3.2 Length of service in the current institution	58
4.3.3 Educational Level of the respondents	59
4.3.4 Job position of the respondents.....	60
4.3.5: The sub-County the respondents work.....	61
4.4. Presentation of the data as per the objectives.....	62
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	68
5.1 Introduction	68
5.2 Summary and key findings.....	68
5.3 Conclusions	69
5.4 Recommendations	71
5.5 Suggestions for further research.....	71
REFERENCE.....	72
APPENDICES	82
APPENDIX 1: Questionnaire to be filled by Employees.....	82
APPENDIX 2: Research Permit.....	87
APPENDIX 3: Map of Kisumu County.....	88

LIST OF TABLES

Table 1. Audit Approaches and Author Perspective.....	22
Table 3.1: Stratified Sample Frame	50
Table 3.2: Summary schedule for measuring Variables	52
Table 4.1: Gender distribution	58
Table 4.2: Length of service in the current institutions	59
Table 4.3: Educational level of Respondents.....	60
Table 4.4: Job position of the respondents.....	61
Table: 4.5 The Sub-County you work with	61
Table 4.6:Correlation table with organizational factors (OG) as control variable	62
Table 4.7 Model Summary table.....	64
Table 4.8ANOVA table	64
Table 4.9 Coefficient table.....	65
Table 4.6 Model Summary table with Organization factors as a control variable	66
Table 4.8ANOVA table with organizational factors (OG) as control variable ..	66
Table 4.9 Coefficient table with organizational factors as control variable	66

LIST OF FIGURES

Figure 1.1 Conceptual relationships between HRA & organizational Performance.....	8
---	---

ABBREVIATIONS AND ACRONYMS

CPSB	-County Public Service Board
GOK	-Government of Kenya
HR	- Human Resource
HRA	-Human Resource Audit
HRM	-Human Resource Management
ISO	-International Organization for Standardization
IIA	-Institute of Internal Audit
KASNEB	-Kenya Accountant Secretariat National Examination Board
KNBS	-Kenya National Bureau of Statistic
OECD	- Organization for Economic Cooperation and Development
PSC	-Public Service Commission
SHRM	-Society for Human Resource Management.
TQM	-Total Quality Management
UDEC	-University of Dar es Salaam Entrepreneurship Centre

OPERATIONAL DEFINITION OF TERMS

Compliance audit-It is an audit of specific activities in order to determine whether adherence with statutory rules and regulations.

County –refers to an administrative region in Kenya headed by a governor.

In this study, the County of reference is Kisumu County..

Human Resource Audit -It is a strategic and coherent approach to the management of an organization's most valued assets.

Levels of technology-refer to mechanisms and methods employed in Communication, production and decision making.

Management style – refers to the levels of authority embraced by an organization embodied in leadership, delegation of duty by supervision.

Motivation: The creation of stimuli, incentive and working environment which enable people to perform to the best of their ability in pursuit of organizational success.

Organizational culture-It is a combined belief, values, ethics, procedure and atmosphere of an organization.

Organizational Performance- The degree to which employee of organization is working towards the achievement of its objectives. Performance is in conformity with predetermined contractual, regulatory or statutory requirements.

Resource control-refers to maximum utilization of organizational resources so as to obtain desired outcomes organizational goals; corrective measures may be put in place in case of deviations.

CHAPTER ONE

INTRODUCTION TO THE STUDY

1.1 Background of the study

Human Resource Audit manual (2006), defines Human Resource(HR) audit as the systematic verification of job analysis and design, recruitment and selection, Orientation and placement, training and development, performance appraisal and job evaluation, employee and executive remuneration, motivation and morale, participative management, communication, welfare and social security, safety and health, industrial relations, trade unionism, and disputes and their resolution.

Huselid (2002),defines HR audit as a series of systematic, formal procedures designed to evaluate and improve the efficiencies and effectiveness of an organizations' human resource management system, by comparing the latter with relevant internal and external benchmarks, and evaluating its appropriateness for implementing organization's strategic and operational objectives .Thus HR audit is a systematic survey and analysis of different HR functions with a summarized statement of findings and recommendations for correction of deficiencies.

Many authors have identified different approaches used in the process of HR audit. These approaches are used to assess varies human resource management functions. This study seeks to assess different HR audit approaches to establish their relationship with organizational performance. So far there is no consistent agreement on types of HR audit approaches and what to measure in regards to organizational performance (Wright &Garcher, 2007).Arthur (2010) has considered the variables

Compliance approach, Productivity approach and Value- for- Money approach. Even though we now talk of proactive HR practices, HR is still bound by laws. Not only does non-compliance spark employer-employee relations, but it can also drag an organization to a court of law. Non-compliance may not always be intentional; it may be unintentional violation. Arthur (2010) noted that systematic HR audit can ensure such compliance, and benefit an organization to concentrate more on other strategic issues.

Several theories have been advanced on human resource audit and performance. Human capital theory involves obtaining answers to what key performance drivers that creates value, what skills are needed now and in future to meet strategic aims (Armstrong 2009). On the other hand, Resource Based theory referred by Purcell (2003) as 'Human Resource Advantage' highlights the importance of strategic fit between resources and opportunities, obtaining added value from the effective deployments of resources, developing people who could think and plan strategically in the sense that they do support the achievement of the organizational strategic goals. These theories need to be looked into to enable organizations improve their performance.

For an activity to be worth the money spent, it must provide value for money for it to be effective, economic and efficient; known in auditing as the three 'E's(Craven & McNulty, 1994) for example, in the context of training expenditure, the expenditure is effective if it achieves its objectives without taking account of cost, it is economic if it achieves the most desired objectives at the least cost and it is

efficient if it give the highest net present value when other uses of the fund are considered(Institute of Internal Auditors 1986,cited in Craven &McNulty 1994).

The Kenya Auditing Standards does not specifically mention value- for- money but its concentration on efficiency, effectiveness and economy is evidenced. Khan (2005) recognizes the concept, value-for-money, but also reflects that there is a terminology, ‘jungle’surrounding it. It appears reasonably clear that to demonstrate value-for-money all three approaches (Compliance approach, Productivity approach and Value- for- money approach) must be examined. According to the Kenya Federation of Employers Report and Financial Statements (2010), productivity assessment is a standard program on improvement of labor efficiency, work methods, cost income ratio, and assets utilization among other areas. Organizational factors such as management style, organizational culture and levels of technology may also be crucial in determining the efforts employees put forth to enhance productivity -a balance should be struck since extremes on either side may lead to dissatisfaction and result to high employee turnover(Luthans,2008).

Good performance means a more reliable service and contented citizenry. Good financial performance will also contribute positively to the county. Good performance can only be ascertained if it is measured against agreed benchmarks, reported on regularly and audited periodically. Human resource audit is a key ally in this process, and governors may want to clarify how they can best make use of this resource to improve performance.

Human resource audit is an activity which most organizations have taken for granted in Kenya. The value of this important activity has not been established adequately by managers and stakeholders. The Ndegwa report of commission of inquiry on public service structure and remuneration of 1971 established the department of personnel audit in Kenya. The department is responsible for conducting HR audits in the public service. The Ndegwa commission reported the importance of HR audit in the assessment of human resource operations and practices by identifying ways in which operations and services can be delivered in the most responsive and efficient manner that reflects industry best practices. The operations and services are inclusive of a comprehensive review of; human resource framework and core functions relative to the needs and structure of the organization, the payroll processes and procedures, all overall human resource structure, responsibilities and practices, human resource operations and alignment with HR practices and organizational practices for efficiency, effectiveness and departmental responsiveness.

There has been rampant under performance noticeable by poor service delivery, corruption and complaints in most sub-counties in Kisumu County (GOK 2013). According to Kenya National Audit Office, Kisumu County falls among top ten poorly performing counties in Kenya out of 47 counties in the entire nation (GOK, 2013), this is due to high number of ghost workers and poor service delivery following poor achievement of target on revenue collection, poor resource control and an increase in the number of complaints by the citizens. The challenges raised may have been attributed to the approaches used in the HR audits.

Kisumu County neighbours; Siaya, Homabay, Nyamira, Nandi and Kericho County. The county has seven sub-counties. According to Kenya National Bureau of Statistics (2009), Kisumu County has a population of about 968,909 inhabitants. The decision to study the County government of Kisumu is due to several reasons; first, the county government is expected to be a strong contributor to the sustained recovery and growth of Kenyan economy (GOK, 2013). The country of Kenya is expected to pick and grow at a better rate after the promulgation of the new constitution in August 2010. These provisions offer a credible framework for the establishment of new and strongest institutions for accountability. Secondly, counties remain the largest source of employment opportunities accounting for seven hundred thousand employees in county government sectors (700,000) and provides direct and important services to the 44 million people of Kenya and her visitors (GOK,2013). Lastly, given the importance of employees in the economic growth of county governments, it was crucial that immediate action be taken to examine the relationship between HRA and organizational performance.

It was true that comprehensive HR audit is a yearly exercise carried out by the County Public Service Board in Kisumu County but its impact was not clear as there has been no improvement on organizational performance (GOK, 2013). The challenges raised above may be attributed to human resource audit. This was the baseline why the study sought to consider HR audit approaches and organizational performance in the county government of Kisumu, Kenya.

1.2 Statement of the Research Problem

The people of Kenya have given a lot of emphasis and put their hopes in the county governments for the achievement of the vision 2030 development plan, regional balance and national integration. So far this might not be possible as the audit report by GOK (2013) shows that minimal progress has been made in all the 47 counties in Kenya. Stoppage of work by employees due to strikes, go slows and boycotts are witnessed in some counties. Kenya national Auditor-Generals' report on the financial operations of the county government of Kisumu for the period 1st January to 30th June 2013 noted that revenue collection in Kisumu county dropped by Kshs.64,223,426 and the services offered to the citizens are still not adequate (GOK,2013).

Annual mandatory human resource audits conducted by the County Public Service Board in the counties are mainly concerned with the overall human resource functions. The HR audit approaches applied by the board need to be studied and the ones that affect organizational performance identified to help current employees cope with environmental changes and enhance productivity in the county government. Nzube (2008) in his study on HR audit and corporate performance on companies listed in the Nairobi Stock Exchange supported that those organizations that conduct HR audit improved in their performance. This study was conducted in the private sector with a different organizational culture and was not concerned with the HR audit approaches used by the firms. There was a need to conduct a study in the public sector with a larger sample size and different organizational culture.

The gaps above necessitated the need to carry out a study on the appropriate HR audit approaches that affected organizational performance.

1.3 Purpose of the study

The purpose of this study was to determine the relationship between Human Resource Audit and Organizational Performance.

1.4 Specific objectives of the study

Specifically, the study sought;

- i. To establish the relationship between compliance audit approach and organizational performance.
- ii. To determine the relationship between productivity audit approach and organizational performance.
- iii. To determine the effect of Value-for-money audit approach on organizational performance.
- iv. To establish the control effect of organizational factors on the relationship between HR audit and organizational performance.

1.5 Research Questions

This study was guided by the following questions:

- i. What is the relationship between compliance audit approach and organizational performance?
- ii. How does productivity audit approach relates to organizational performance?
- iii. To what extent does value- for- money audit approach affect organizational performance?

- iv. Controlling for [management style, organizational culture, level of technology and organizational politics] what is the relationship between organizational performance and HR audit approaches?

1.6 Justification of the study

In the current highly competitive world, organizational performance depends on its core competencies. The concern for organizational performance involves a desire for every organization to achieve its mission and vision by providing efficient and effective services to customers. First the findings of the study are expected to benefit human resource managers in formulating human resource policies in county governments. Secondly academicians may be interested in the research study because there will be existing literature on HR audit and organizational performance and lastly, the government may use the findings in designing policies that may be beneficial to County governments.

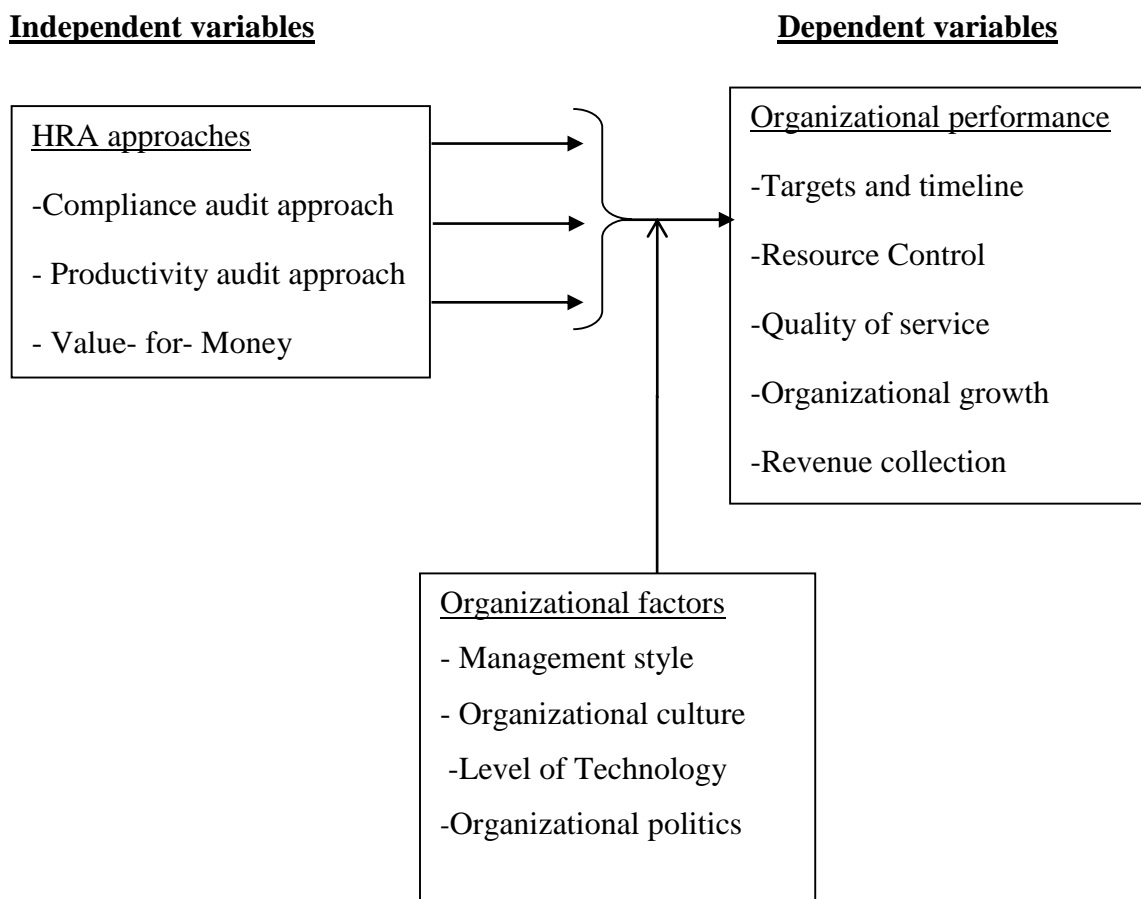
1.7 The Scope of the study

The study focused on the relationship between Human Resource Audit and organizational performance of Kisumu County Government. The independent variable was Human Resource Audit approaches while the dependent variable was organizational performance of Kisumu County Government. The study was taken at Kisumu County Government. The study period was three years i.e. between the years 2013 to 2015.

1.8 The Conceptual Framework

The Conceptual framework was developed after synthesizing and analyzing the various approaches of the HR audit and the review of literature. It shows that various factors influence the performance of an organization. If the factors are critically analyzed and taken care of, then this will help in improving organizational performance.

Fig. 1.1: The Conceptual Framework



Source: *Researchers' Own Conceptualization, 2015*

Fig. 1.1 is a diagrammatic representation of the study's conceptual framework indicating the relationship that exists between HR audit approaches as the independence variable, Organizational performance which is dependent variable and the components of moderating variables.

The study assumed that HR audit directly affects the performance of county governments. HR audit was characterized by the three approaches used while performance was characterized by targets and timeline, resource control, organizational growth, quality service and revenue collection. The study was based on the assumption that auditing of human resources leads to greater achievements and hence better performance.

The organizational factors (management style, organizational culture, level of technology, organizational politics and size of organization) were assumed to moderate the relationship between HR audit and the county government performance. For instance firms that are big in size in terms of workforce and have visionary leadership are expected to deliver services better than those with fewer workers or small in size.

The organizational factors were also assumed to affect the performance of counties. Culture of an organization, level of technology, organizational politics and size of organization were assumed to determine revenue collection and customer satisfaction among other relationships.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section reviewed the existing literature on key variables of the study highlighted in the theoretical foundation of the study and gives an explanation of what a human resource audit is the approach of human resource audit, organizational performance and organizational factors and their relationships.

2.2. Theoretical Foundation

The study was based on the Human capital theory and resource based theory. These two theories are reviewed below.

2.2.1. Human Capital Theory

Human Capital Theory concept started back in the 17th century. Human capital is a term popularized by Gray Becker an economist from the university of Chicago, and Jacob Mincer in 1958. The concept refers to the stock of knowledge, habits, social and personality attributes, including creativity, embodied in the ability to perform labor so as to produce economic value. Bontiset.al. (1999), states that human capital represents the human factor of an organization, the combined intelligence, skills and expertise that gives the organization its distinctive characters. It is indeed the knowledge, skills and abilities of individuals that create value, which is why the focus has to be on means of attracting, retaining, developing and maintaining the human capital they represent. Darenport(1999), states that people possess innate abilities, behaviors and personal energy and these elements make up the human capital they bring to their work.

Armstrong (2009), states that Human Capital Theory consists of three concepts. First is the Intellectual capital which is defined as the stocks and flows of knowledge available to an organization and regarded as the intangible resources associated with

people. The second concept is Social capital that consists of knowledge derived from networks of relationships within and outside the organization. Social capital has been defined by (Putnam, 1996) as the features of social life networks, norms and trust that enable participants to act together more effectively to pursue shared objectives. The third concept is Organization capital which is the institutionalized knowledge by an organization that is stored in database manual (Youndt, 2000). The added value that people can contribute to an organization is emphasized by Human Capital Theory. Human Capital Theory is associated with Resource based Theory as developed by Barney (1991).

Armstrong (2009), states that Human Capital Theory involves obtaining answers to what key Performance drivers that create value, what skills are present, what skills are needed now and in future to meet strategic aims, how the organization is going to attract, develop and retain these skills, how to develop a culture and environment in which the organization and individual learning takes place that meets both the organization needs and needs of employees? And how to provide for both the explicit and tacit knowledge created in an organization to be captured, recorded and used effectively. Human Capital Theory helps determine the impact of people in the business and their contribution to shareholders rate. It demonstrates that human resource practices produce value-for-money in terms of return on investment. Human Capital Theory provides guidance on the future human resources and business strategy. Human Capital Theory provides data that will inform strategies and practices designed to improve the effectiveness of human resource function in the organization.

2.2.2. Resource Based Theory

Resource Based Theory is an economic tool used to determine the strategic resources available in a firm. This theory was popularized by Grant in 1991.

Grant (1991), states that resources and capabilities are the central considerations in formulating its strategy: they are the primary sources of productivity. Barney (1991), suggest that the Resource Based Theory entails a knowledge- based perspective that blends concepts from organization economics and strategic management. (Barney, 1991), points that a resource must permit the organization to conceive and implement strategies that improve its effectiveness by meeting the needs of the customer. Boxall (1996), states that Resource based Theory aims to improve resource capabilities, achieving strategic fit between resources and opportunities and also obtaining value from effective deployment of resources. Resource Based Theory provides framework to examine the pool of human resources that may be either able or unable to carryout given strategy during the formulation phase. The resource based theory focuses on the analyses of internal strengths and weaknesses, paying particular attention to the way in which organizations can develop valuable resources and remove barriers.

Purcell (2003), suggests that the values and human resource policies of an organization are important non-imitable resources which is achieved by ensuring that the organization has higher quality people than its competitors, unique intellectual capital possessed by the business is developed and nurtured, organization learning is encouraged and organization-specific values and a culture exist which bind the organization together and gives it focus. The significance of the Resource Based Theory is that it highlights the importance of Human Capital Management and provides justification for investing in people through resourcing, talent management and learning and development programs as a means of enhancing organization

capabilities. In line with Human Capital Theory, Resource Based Theory as Barney (1991) indicates, can develop strategic capabilities and produce what Boxall and Purcell (2003) refer to as 'Human Resource Advantage' which means strategic fit between resources and opportunities, obtaining added value from the effective deployment of resources, developing people who can think and plan strategically in the sense that they do support the achievement of the business strategic goals.

2.3 Overview of Human Resource Audit (HRA)

Auditing is described as an investigative and information processing activity, which evolved in response to the need for independently, verified stewardship report (Parker, Ferris and Otley, 1989). The word audit comes from the Latin verb 'audire' (to listen), the auditors role was to 'listen to the records' according to Burrowes& Pearson (2000).Burrowes and Pearsongive example of two scribes independently making records of what was consigned to a warehouse, with these being reconciled by a third and independent scribe, to ensure the integrity of the records.

Auditing has evolved, becoming increasingly specific, until the term functional audit has emerged. The HR audit is a functional audit. Thus, we can say that HR audit consists of diagnosing, analyzing, evaluating, and assessing future lines of action within the framework of human resource management. A number of authors do not offer a definition of human resource audit according to Matthewman, Schuler and Jackson (1999), McConnell (2001), Dwyer (2002) and Schuler, Budhwar and Florkowski (2002),yet Dolenko (1990) says that there is little that is especially different about auditing human resources other than recognizing that it involves the people dimension. First, the Society for Human Resource Audit defines 'audit' on their web site as 'a systematic assessment of a company's management, finances,

operations, controls and scope in which policies and procedures are carried out' (SHRM,2007). The use of the term 'assessment' is not qualified and could lead a human resource manager to equate an audit with a review.

Nutley (2000), quoting Power (1997), describes the generally accepted ingredients of audit practice as being: independence, technical work in the form of evidence gathering and the examination of documentation, the expression of a view based on the evidence, and a clearly defined objective of the process. It is only after the term audit is understood that the concept of human resource audit can be defined. Secondly, human resource audit is described by Phillips (1996) as 'an extension of traditional auditing, historically considered in relation to the financial practices of the organization'. Phillips defines a human resource audit as 'an investigative, analytical and comparative process that attempts to reflect the effectiveness of the HR function'. The problem with this definition is that the auditing context can be lost, independence is not indicated, it fails to acknowledge different types of audit, and the audit scope is limited to the 'HR function'. Phillips noted that the scope of human resource auditing was increasing with a trend toward functional audits of areas within human resource management. The concept of self-assessment, with independent validation, occurs in the auditing literature (Karapetrovic&Willborn, 2001; Brune, 2004).

Anthony et al (2002) defines human resource audit as the study of human resources to determine its effectiveness and efficiency. Catalfamo(2006) observes that every organization, whether it has one employee or five hundred employees should have an annual human resource audit. He further states that an annual human resource audit

is similar to an annual “health check”. It is a means by which an organization can measure where it is currently stands and determine what it has to accomplish to improve its human resource function. Similarly, it can also be viewed as a means of management control of the human resource function. Further he wrote that it involves systematic reviewing all aspects of the human resource function and also ensures that organizations’ regulations as well as company policies are being adhered to and that the organization is not at risk of paying fines and penalties or costly law suits by identifying weaknesses and correcting that accountant, on one hand, have generally render to ignore the value of human resource to the capital organization.

HR audit is a basic tool for the management of a company. Its objective is not only the control and quantifying of results, but also the adoption of a wider perspective that will aid in defining future lines of action in the human resource management field. Thus, HR audit must perform two basic functions (Cantera, 1995). First, it must be a management information system whose feedback provides information about the situation in order to facilitate the development of managing processes or the development of human resource. On the other hand, it must be a way of controlling and evaluating the policies that are being applied, as well as the established processes.

It can be understood that in order to secure the operative efficiency and user or client satisfaction, an appraisal of the results of the HR function is necessary. According to this approach, the results obtained can be valued from certain HR policies (an external type of measurement), or from the results of the policies or the policies themselves. The results can be valued through their cost (a measurement internal to the function) (Walker, 1998). This would lead the company to consider some basic

questions. Are adequate HR policies being developed? Are the desired results being obtained? To what extent do they add value to the company?

In the article titled “Human Resources Audit”, Marta Fossas Olalla and Miguel Angel Sastre Castillo (2002), have analyzed the HR function from two perspectives: the evaluation of the implemented policies and the quality of human capital in relation to real competencies, and the capability to learn and develop new skills. In the human resources literature it is often assumed within the methodology that the human resources department will be involved in the human resource activity assessment (McConnell, 2001). It has been suggested that a hybrid model for the evaluation of performance, which includes both auditing and self-assessment, could enhance the advantages and eliminate the perceived faults of both tools (Karapetrovic & Willborn 2001).

Sherer and Kent (1983), states that while 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. Audit is therefore characterized as a monitor mechanism within the accountability process. Lev and Schwartz (1971), points that human resource audit helps uncover areas of liability exposure, cost and opportunity. Human resource audit helps on three levels: the audit helps focus on what needs to be known to generate even better human resource system results; correct misunderstandings, oversights, mistakes and missed opportunities, reinforce good practice and help further develop the essential areas in which we already have knowledge.

The discipline of human resource audit is a functional or activity audit conducted within or across a range of defined auditing approaches. The purpose of this audit was to provide assurance on the adequacy of design and operation of the management framework, practices and controls in place to manage and oversee performance of organizations to ensure quality, fairness, transparency, and consistency, (Spognardi, 1997). Batra (1996), suggested that HR audit identifies qualities that separate it from other forms of evaluation, he further noted that HR audit methodology is evidenced based, acceptable to a variety of potential stakeholders and operates within an independent assurance paradigm.

There is a risk that human resource practitioners may claim to be undertaking human resource audit when they are actually undertaking a review. This can present legal issues or insurance issues and should be avoided according to Benhardt & Andrews (2006). They ended up suggesting that an approach assurance or consulting activity may also be designed to add value and improve organizational performance, though it lies outside human resource audit and should more accurately be described as a human resource review. Nutley (2000) observed that 'defining what an audit is and, conversely, what it is not was fraught with difficulties' and that in the literature on human resource audits 'the term is interpreted in a variety of ways'. Clardy (2004) described the literature on human resource auditing as being 'flawed in several ways'. In his view the term audit was used 'rather indiscriminately' in the literature so that 'mostly any kind of study of human resources is considered an audit' In addition Clardy observed that there was an absence of information about the practical aspects of undertaking a HR audit of human resource management activities.

The various researchers mentions about the benefits of a human resource audit. Human resource audit not only offers independent assurance but according to Nankervis, Compton and Baird (2005) the human resource audit also provides an opportunity to assess the financial advantages and disadvantages of human resource functions, benchmark the function, evaluate the effectiveness of the function, ensure compliance, establish standards, promote change and creativity, bring human resources closer to line managers, focus staff on critical human resources issues and to improve the quality, image and contributions of the human resource function. In addition it can indicate those areas of human resource practice that have the most potential for return on investment. According to Bratton and Gold (2001) the human resource audit can provide verifiable data on human resources, can clarify their duties and responsibilities, can identify critical human resource problems, can align human resource strategy with organizational strategy, can improve the status of human resources, reduce costs and improve the human resource management information system.

A human resource audit of your organization will provide clear direction for developing and implementing effective human resource strategies, practices and policies to further the overall goals of the firm' (Dwyer, 2002).The overall conclusion reached by Phillips was that "In short, it (human resource audit) is essential and important, yet falls short of a valid approaches in measuring the contribution of the HR function". An HR audit can be structured to be either comprehensive or specifically focused, within the constraints of time, budgets and staff. There are several approaches of audits, and each is designed to accomplish different objectives.

2.4 HR Audit Approaches

There are different approaches of human resource audit which are used to provide different assurance and have different objectives. Human resource audit need not to be exhaustive, but should be focused on particular functions of HR functions such as; training and development, performance appraisal, compensation and rewards, and compliance. The primary goal is to assess how efficiently the HR functions were performed by the HR department. (DevarajanDasa, 2011).

Clardy (2004) describe three approaches; Financial, Compliance and Operational audits and this categorization is supported by Professional Auditing Literature (IAA, 2006). Finance audit can be described as an official examination and verification of accounts and records, especially of financial accounts (Delbridge 2002). It involves an examination of the accounting records by an independent certified auditor to formulate an audit opinion (Siegel& Shim 2000). The auditor must follow auditing standards and generally accepted auditing procedures, with a sample of source documents examined to substantiate the legitimacy of transactions.

The traditional financial audit of payroll, covering segregation of duties, reconciliation of payments, verification of staff and their entitlements, leave liability and leave transactions is well known to HRM practitioners. A Human resource audit does not displace the traditional financial audit since the scope, stakeholders, target report audience and audit personnel may not be the same (Andrews, 2007).The accounting audit of elements of HRM remains an essential part of an organization's audit program.

Operational audit is the application of good business practice, logical audit techniques, a management perspective and common sense to the evaluation of business issues (IAA, 2006). The definition is broad but in practice there are boundaries to the type of activity usually undertaken in operational audit. Operational audit begins with the auditor looking at a business from the manager's point of view, and their underlying vision, mission and objectives for the organization. It is therefore necessary for management to have clearly described their vision, mission, goals and expected organizational performance standards in order to provide a clear purpose and standards against which organizational performance can be examined by the auditor. This does not always occur in practice.

Olalla and Castilo (2002) describe three approaches to HR audit including legal approach, a focus of the function approach (Audit of specific human resource function) and a strategic approach. Dolenko (1990), describe a compliance audit and a comprehensive audit. Mock (2004), describe the audit types as compliance, best practice, strategic and function specific audits. Rao and Pareek (2010) consider four approaches (Compliance, best practice audit, Strategic audit and Function specific audit). Bhattacharyya approaches were; Legal compliance, HR record keeping, employee relation audit and HR development audit. Public Service Commission of Kenya, Human Resource Audit Manual (2006), identifies four kinds of HR audit (Compliance audit, Productivity, Value-for-Money and Change alignment).

There is lack of agreement on the approaches of audit found in the literature. Nutley (2000), considered six 'Pure' audit types (systems audit, compliance audit, Value-

for-money audit; User satisfaction audit, Value added audit and strategic contribution audit).Nutley correctly indicates that many HR audits are likely to be ‘hybrids’ incorporating on the audit objectives and what is found during the fieldwork face.

A summary of the various audit approaches described in the literature and the related authors are summarized in Table 1. Where the audit approach is not specifically described by the author but can be implied from the commentary this element is also identified in the table.

Table 1. Audit Approaches and Author Perspective

Human Resource Audit Approaches found in selected HRA Literature.	Clardy (2004)	Nutly (2000)	Ollala& Castillo (2002)	Luftan (2008)	Dolenko (1990)	Pereek (2010)
Compliance Audit Approach	Yes	Yes	Yes	Yes	Yes	Yes
Value for Money Approach	Yes, as operational audit	Yes	Implied	Yes as comprehensive audit	Yes as comprehensive audit	Yes as comprehensive audit
Productivity Approach	Yes	Yes	Yes	Yes	Implied	Implied
Financial	Yes	Implied	Implied	Implied	Yes	Yes
Strategic Contribution	Implied	Yes	Implied	Yes	Implied	Yes
System /control	Implied	Yes	Implied	Yes	Implied	Yes
Focus on function	Implied as training and development audit specified	Implied	Yes	Yes	Yes as various function are detailed	Yes
Value added	Implied	Yes	Implied	Implied	Implied	Yes
Comprehensive or operational Audit	Yes	Implied	Implied	Yes	Yes	Yes

Source: *Researcher, 2015*

2.4.1 Productivity Audit Approach.

During the past twenty years, the rate of productivity growth in past government system (Local Authority) currently known as county governments has declined (GOK, 2013).There has been a negative growth rate in terms of revenue collection and quality services. The quests for productivity in these counties will continue to

frustrate people if they try to treat it primarily as a problem in capital investment. Productivity comes not from machines but from people, employees who design, maintained and operate the equipment or manage the work flow (Aren2005). This statement should be self-evident, but the issue is still rarely addressed when productivity concern are tackled. This is unfortunate because regardless of total investment in technology or equipment the fact remains that the individual employee is key to productivity (Noe, 2003). Thus the critical question for a HR audit is; do people know what they are supposed to do in their job? Making certain that the answer is yes is the first and foremost step to improve on organizational performance.

The influence of an individual on productivity is the most difficult to measure in traditional cost accounting term (Brick 2013). The influence of an organization HR audit on productivity, however, can be measured in term of what people do in the job. What people do can be appraised in term of such traditional measures as attendance, timely achievement of targets, accident, turnover and amount of grievances. Also what people do can be measured directly in term of observation by managers, peer, subordinate and customers as to the frequency with which employee do the things which are critical to job success. What people do or do not do should be source of concern to all organizations (Claydon 2007).

Current employee practice such as coming to work late, stopping work early, and strikes are very costly to an organization. Such ineffective employee behaviors can and should be changed. Managers can influence what employees do to the benefit of their subordinates and the organization that employ them. However; most organizations have not yet totally explored in a systematic manner the development of effective HR audit system (Edwards 2007). Productivity of most organization's is

a function of the way at least three variable are managed; Technology, Capital and human resource. On theoretical perspective of HR audit, researchers are divided on the issue of what is the best approach of carrying out the HR audit that is universally applicable on productivity (Andrews, 2007).

Public service commission of Kenya on HR audit identifies productivity audit and agrees that HR audit should check if the employee is delivering according to organizational objectives and focuses on human resource contribution to the business strategy (GOK, 2006). Many organizations have been leaders in realizing dollar opportunity from technology development, however, have failed to maximize the productivity by failing to take full advantage of the abilities of their employees by auditing human resource productivity.

2.4.2 Compliance Audit Approach

The second approach is compliance audit approach where by sampling elements of the human resource information system, the audit team looks for deviations from the laws and company policies or procedures. Through their facts finding effort, the team can determine whether there is compliance with the company policies and legal regulations (Werther, Daris, Schwind, Das and Miner, 1982). Past actions are reviewed to determine if these comply with law and company policy (Gupta, 2011).

The main objective of the compliance audit approach is to provide principles and guidance for organizations that are designing, developing, implementing or improving a conformity programme. The compliance audit covers legal requirement, industry and organizational standards and codes, the principles of good governance, code of conduct and ethical standards (Kaplan 2008). The emphasis is on establishing a compliance audit that will enhance more principles of commitment for

implementation control and measurement for continual improvement and effective control obligation to meet the critical points of risk of compliance. Failures are to be addressed.

A compliance audit can assess the effectiveness of control by critiquing human resource management system and procedure (Clardy 2004). A self-review of compliance is not a compliance audit but it can provide the basis for validation by a competent, independent auditor in testing programmes that meets the generally acceptance practice standard auditing.

2.4.3 Value- for- Money Approach

The value- for- money approach is used to describe a situation where an audit of human resource or an aspect of human resource audit is undertaken with a view to evaluating performance on the basis of efficiency, effectiveness and economy. For an activity to be worthwhile to an auditor, it must provide value for money for it to be effective, economic and efficient; known in auditing as the three 'E's (Craven & McNulty, 1994). For example, in the context of training expenditure, the expenditure is effective if it achieves its objectives without taking account of cost, it is economic if it achieves the most desired objectives at the least cost and it is efficient if it give the highest net present value when other uses of the fund are considered (Institute of Internal Auditors 1986, cited in Craven & McNulty, 1994). Khan (2005) recognizes the concept but also reflect that there is a terminology 'jungle' surrounding value- for- money audit.

The Kenya auditing standards does not specifically mention value- for- money but its concentration on efficiency, effectiveness and economy is evidenced. It appears reasonably clear that to demonstrate value for money all three approaches

(Compliance approach, Productivity approach and Value-for-money approach) must be examined. Employees' assessment for their value for money has become an important aspect of county governments' management and is one of the factors that have stimulated the spread of performance measurement systems in the county governments (Wanyama, 2013). Greater expectations of all levels of government, with increased accountability to stakeholders and requirements for increased efficiency and effectiveness in government operation, have also increased the focus on employees' value-for-money.

2.5 The Influence of Human Resource Audit on Organizational performance

This study assumes that HR audit affects performance of county governments in Kisumu. HR audit is viewed in terms of the effectiveness of the approaches used by the auditors. Such approaches include productivity, value-for-money and compliance (Dolenko 1990). On the other hand performance is viewed in terms of targets and timeline, organizational growth, resource control, reduced cost, quality service and revenue collection. It is assumed that when county governments implement the auditor's report, this result into efficient service delivery by the county to her esteemed customers. The very customers will be satisfied and therefore counties will attain target revenue collection.

Performance is a core concept within work and organizational psychology (Campbell, 1990). Moreover, advances have been made in specifying major predictors and processes associated with performance. Organizations need highly performing individuals in order to meet their goals, to deliver the products and services they specialized in, and finally to achieve competitive advantage. Performance is also important for the individual. Accomplishing tasks and

performing at a high level can be a source of satisfaction, with feelings of mastery and pride (Christopher 2007). Low performance and not achieving the goals might be experienced as dissatisfying or even as a personal failure. Moreover, performance if it is recognized by others within the organization is often rewarded by financial and other benefits. Performance is a major although not the only prerequisite for future career development and success in the labor market. Although there might be exceptions, high performers get promoted more easily within an organization and generally have better career opportunities than low performers (Van Scotter, Motowidlo, & Cross, 2000). Many researchers studied organizational performance as the independent or predictor variable and addresses performance appraisal and performance measurement issues (Van Scotter, Motowidlo, & Cross, 2000). On the other hand researchers treated organizational performance mainly as a dependent variable which makes perfect sense from a practical point of view: performance is something organizations want to enhance and optimize. Performance is what the organization hires one to do, and do well (Campbell et al., 1993). Thus, performance is not defined by the action itself but by judgmental and evaluative processes (Ilgen & Schneider, 1991; Motowidlo, Borman, & Schmit, 1997). Moreover, only actions which can be scaled or measured are considered to constitute performance (Campbell et al., 1993).

In many situations, the behavioral and outcome aspects are related empirically, but they do not overlap completely. Outcome aspects of performance depend also on factors other than the individual's behavior. In practice; it might be difficult to describe the action aspect of performance without any reference to the outcome aspect. Because not any action but only actions relevant for organizational goals constitute performance, one needs criteria for evaluating the degree to which an

individual's performance meets the organizational goals. It is difficult to imagine how to conceptualize such criteria without simultaneously considering the outcome aspect of performance at the same time. Thus, the emphasis on performance being an action does not really solve all the problems, (Campbell et al. 1993) Moreover, professional experience shows a positive, although small relationship with job performance (Quinones et al., 1995). Additionally, there are interactions between predictors from several areas. For example, high achievement motivation was found to enhance the effects of high cognitive ability (O'Reilly & Chatman, 1994). The development has consequences for conceptualizing performance and for specifying performance predictors. With respect to the performance concept, proactive behaviors such as personal initiative become an essential part of contextual performance (Frese et al., 1996, 1997). Moreover, personal initiative has been shown to be related to organizational performance.

Campbell (1990) proposed a general model of individual differences in performance which became very influential. In his model, Campbell differentiates performance components like; job specific task proficiency, determinants of job performance components and predictors of these determinants. He further describes the performance components as a function of three determinants; declarative knowledge, procedural knowledge and skills, and motivation. Declarative knowledge includes knowledge about facts, principles, goals and the self. It is assumed to be a function of a person's abilities, personality, interests, education, training, experience, and aptitude-treatment interactions. Procedural knowledge and skills include; Cognitive and Psychomotor skills, physical skill, self-management skill, and interpersonal skill (Campbell 1990). Predictors of procedural knowledge and skills are again abilities, personality, interests, education, training, experience, and aptitude-treatment

interactions and additionally practice. Motivation comprises of; Choice to perform, level of effort, and persistence of effort.

Campbell does not make specific assumption about the predictors of motivation. He assumes that there are interactions between the three types of performance determinants, but does not specify them in detail. In his model, he largely neglects situational variables as predictors of performance .Campbell et al. (1996) summarized his study by identifying job knowledge and job skills as measured by work sample tests as predictors of individual performance. Moreover, ability and experience were predictors of job knowledge and job skills, but had no direct effect on job performance. Campbell et al. interpret these findings as support for their model with declarative knowledge, procedural knowledge, and motivation acting as the only direct determinants of performance.

2.5.1 Organizational Resource Control

Henry (2011) defines resources as inputs that enable an organization to carry out its activities. John & George (2011) argue that control is the process whereby managers monitor and regulate how efficiently and effectively an organization and its members are performing the activities necessary to achieve organizational goals. In controlling, managers monitor and evaluate whether the organizational strategy and structure are working as intended, how they could be improved and how they might be changed if they are not working.

Control however does not mean just reacting to events after they have occurred. It means keeping an organization on track, anticipating events that might occur and then changing the organization to respond to whatever opportunities or threats that have been identified (Jones & George, 2011). Control is concerned with keeping employees motivated, focused on the important problems confronting the

organization, and working together to make the changes that will make employees improve their performance over time (Kaplan 2008). It focuses on attainment of superior efficiency, quality, responsiveness to customers and innovation; these are the four building blocks of competitive advantage. Today, much of the competitions among organizations center on increasing the quality of goods and services. Williams & Adams (2010) observe that organizations have increasingly recognized the importance of quality as a source of competitive advantage, and instituted more vigorous systems of quality management often associated with the concept Total Quality Management (TQM).

To determine how efficiently they are using their resource, managers must be able to measure accurately how many units of inputs (raw materials, human resources and so on) are being used to produce a unit of output. Managers also must be able to measure how many units of output (goods and services) are being produced. Financial statements and cash flows statements can be effective control tools. Kimuda (2010) contributes that financial statements should be clear and understandable to enable users make sound decisions.

The main argument here is that control may begin right at the recruitment and selection process through invitation of qualified people for interview. Reference checks and screening are essential processes that can make their organization more responsive to customers if they develop a control system that allows their customers to evaluate how well they have been served by the employees (Cook, 2008). Controlling can raise the levels of innovation in an organization. Successful innovation thrives where managers create an organizational setting in which employees feel empowered to be creative and in which authority is decentralized to employees. They feel free to experiment and take control of their work activities.

Organizational performance auditing should take place on a rolling basis with new key results areas and new measures.

Control systems are: formal target setting, monitoring, evaluation and feedback systems. They provide managers with information whether the organization, strategy and structure are working efficiently and effectively. Effective control systems alert managers when something is going wrong and give them time to respond to opportunities and threats. Effective control system must be flexible to allow managers to respond to unexpected events, must give accurate information about organization performance. Noe&Gerhart (2011) acknowledge that the challenge facing managers today is how to make their organization into high performing work systems with the right combination of people, technology and organizational structure to make full use of resources and opportunities in achieving their organizational goals. Control and information systems are developed to measure performance at each stage in the process of transforming inputs into finished goods and services.

In an effort to affect control, organizations must set goals and targets against which performance is to be measured. Managers decide on standards of performance, goals or targets they will use in future to evaluate the performance of the entire organization, division, function or individual. The standards centre on measures of efficiency, quality, responsiveness to customers and innovation (Jones & George, 2011). Low cost strategy may measure efficiency at all levels of organization. In higher performer organizations, employees know organizational goals and what they should do to help achieve these goals. The HR departments can contribute to this idea through the design of organizational performance management systems-which may act as a control supervisory watchdog.

Once the managers have decided which standards or targets they will use to evaluate performance, the next step in the control process is to measure actual performance. Noe & George (2011) interject that outcome of a high performance work system yield higher productivity and efficiency. In practice managers can measure two things: the actual behaviors of their members and the behaviors themselves. In these respect, the term output control and behavior control may be used (Jones & George). Under behavior control, managers may observe inventory flows, number of customers served, time each transaction takes and how much money each customer spends (Mutsudd 2010). Managers can observe the behavior of each employee and take action to solve any problem that may arise. Non routine or complex organization activities can be hard to measure. However, tendencies such as coming to work on time, greeting and serving customers, responding to phone calls, observing work safety rules, attending to briefings and common meals can be other ways of measuring performance.

To establish whether growth is being achieved, managers compare outcomes. Noel & Gerhardt (2010) argue that internal growth strategies provide unique staffing problems, growth require that an organization constantly hire, transfer and promote individuals, and expansion into different markets may change the necessary skills that prospective employees must have. In addition, appraisals often consist of a combination of behaviors and results. The behavioral appraisal emphasis stem from knowledge of effective behaviors in particular product market, and result appraisal focus in achieving growth goals (Dessler 2013). If performance is higher than expected, the managers might decide to set performance standards too low on to raise them to next period to challenge their subordinate. Performance may be too low that standards are not achieved or standards may have been too high. Corrective measures

may be employed to curb poor performance-high labor costs may be checked by sourcing for a cheaper supplier, investing in technology or implementing cross functional teams (Waweru, 2007). However, managers should be cautious since sometimes reasons for poor performance may arise in the environment changes such as emergence of a new global competitor, recession or an increase in interest rates among others (Kimuda, 2010).

The final step is to evaluate the results and bring about changes as appropriate. If performance standards have not been made, work activities may have to be changed or managers may be compelled to set realistic targets. Sometimes utilization of resources, modern technology and forecasting of uncertainty through research and development may work out as solutions. Information about the external political and economic environment is equally key to organizations, especially at times of impending significant change such as general election or national budget (Capon, 2009).

Choosing a proper control system can be done through assessing change within the organization and knowing the ins and outs of each control system. Then one must pair the completed evaluation with the proper control system. Our goals must be realistic; unrealistic hamper decision making (Wachira, 2010). County governments could employ control mechanisms during human resource recruitment and during raw materials supply. Finally, reassessment of goals and targets may be done at the output stage then effect possible remedies.

2.5.2 Targets and Timelines

Ponyochi (2010) argues that whatever we do in life should be done based on a goal. When we don't have direction in life, we will become part of someone else plan. The foregoing argument concurs with the reality that managers who do not plan for their organizations leave them to be mauled with those with sound planning tools. Targets and timelines may best be considered through assessment of work outputs and performance measurement. Targets are goals or objectives to be achieved. Timelines refer to the specific time frame within which certain objectives and targets need to be achieved. Targets and timelines are important since they provide a sense of direction. They provide a benchmark within which the operations of the organization may be compared.

Work output refers to results' of employee' efforts in the process of transforming raw materials, data or technology to useful end products or services. Appropriate HR audit approach allows employees to work hard, loyal and committed to their tasks (Andrews, 2007). The employees will arrive at the work place at the required time and minimal cases of absenteeism are likely to be reported-such trends may be a booster to the organizational productivity due favorable work output ratio. The main argument is that employees should be supported through HR audit to excel in their jobs for a possible increase work output (Andrews, 2007).

Any organization with a thorough focus must set goals and targets against planned budgets. Whenever shortfalls occur, control measures should be drawn basing on the targets and budgets to restore desired outcomes or performance (Jones& George, 2011). Occasionally, managers could go for benchmarking in similar organizations to

see what is happening in there. The HR audit approach should also aim at benchmarking when assessing organization performance. Ball (2008) advises that this is an increasingly popular way for organizations to measure themselves against world leaders. Whereas competitor analysis will help an organization to spot differences between its performance in the market and that of the competitor, it does not provide a deep understanding of the process that causes the differences.

Managers in the sub- counties may equally have targets to meet in terms of task accomplishment, revenue collection and services delivered. Such targets may be accomplished by groups of dedicated employees. The employees could be supported by sound technological systems such as the MIS system within the organization. The integration of expertise and technology is an ingredient to performance.

2.5.3 Organizational Growth

Growth refers to an organization's expansion due to acquisition and retention of employees-the adequate number of employees can be handy in performance of an organization's duties.HR audit approach supportive of organization performance enables an organization to have competitive advantage through developing a human capital that give the organization the unique ability to adopt to ever-changing environment.

The prime objective of organizations is growth, and growth can be enhanced when management expresses some concern for employees through implementation HR audit reports. Growth is viewed by Encyclopedia Inc (2012) as something that most organizations strive, regardless of size. Indeed organizations have to grow every year in order to accommodate expenses that develop over time. With the passage of time, salaries increase and the cost of employment benefits rise as well. It is never easy to

pass these costs to customers and clients in the form of higher prices. Higher quality services contributes to customer satisfaction, and customer satisfaction contributes to growth of an organization (Noe & Gerhart, 2011)

Organizational growth has the potential to provide a myriad of benefit, including things like greater efficiencies from economies of scale, increased survival rate, greater profit, and increased prestige for organizational members. Organizational growth means different things to different organizations. There are parameters a company may use to measure its growth. Since the ultimate goal of most organizations is profitability, most organizations will measure in terms of net profits, revenue and other financial data (Brick 2013). Other business owners may use one of the following criteria for assessing their growth: sales, number of employees, physical expansion, success of product line or increased market share. Ultimately, success will be gauged by how well a firm does relative to the goals it set for itself.

HR audit is in the forefront of harnessing the existing limited resources to enable counties to have partnership programmes with counties inside and outside Kenya. Joint ventures may be a creation of new ideas, access to new technologies, new approaches and new markets. And lastly, growth may be attained through outside financing where firms may source for capital from banks, private investors, government agencies or venture capital firms. Capon (2009) concludes that human resources are key in organizational success as without people, there can be no organizational activity.

Managers in county government must be informed that HR audit approach geared towards organization performance can be an asset to an organization in terms of overall growth and expansion.

2.5.4 Service Delivery

Over the years the service delivery of counties has deteriorated to the extent that even the most basic services are not always provided. The reasons for the state of delivery are many. First the population growth rate in the counties has resulted in high population and the county governments have not planned to cater for such an amount of people. The governments capability to provide for services is hindered by insufficient resource base, mismanagement, weak technology and institutional capability to increase service coverage, and lack of planning and foresight (UH-Habitat, 2002)

For counties to provide the services required adequately and efficiently, they will need to find new methods and ways of mobilizing more revenue. Studies in South Africa have shown that states have not been vigorous in generating and collecting their own revenues which have been a great hindrance to service delivery. Some of the reasons given for not realizing adequate revenue include lack of adequate human resources, non-compliance by the residence to pay county dues and lack of good will by governments to support counties in realizing the uncollected revenues. Weak by-laws and lack of appropriate strategies have also been sighted as contributing to the low revenue generation and collection (Mboga, 2009)

2.5.5 County Government Revenue Collection

The county collects revenue from different taxes, fees and charges. The county also receives resources from the central government through ministry of finance. The

constitution of Kenya mandates the central government to remit a specific percentage of her income to the 47 counties. There are several acts in constitution of Kenya- local government act, the rating act, the valuation for rating act, and the county assembly act which gives the county governments the right to raise income from wide variety of sources, subject to the approval of the central government (GOK 2013). Sub-counties with towns are less diversified in their principle sources of revenue, relying heavily on water charges, land rates, house rents, sewerage fees and trade licenses. They also charge markets and bus park fees. Sub-counties with rural areas mainly rely on production excess on cash crops or slaughter houses or game parks/reserves within their jurisdiction. Most other sources are unreliable and unproductive.

2.6 Organizational Factors

The organizational factors which include management style, level of technology, politics, size of the organization and organizational culture are assumed to moderate the relationship between HR audit and organizational performance, for example if the management style would not be supportive of the human resource audit then the performance of organizations would not improve. Management style will also affect the relationship in that leaders affect performance of employees. Lastly Organizational culture is essential for employees' performance, these are factor that surround an organization and will have an influence on the performance of employees, they include;

2.6.1 Management Style

Organizations and their environment has changed rapidly over the past years and as a result anew management style that is of less bureaucratic and more democratic is

needed in order to ensure the survival of organizations (Johnson, 1995). These new management styles suggest that there are two views of leadership namely; transactional and transformational leadership (Bass, 1990). New perspectives have emerged variously referred to as a “charismatic, heroic, transformational,” or “visionary” leadership. It is a reinvention of the organization by changing its leadership, vision, mission, culture, structure and human resource practices. Transformational leadership may involve both developmental and transitional changes and may be managed as a series of transitional changes.

Transformations begin well when an organization has a head who is a good leader, and who sees the need for major changes (Kotter, 1996). Transformational leadership is defined as leadership based on contingency reinforcement: leader rewards or punishes followers according to the adequacy of their performance. The primary influence process for transitional leadership is probably instrumental compliance where the follower complies to gain reward or avoid punishment. This form of motivation is likely to result in the maximum effort required to get the reward or to avoid punishment. Transitional leaders recognize what subordinate want to get from their work and ensure that they get what they want on condition their performance is satisfactory. The leader here records and promises rewards in exchange of employee effort. The leader responds to his employee’s immediate self-interest if they can be met through completing work well (Bass 1990). He further argues that transitional leaders generally reflect on how to marginally improve and maintain performance, how to replace one goal for another, how to reduce resistance to particular actions and how to execute decisions. These leaders focus their energies on task completion and rely on organizational rewards and punishments to influence organizational

performance (Bass, 1990). Leaders who display a transitional leadership style define and communicate the work that must be done and the rewards the followers will receive for completing the stated objectives (Meyer and Botha, 2000).

Transitional leaders therefore are suited to a more stable business environment with little competition will in a stable environment only manage what they find and leave others (Howell and Avolio, 1993). However in the current competitive business environment, it requires a new style of management in order to ensure organizational survival and performance, namely transformational management (Brand, Heyl et al, 2000). This management style concerns the transformation of followers' beliefs, values, needs and capabilities. Yukl (1998), defines transformational management as the process of influencing major changes in attitudes and assumptions of organizational commitment for organization mission and objectives. The leader encourages the subordinates to adopt the organization's mission as their own through inspiration motivation and align people to the system so that there is integrity throughout the organization (Cacioppe, 1992).

Through setting more challenging expectations and raising levels of self and collective efficacy, this management style achieves higher performance and commitment level from employees (Yukl, 1998). Transformational management is particularly important in enabling the public sector organizations to maximize their contribution to community outcomes (Procter, 2001). Maximizing contribution is the apex of human resource audit objective. Other authors say that transformational management stimulates and inspires followers to achieve extraordinary outcomes, while transitional managers guide or motive followers to work towards establishing goals by exchanging rewards for their productivity according to Bass (1998). The

transformational manager motivates its workers to be more effective and efficient. Communication is the base for goal achievement focusing the group on the final desired outcome or goal attainment. This manager is highly visible and uses chain of command to get the job done. Transformational leaders focus on the big picture, needing to be surrounded by people who take care of details. The leader is always working for ideas that move the organization to reach the organization vision (Bass, 1998).

Evidence shows that transformational management result in lower turnover rates, higher productivity, employee satisfaction, creativity, goal attainment and better followers' well-being. Elements of transformational management include the following: creating a strategic vision, where the leaders shape the vision of the organization that reflect the future of organization aimed at creating a higher purpose or ultimate goal that energizes and unifies employees. Managers form messages around grand purpose with emotional appeal that captivates employees and other corporate stakeholders to act collectively towards the desired goal. Modeling vision also entails 'walking the talk' by doing things that symbolize the vision. Leaders walk the talk through significant events, consistency between leaders' words and actions, and build employee trust. Lastly transformational managers do build commitment towards the vision. Transforming a vision into a reality requires employees' commitment through their words, symbols, stories that energize people to adopt the vision as their own. Managers exhibit a 'can-do' attitude by enacting their vision and staying on course. They further do this by involving the employees in process of shaping organizations vision and nurturing such values as honesty, trust and integrity. Empirical studies show that transformational management is positively connected with leaders' effectiveness which may display a varying degree of

transactional and transformational management (Bass, 1998; Ristow, 1998).

The management style in various organizational structures has led to proper improvement and effectiveness in employees' performance. As far as the modern organization are adopting flattened organizational structure because of its advantage in terms of efficiency flow of communication, decision making as compared to traditional ways of management style, that supported multi-level of management which rather took longer due to many levels (Jones & George, 2011). A good management style, sets the employees to work under free and conducive environment without any sense of doubt, in addition modern managers and supervisors embrace an adulterated leadership style.

Precisely, for effectiveness of organizational performance, the democratic management style manager delegates authority to his staff, thus allows the staff to use their own methods and time to perform task. The management style in an organization is meant to increase motivation and sense of independence. Brick (2013) observed that employees love democratic management style because they feels involved and part and parcel of the organizational progress. This therefore means that job performance is likely to be better than in an autocratic style. Orwa (2012) in research study recommends that managers should adopt a democratic management style and achieve improvement of work performance and increase productivity. Human resource managers need to develop leadership style that will encourage employees to remain with the organization (Noe & Gerhart, 2011).

2.6.2 Level of Technology

Technology is a new lifestyle that facilitates communication and performance of

duties in our immediate environment. Brandy and Spence (2009) observe that Africa cannot expect to benefit from globalization unless it develops a clear strategy-nationally, regionally and continentally to identify internalize use available technology to enhance productivity and facilitate cost effective business and trading regions. Technology entails the use of new skills in the field of operation and professional qualification in various departments. It is essential in employees' inventory managing, data recording and entries or stock inventory support the production process in term of service delivery.

Human resource auditing, in technology management allows the employees to manage their technological fundamental to create competitive advantage (Luftan, 2008).The role of HR audit therefore is to enable employee to understand the value of certain technology for the organization. Continuous development of technology is valuable as long as there is value for the public service demand in service delivery. The technology applied in Human resource audit will then advise when to invest the new technology and withdraw and this will enhance the growth and accuracy to the organization and employees will then be abreast with the latest technology in an organization as an asset. In most immediate sense, productivity is determined by the available technology and the way resources are organized in the firms, the average applied technology by employees will then improve the firm to move towards best available technology to achieve goals and objectives.

2.6.3 Organizational Culture

Organization culture refers to the widely shared values within an organization that provides coherence and cooperation to achieve common goals. Culture is a set of important assumptions often unstated that members of an organization share in

common, (Nickel et.al 2002).It is the task of managers in the organization to bring the organization culture into alignment with HRA process. Culture sums up the dominant values, vision, perceptions, standards and modes of behavior that an organization has. It is shared meaning, shared understanding and shared sense making. Organizational culture can be said to be essential collection of shared values which provide both explicit and implicit sign post to preferred behavior.

According Hofstede (1984), culture determines the identity of a human group in the same way personality determines the identity of an individual. Culture webs consist of stories of success or failure as frequently narrated by members of the organization, routines not written down, rituals such as rewards, symbols such as office size and types of cars and where one lives. Culture is a complex of symbols and artifacts created by a given society and handed down from generation to generation as determinants and regulators of human behavior, (Somers and Barner, 2001).Organization culture must connect employees not just with their customers but with all their stakeholders, who are the people affected by what the organization does and how well it performs. These group includes; members, suppliers, distributors, unions, local communities and customers. In the article of Letting (2008), ‘leveraging on corporate culture for organizations’ he observes that proper execution of HR audit the mindset of people in an organization ought to be in tandem with dynamic nature of the cooperate culture and should support the exercise of human resource audit.

Some organization create culture for hardworking and recognition of clients both internally and externally. Just as it is being created culture can change if the top management does not support it or if management changes work environment.

2.6.4 Organizational Politics

According to Drory and Romm (1990) and Mayes and Allen (1977), politics has been defined in a variety of ways. Some have approached it as an extremely broad social phenomenon (Bies and Tripp, 1995). Pfeffer (1992) defined organizational politics as the study of the power of action. This kind of definition, of course, would include virtually all influence processes that occur in work settings. Others treat politics more narrowly, defining it as unsanctioned influence attempts that seek to promote self-interest at the expense of organizational goals (Cropanzo and Grande, 1990).

There is confusion concerning the proximate terms which are often represented when organizational politics is discussed. The most commonly used and definitely one of the most important synonymous is power. It has been widely recognized by Viola (2003) that both politics and power are significant part of human behavior as they affect the ability to secure one's goals and interest in a social system. Most definitions of organizational politics refer to informal effects which enhance the actor's proportion of organizational resources and benefits (Drory&Beaty, 1991). Organizational politics is usually related to with the situation such power struggles, conflict over the sources of power and possibilities to influence (Vigoda, 2003). Furthermore, organizational politics is quite contextual and perceived differently by different persons, thus it can be understood also as a state of mind. Conflicts can exist as well as power can be exercised, but this might be

defined as political by some organization members. While others define some routine bureaucratic procedures as intensely political, others interpret them as simple bureaucratic procedures, per se (Gandz and Murray, 1980).

According to Gandz and Murray research, generally the organizational politics is considered as bad, unfair, unnecessary and unhealthy (Gandz and Murray, 1980). Thus, it could be argued that the definition of organization politics tends to have negative perspective concentrating on the dark sides of the human behavior, like manipulation. On the other hand, organizational politics as a social process can have functional as well as dysfunctional consequences, and might inflict harm or be helpful for workers. The examples of organizational politics' positive effects are career advancement, enhanced position and organizational success. On the other hand, loss of strategic power and negative feelings towards others represent the negative outcomes of organizational politics. Nonetheless, political behavior is essential if an organization wants to have good employees and improve performance (Vigoda, 2003).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provided the design and methodology used to meet the objectives of the study. It consists of the research design, area of study, population and sample, sampling procedures, instruments of data collection, procedures for data collection, reliability, validity, data analysis and the ethical concerns relating to the research.

3.2 Research Design

Descriptive survey research design was used during the study. This design was appropriate for this study because as stated by both Kothari (2004) and Mugenda and Mugenda (2003), it is a suitable research design for a research concerned with describing the characteristics of a particular group or its association with something else. Borden and Bruce (2008) content that choosing an appropriate research design is crucially important to the success of a project. The study therefore adopted a correlation survey research design that involved observing the value of two or more variables and determine what relationships exist between them (Borden & Bruce, 2008). The design yielded both qualitative and quantitative data.

The data collected on performance targets and timelines was essentially quantitative since this was presented in form of percentage and frequencies. Qualitative data was collected on performance indicators and measure of moderating effect of organizational factors on organizational performance.

3.3 Location of the Study

The study was conducted in three sub-counties within Kisumu County. The three sub-counties were purposively selected in consideration to socio-economic activities and the population of each and every county(GOK 2007). Kisumu County has a shoreline on Lake Victoria. It occupies northern, western and part of the southern shores of Winam gulf. These sub-counties are Kisumu Central sub-county, Nyando Sub-county and Kisumu East sub-county. Kisumu central and Kisumu east sub – counties are located in the western part of Kisumu County with its offices still in Kisumu city while Nyando is the next immediate sub-county.and is located in the eastern part along Kisumu-Nairobi road. Nyando sub-county (Ahero town) covers Kano plains and central to the rice growing irrigation scheme. Kisumu County is initially comprised of the Districts of Nyakach, Nyando, Muhoroni, Kisumu East, Kisumu West and Kisumu North. It borders Siaya County to the west, Vihiga County to the north, Nandi County to the north east, Kericho County to the east, Homa Bay and Nyamira County to the south west. The county lies approximately within longitudes 34.1°E and 34.15°E and latitudes 0.2 °S and 00° according to Majimbo Kenya (2010) (Appendix 4).

According to Kenya National Bureau of Statistics (2009) Kisumu County covers an area of 2,076.9 km², with a total population of 968,909 inhabitants. It is inhabited by mainly the Luo community(GOK, 2009). The climate is mainly savanna and rainfall is convectional type. Sugar cane and rice farming is the major commercial farming activity. Living standards are generally low and social amenities like water, electricity and road networks are not available to the majority of the residents. The three Sub-Counties were purposively selected in the study following the expansion of

the county and increase in population therefore due to high demand of services delivery to the residents, the organizational performance should be monitored for effectiveness. The three Sub-counties also represented all classes of all Sub-Counties within Kisumu County which enabled the researcher to come up with a more reliable result.

3.4 Target Population

The target population consisted of 2110 employees; 1,070 from Kisumu Central Sub-County, 620 from Kisumu East Sub-County and 420 from Nyando Sub-County (GOK 2013).

3.5 Sampling Techniques and Sample Size

Stratified random sampling was employed whereby subjects were slotted in various strata so as to participate in the study. The technique is often thought to provide increased accuracy in sample estimate. A true random sample allows for highest level of generality from research to real life (Bordens & Bruce, 2008). To obtain a representative sample, the employees were stratified as per the three sub-Counties; the employees were also stratified in two management categories; the managers and operatives. This was deemed as the best way of coming up with the categories since this was to ensure that homogeneous sub-sets that represent certain group norms and shared characteristics were represented in the sample—thus variations were observed clearly.

Table 3.1: Stratified Sample Frame

Sub –County	Target Group	Population	Sample Size	%
Kisumu East	Managers	200	20	10%
	Operatives	420	60	14.3%
Kisumu Central	Managers	400	40	10%
	Operatives	670	145	21.6%
Nyando	Managers	150	15	10%
	Operatives	270	50	18.5%
Total		2110	330	15%
Target population 2110 sample population330 sample percentage 15.63%				

Source: County Government of Kisumu, 2015

3.6 Instruments of Data Collection

The main instrument used in data collection was the questionnaire.

Questionnaires were used in the study because they are convenient to administer when handling a large group of respondents. They are also more confidential, save on time, no bias and cover wide area (Mugenda &Mugenda, 2003). The questionnaires were the primary tools administered to the managers and the operatives. They consisted of six parts. Part I required them to provide some general information. Part II required them to report on compliance audit approach within the organization and outline some benefits if there were any. Part III sought their opinion on Productivity audit approach and effects on organizational performance. Part IV investigated Value-for-money audit approach and Part V inquired on organizational factors. Lastly Part VI sought their opinion on organizational performance. Both closed-ended, contingency questions and 5-points Likert-type scale (1=strongly agree to, 5= strongly disagree) were used. There were open ended questions to probe for

information and give room for respondents to express themselves, and close ended questions facilitated data coding and analysis.

3.7 Measurement of Variables

Measurement is the process of mapping aspects of domain onto other aspects of arrange according to some rules of correspondence (Kothari, 2010). Measurement in research involves devising some form of scale in the range and mapping the properties of the object to be measured on this scale. In this study the effects of human resource audit on the performance of Sub-Counties in Kisumu, Kenya, the independent variable was human resource audit, dependent variable was the performance of county government and organizational factors were size, culture, level of technology and organizational politics. The research variables were measured using both ordinal and summated scales (Likert type scale) because they have more values and helpful in respondents centered studies (Kothari, 2010). A summary schedule of measurement scale operationalizing the study variables and the items making the measures used to construct research instrument is shown in table 3.2

Table 3.2: Summary schedule for measuring Variables

Variable	Measures	Indicator/Operationalization	Assessment scale/Question number
HR audit approaches	Compliance audit approach	Extent to which compliance audit is applied in the organization	Likert type scale. Question 9 (a), (b), (c) and (d)
	Productivity audit approach	The extent to which productivity audit approach is applied in the organization	Likert type scale. Question 10(a), (b), (c), (d) and (e)
	Value-for-money audit approach	The extent to which value-for-money audit approach is applied in the organization	Likert type scale. Question 11(a), (b), (c) and (d)
Organizational factors	Level of technology	Extend to which employees are able to use computers	Likert type scale. Question 12 (a), (b), (c)
	Management style	Employees views on management style	Likert type scale. Question 13 (d) and (e)
	Organization culture	Shared values and believes	Likert type scale. Question 12 (f), (g)
	Size of organization	The number of employees in terms of number and experience	Ordinal scale Question 3. Likert scale Question 12 (h)
	Organizational Politics	Availability of trade unions	Likert type scale. Question 12 (i)
Organizational Performance	Targets and timeline	The extent to which employees achieve their targets and timeline	Likert type scale. Question 13 (a), (b), (c) and (h)
	Revenue collection	The extent to which the county government adequately collect revenue to offer services to customers	Likert type scale. Question 13 (f), (g)
	Organizational growth	The extent to which the organization is growing	Likert type scale. Question 13 (d)
	Quality of service	Extent to which employees are satisfied with their service to the customers in terms of:(i) speed of service (ii) feedback (iii) accountability (iv) efficiency	Likert type scale. Question 13 (f), (g), (h) and (i)

Source: Researcher, 2015

3.8 Data Collection

A permit was sought from the National Council for Science and Technology. This was after the school of graduate studies issued an introductory letter. The researcher sought authority from top management of the 3 organizations. The next step was identifying research assistants who had outstanding interpersonal skills, oratory skills and persuasive skills and were able to read and write. The assistant were trained on how to administer the questionnaires, they were oriented on how to assist semi-literate and physically challenged employees, they were also informed on various interview techniques, they were briefed about essential research ethics on handling informants and emphasis was made on the needs of liaising with the researcher whenever need arose. Upon grant of permission, the researcher distributed questionnaires to the management and the members of the operatives' cadres. This was done by the researcher and the assistants to increase the return rate and eliminate any chance of delay (Cohen and Manion, 1996). Instructions were carefully explained to the employees before issue of the questionnaire and they were assured that the information they gave was confidential and only used for the purpose of the study.

3.8.1 Validity of research instruments

According to Orodho (2000), validity can be defined as the extent to which a measuring instrument provides adequate coverage of the topic under study or in simple terms, the degree of relevance the instruments are towards the research. To determine the validity of the instruments, the instruments were developed and presented over to the research experts and the supervisors in the Department of Business Management of MasindeMuliro University of Science and Technology to

establish whether the instruments measured what they intended to measure and modified them accordingly. These questionnaires were test re-tested on 50 employees in Kisumu Central Sub-County thereafter necessary modification were undertaken. They were also scrutinized in depth so as to establish content validity. The verification process was done by experts.

3.8.2 Reliability

Golafshani (2003) states that the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under similar methodology, then the research instrument is considered to be reliable. Embodied in this definition is the idea of repeatability of results or observations. To test reliability of the instrument, the research instruments were tested, re-tested in Kisumu Central Sub-County. Results of test re-test enabled some modifications which were necessary after discussions with the supervisors. The data was then analyzed and the results correlated to determine their reliability coefficients. Chris, James and Johnston (1988) suggest that Pearson product moment correlation (r) is most often used because of its precision.

Given an evaluation survey, it would be nice to know that the instrument one is using will always elicit consistent and reliable response even if questions were replaced with other similar questions. When somebody has a variable generated from such a set of questions that return a stable response, then his/her variable is said to be reliable. Cronbach's alpha is an index of reliability associated with the variation

accounted for by the true score of the underlying construct. Construct is the hypothetical variable that is being measured (Chris, James and Johnston, 1988).

3.8.3 Data Analysis and Presentation

Mamuli (2011) defines data analysis as the process of inspecting, cleaning, transforming and modeling data with the goal of highlighting useful information suggesting conclusions and reporting decision making. The study attracted both descriptive quantitative and qualitative statistics. Qualitative data analysis which mainly measure attitudes and gender of employees (Orodho 2007) was used to analyze the independent variables; Compliance, Productivity and Value-for-Money approaches in relation to quality of service, resource control and organizational growth which are dependent variables.

The researcher also involved quantitative data analysis to measure Value- for- money and Productivity approaches in relation to achievement of targets and timelines and also quality of service by assessing the ages and experience of employees. Correlation coefficient and regression were the main tools employed for data analysis –the tools employed to investigate the existing relationship between and among the study variables. The regression model equations used were

$$Y_{Per} = \beta_0 + \beta_1 CAA + \beta_2 PAA + \beta_3 VMA + \epsilon$$

$$Y_{Per} = \beta_0 + \beta_1 CAA + \beta_2 PAA + \beta_3 VMA + \beta_4 OG + \epsilon$$

The data was analyzed using the Statistical Package for Social Science (SPSS version 20). The mean and mode was used to represent data. The frequency distribution tables were used to present data.

3.8.4 Ethical Issues

An aspect of research is respect for humanity, all the people participating in the research in one way or another must be treated with deserved respect. Bordens and Bruce (2008) assert that using living organism, whether human or animal, in research imposes upon your obligation to test those organisms in a human respect and ethical manner. Access and acceptance in the research was guaranteed by seeking the permission from the university, acquiring a permit from the National Council for Science and Innovation and informing the relevant County administrative officers. The informant were informed in time and requested to participate in research. Care was taken to minimize risks and any dangers or threats. The informants were informed about the purpose of the study. Privacy and confidentiality was guaranteed by anonymity of respondents and the information given may not be used as a witch-hunting tool. The researcher did not lie or recorded any information using secretive methods. Fabrication or distortion of data was not encouraged in this research.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS, INTERPRETATION AND DISCUSSION

4.1 Introduction

The results of data analysis are presented in this chapter. Data has been organized and interpreted as per the objectives of the study and socio-economic status of the respondents during the time of study.

4.2 Data collection process and response rate

Data collection regarding Human Resource Audit and organization performance was done using the questionnaire. The relationship between HR audit approaches and Organizational performance was the general objectives of the study. The questionnaire return rate was 100% since all the 330 questionnaires were filled in the presence of the researcher and research assistant. The response rate of at least 90 % was considered a good rate according to Saunders (2007).

4.3 General information of the respondents

The study had the following objectives; to establish the relationship between compliance audit approach and organizational performance, to determine the relationship between productivity audit approach and organizational performance, to determine the effect of Value-for-money audit approach on organizational performance and to establish the moderating effect of organizational factors on the relationship between HR audit and organizational performance. Several questions were set to answer the specific objectives of the study. The study had to establish the general background information of the respondents. The general background information from the respondents was as discussed below.

4.3.1 Gender

In question 1 of the questionnaire, the respondents indicated their gender and the results were recorded in Table 4.1 below

Table 4.1: Gender distribution
Gender of respondents

	Frequency	Percent
Male	219	66.4
Female	111	33.6
Total	330	100.0

Source: Research data, 2015

According to the results in Table 4.1 above, majority of the respondents were male (66.4%) while the rest were female (33.6%). This implies that more male respondents dominated females' respondents in the study. This could be as a result of more male employees than female employees in Kisumu County Government. Alternatively women's traditional reproductive roles have to be combined with other activities, like employment leaving little energy and time for the latter (UDEEC, 2002), this explain why the number of women who participated in this study was lower. Nevertheless, both male and female have been represented in the study.

4.3.2 Length of service in the current institution

The other question to the respondents was to establish how long they have worked in the current station. This was done in question 3 of the questionnaire that was sent to the respondents. It is worthy to note that the County Governments began two years ago. However, there are some of the respondents who were retained through the

transitional governance process. From the results shown in Table 4.3.below, 119(36.1%) of the respondents had been working for less than 5 years, 99(30%) had been working for a period of 5-10 years, and 31(9.4%) had been working for a period of between 11-15 years, 42(12.7%) had been working for a period of between 16 to 29 years, while the remaining 39 (11.8%) had been working for a period of more than 21 years. From the results, majority of the respondents (66.1%) have been working at least 10 years. The length of the service has a greatest bearing on the employees experience and this will influence their responses.

Table 4.2: Length of service in the current institutions

Length of service		
	Frequency	Percent
below 5 years	119	36.1
between 5-10 years	99	30.0
between 11-15 years	31	9.4
between 16 to 29 years	42	12.7
21 years and above	39	11.8
Total	330	100.0

Source; Research data, 2015

4.3.3 Educational Level of the respondents

The study established the level of education of the respondents. This was to determine whether the respondents were in a position to read, understand and fill the questionnaires. The results are recorded in Table 4.3 below. The results illustrate that 20% (66) of the respondents had other qualifications from the professional bodies, like KASNEB, 37.6 %(124) had diploma level, 37% (125) of the respondents had

bachelor's degree while the remaining 4.5 % (15) had master's degree. This shows that the majority of the respondents could fill the questionnaires since they had the required education, 15% had attained masters, degree and serving as managers in the organization. These findings concur with Mboga (2009) research study.

Table 4.3: Educational level of Respondents

Level of education		
	Frequency	Percent
Other qualifications	66	20.0
Diploma	124	37.6
Bachelor degree	125	37.9
Master	15	4.5
Total	330	100.0

Source: Research data, 2015

4.3.4 Job position of the respondents

The second part of the general information was to establish the position held by the respondents. This was question no 5 .The results showed that 22.7% (75) respondents were heads of section, while the remaining 77.3% (255) were in operative positions within the County Government.

This implies that majority of the respondents were in the operative positions. This is the group that is mandated with drafting the organizational strategic plans, oversee strategic implementation and strive to ensure optimum performance.

Table 4.4: Job position of the respondents.

Your job position		
	Frequency	Percent
Head of section	75	22.7
Operatives	255	77.3
Total	330	100.0

Source: Research data, 2015

4.3.5: The sub-County the respondents work

The last question was to establish the Sub-County from which the respondents work with. The results were as presented in table 4.5 below;

**Table: 4.5 The Sub-County you work with
The Sub-County you work**

	Frequency	Percent
Kisumu Central	185	56.1
Kisumu East	80	24.2
Nyando	65	19.7
Total	330	100.0

Source: Research data, 2015

From the results in Table 4.5 above, Kisumu Central Sub-County had 56.1% of the entire sample under study; Kisumu East Sub-County had 24.2% while Nyando Sub-County had 19.7%. This implies that the highest number of respondents were from

Kisumu Central Sub-County which is within the city of Kisumu. Kisumu central is within Kisumu city boundary and the study realized that most workers are posted here to provide the more needed services due to the population (GOK 2009).

4.4. Presentation of the data as per the objectives

The study sought to establish the Pearson correlation coefficient among the various dimensions that built up the independent variable (HRA). The various factors were grouped together through dimension of reduction of varimax such that CAA representing compliance audit approach, PAA representing productivity audit approach, VMA representing value-for-money approach, Per representing organizational performance and OG are organizational factors respectively. Table 4.6 below shows the correlation results of the research variables.

Table 4.6: Correlation table with organizational factors (OG) as control variable

		Correlations				
		VMA	PAA	CAA	OG	Per
VMA	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	330	330			
PAA	Pearson Correlation	.123*	1			
	Sig. (2-tailed)	.025				
	N	330	330	330		
CAA	Pearson Correlation	-.051	-.409**	1		
	Sig. (2-tailed)	.359	.000			
	N	330	330	330	330	
OG	Pearson Correlation	.016	.614**	-.284**	1	
	Sig. (2-tailed)	.772	.000	.000		
	N	330	330	330	330	330
Per	Pearson Correlation	-.062	.011	.301**	-.054	1
	Sig. (2-tailed)	.258	.847	.000	.329	
	N	330	330	330	330	330

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

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.6 above provides the Pearson's correlation matrix for the variables used in the analysis. The result of correlation shows that compliance audit approach has a positive correlation with organizational performance. The statistic is 0.301^{**} , $p < 0.01$ and it is significant at 99% confidence level. This may be a pointer that firms and organizations that emphasize on assessment of employment laws, rules and regulations and constantly audit adherence to employment legal requirement will improve their performance. This is consistent to Clardy(2004) who found out that compliance audit can be used to assess effectiveness of control by critiquing human resource management systems and procedures.

The result of correlation shows that productivity audit approach had a negative correlation with organizational performance. The statistics is -0.408^{**} , $p < 0.01$ and it is significant at 99% confidence level. This is an indication that auditing the productivity of the human resource may not improve performance of a organization. The result is in line with the findings of the research on HR audit and organizational performance by Christopher Andrews (2007).

The result of value-for-money audit approach and organizational performance was significant at 95% confidence level, and the statistic is 0.123^{*} , $p < 0.05$. This showed that organizations that audit the worth of their employees are in better positions of improving their performance. The finding is in line with the result of a research by Aren(2005) which found that the workers value help to give an organization a competitive edge over others.

In the findings, it can be seen that organizational factors had no significance.

Table 4.7 Model Summary table**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Durbin - Watson	
					R Square Change	F Change	df1	df2		Sig. F Change
1	.806 ^a	.531	.478	.633	.103	11.145	4	325	.000	1.911

a. Dependent Variable: Per

b. Predictors: (Constant), , VMA, CAA, PAA

From the model summary table 4.7 the value of R Square is 0.531. This implies that 53.1% of variance in the organizational performance can be explained by variance in the independent variables CAA, VMA and PAA.

The Durbin-Watson value is 1.911. This shows that there is no autocorrelation problem. The rule of the thumb is that when the value of correlation is between 1 and 3 then that is averaging to no autocorrelation (Alsaeed, 2005)

Table 4.8 ANOVA table

Model		ANOVA ^a				
		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16.342	3	5.447	14.289	.000 ^b
	Residual	124.276	326	.381		
	Total	140.618	329			

a. Dependent Variable: Per

b. Predictors: (Constant), CAA, VMA, PAA

From the ANOVA table it shows that the model is feasible. P value < 0.01 thus at 99% confidence.

Table 4.9 Coefficient table**Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.353	.426		7.873	.000	
	VMA	-.095	.077	-.065	-1.231	.219	.985
	PAA	.136	.046	.168	2.935	.004	.822
	CAA	.290	.045	.367	6.427	.000	.833

a. Dependent Variable: Per

In the coefficient table the regression model tested for multicollinearity variance inflation factor (VIF) for independent variables are below 10. The rule of the thumb is that if VIF value is below 10, then there is no multicollinearity(Jingyu li 2003). Multicollinearity can also be tested using Tolerance Value. The tolerance value in coefficient table is less than 1. The rule of the thumb is that when the tolerance value is than 1 then this shows no multicollinearity problem.

It can also be seen that PAA and CAA are significant at 99% confident level. This is consistent to Noe(2003) who found that regardless of total investment in technology and equipment, the fact remains that the individual employee is key to productivity.

The model for regression equation become

$$Y_{per}=3.353-0.095VMA+0.136PAA+0.290CAA$$

From the above equation it implies that if we assume VMA, PAA and CAA take the value zero, performance (Y_{per}) will have a value of 3.353. If PAA and CAA are assumed to be zero then an increase in 1 unit of performance (Y_{per}) VMA will increase by 0.095 units the opposite direction. Assuming that VMA and CAA are zero then an increase in 1 unit in Y_{per} leads to PAA increasing by 0.136 in the opposite direction. When VMA and PAA are assumed to be zero then an increase in 1 unit in Y_{per} leads to increasing CAA by 0.290

Table 4.6 Model Summary table with Organization factors as a control variable

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin - Watson
1	.864 ^a	.746	.662	.617	.121	11.145	4	325	.000	1.812

a. Predictors: (Constant), OG, VMA, CAA, PAA

Table 4.8 ANOVA table with organizational factors (OG) as control variable

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.962	4	4.241	11.145	.000 ^b
	Residual	123.656	325	.380		
	Total	140.618	329			

a. Dependent Variable: Per

b. Predictors: (Constant), OG, VMA, CAA, PAA.

From the ANOVA table 4.8 it shows that the model is feasible. P value < 0.01, thus at 99% confidence level.

Table 4.9 Coefficient table with organizational factors as control variable

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
	(Constant)	3.535	.449		7.879	.000		
	VMA	-.103	.077	-.070	-1.326	.186	.979	1.021
1	PAA	.177	.056	.220	3.139	.002	.553	1.809
	CAA	.288	.045	.363	6.368	.000	.831	1.203
	OG	-.074	.058	-.084	-1.277	.203	.618	1.618

a. Dependent Variable: Per

In the coefficient table with organizational factors as control variable the regression model tested for multicollinearity. Variance inflation factor (VIF) for independent variables are below 10. The rule of the thumb is that if VIF value is below 10, then there is no multicollinearity (Jingyu li 2003). Multicollinearity can also be tested

using Tolerance Value. The tolerance value in coefficient table is less than 1. The rule of the thumb is that when the tolerance value is than 1 then this shows no multicollinearity problem.

It can also be seen that PAA and CAA are significant at 99% confident level. This is consistent to Vigoda(2003) who found that political behavior is essential if an organization wants to have good employees and improve performance.

From the table 4.9 the regression equation becomes

$$Y_{per}=3.353-0.103VMA+0.177PAA+0.288CAA-0.074OG$$

From the above equation it implies that if we assume VMA, PAA, CAA and OG take the value zero, performance (Yper) will have a value of 3.353. If PAA, CAA and OG are assumed to be zero then an increase in 1 unit of performance (Yper) VMA will increase by- 0.103 units in the opposite direction. Assuming that VMA, CAA and OG are zero then an increase in 1 unit in Yper leads to PAA increasing by 0.177 in the opposite direction. Also when VMA, PAA and OG are assumed to be zero then an increase in 1 unit in Yper leads to increasing CAA by 0.288. Lastly, when VMA, CAA and PAA are assumed to be zero then an increase in 1 unit in Yper leads to increasing OG by -0.074 in the opposite direction.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the study findings, conclusions and the recommendations made from the findings of the study. It also presents the suggestions for further researches.

5.2 Summary and key findings

The central thesis of this research was to answer the specific research questions; what is the relationship between compliance audit approach and organizational performance? How does productivity audit approach relate to organizational performance?, to what extent does value-for-money audit approach affect organizational performance? and how do the selected organizational factors influence organizational performance in relation to HR audit approaches?

The first objective of the study was to establish the relationship between compliance audit approach and organizational performance. The researcher used Correlation between Compliance audit approach and organizational performance. Results indicate that there was a positive significant relationship between compliance audit approach and organizational performance at 99% with $p < 0.01$ confidence level in Kisumu county and this implies that with compliance audit approach the better the performance of the organization and vice versa. Dolenko(1990) identified compliance audit as a comprehensive audit.

The second objective of the study was to establish how productivity audit approach relates to organizational performance. Correlation between productivity audit approach and Organizational performance was done and the result showed no

significant relationship between productivity audit approach and the organizational performance this may mean that the performance of the an organization does not depends on productivity audit approach.

The third objective of the study was to establish how value -for -money audit approach relates to organizational performance. Correlation between Value-for-money audit and Organizational performance was done and the results indicate that there was no significant correlation between Value-for-money audit and Organizational performance and this show that in Kisumu County the quality of service may not be influenced by value for money and its performance. Khan(2005) recognized value-for-money audit but also reflected that there is a terminology jungle surrounding this approach.

5.3 Conclusions

The following were the conclusions based on the research objectives;

In the first objective of the study was to establish the relationship between compliance audit approach and organizational performance, the study established that compliance audit approach had a statistically significant relationship with organizational performance. The findings are in line with past studies which revealed that past actions are reviewed to determine if these comply with law and company policy (Gupta, 2011).

In the second objective of the study was to establish how productivity audit approach relates to organizational performance, the study established that productivity audit approach had no statistically significant relationship with organizational

performance. The findings are in line with past studies which reveal that Public service commission of Kenya on HR audit identifies productivity audit and agreed that HR audit should check if the employee is delivering according to organizational objectives and focuses on human resource contribution to the business strategy (GOK, 2006)

In the third objective of the study was to establish how value -for -money audit approach relates to organizational performance, value-for-audit approach had a statistically significant relationship with organizational performance. It therefore implies that value- for- money audit approach had no greater positive extent to organizational performance. This is inconsistent with past studies which revealed that for an activity to be worthwhile to an auditor, it must provide value for money for it to be effective, economic and efficient; known in auditing as the three 'E's (Craven & McNulty, 1994)

The last objective was to establish the moderating effect of organizational factors on the relationship between HR audit and organizational performance

Regression analysis was done between productivity audit approach and moderating effect of organizational and the result shown significant relationship between the organizational performance and productivity audit approach hence these factors have a significant effect on the organization performance as shown from the results. It has been widely recognized by Vigoda(2003) that both politics and power are significant part of human behavior as they affect the ability to secure one's goals and interest in a social system.

5.4 Recommendations

On the strength of the research findings and conclusions, the following recommendations have been made;

- (i) County governments should strengthen their Human Resource Audit practices in the counties so as to improve the performance of its human resource function to a greater extent.
- (ii) There is need that the human resource audit process in an organization should involve everyone and not just the managerial staff. This will enhance improvement in performance
- (iii) Based on the findings of the study, the human resource function needs to relook at a number of key human resource products and services if it wants to maintain the current level of performance in their organization.

5.5 Suggestions for further research

Based on the present research study, the following were the suggestions for further research;

- (i) Further studies is encouraged to be carried out in various Counties in Kenya.
- (ii) Further research is encouraged to include National Government, NGO's and other private bodies.

REFERENCE

- Abdul Aziz Arain (2001)<http://www.pakistan economiist.com/issue2001/issu1%2/F&m8.htm> viewed on 28th January 2015
- Adler (2007) Start Your HR Audit with this Checklist .Volume 84 No. 6, HR Focus. Washington, DC.
- Anthony, W.P.Perroue, P.L. &Kacmor, K.M.(1996).*Strategic Human Resource Approach*, (5th Ed). Pearson Education Frenches Forest, Australia.
- Ares, A, Best, P, Shailer, G, Fielder, B, &Loebbeche, J (2002), *Auditing in Australia –An Integrated Effectiveness as a determinant of firm’s performance*, (3rdEd). Pearson Education, Australia.
- Arens A. Best, Shailer, G, Fielder, Elder, R, & Beasley, M (2005) *Auditing and Assurance Services*, (6thEd).Pearson Education, Australia.
- Armstrong, M. (2006).*Human Resource Management Practice* (10thEd).Kogan Page, London.
- Armstrong, M. (2009).*Armstrong’s Handbook of Human Resource Management Practice* (11thEd). Kogan Page. London.
- Armstrong. M. (2012).*Armstrong’s Handbook of Human Resource Management Practice* (12thEd). Kogan page, London.
- Barney, B(1991) Firm Resources and Sustained Competitive Advantage. Journal of Management, Vol. 17, No.1 pp. 99-120.
- Bass, B.M. (1990) *Concept of Leadership*, (3rdEd). Free Press, New York.
- Batra G. S. (1996), “*Human Resource Auditing as Tool for Human Resource Valuation*”, Interface and Emerging Practices in Managerial Auditing Journal.

- Beer, N.S., Spector, B., Lawrence, P. Quinn Mills, D. & Wallen, R. (1984). *Managing Human Asset*, The free press, New York.
- Berry, J. (1967). *Independence and conformity in subsistence-level societies*. Journal of Personality and Social Psychology, Vol. 7.
- Berry, J. (1982). *Principles of Performance Management*, Journal of Personality and Social Psychology, Vol. 3.
- Bernhardt, L and Andrews C. J. (2006), “*You call that an Audit?*” HR Monthly, Australian Management publication of KIM. Human Resource Institute, October 2006, Melbourne.
- Blackwell (2005), *Encyclopedia Dictionary of HRM*, Blackwell Publisher.
- Borden, K & Bruce A. (2008) *Research Design and Methods (7thEd)*. Sydney: McGraw Hill Publishers
- Boselie P. Dietz G. & Boon, (2005) *Commonalities and Contradictions in HRM and performance research*, Human Resources Management Journal.
- Brick (2013). *Motivation of organization performance*. Human Resource and Performance: (2nd Ed). Palgrave Macmillan, UK.
- Burrowes A. & Persson M. (2000). The Swedish Management Audit, *a precedent for performance and value-for-money audits*, Managerial Auditing Journal.
- Bratton J. & Gold J 2001, *Human Resource Management—Theory and Practice*, (2nd Ed). Palgrave Macmillan, UK.
- Brune, C. (2004), ‘Is self-assessment with independent validation right for you?’ *Audit Wire*, Vol. 26, no. 4, July-Aug 2004.

- Bies, R.J. and Tripp, T.M. (1995). *The use and abuse of power: Justice as social Control* Quorum Books, Westport
- Biles, G. & Schuler, R. (1986). *Audit Handbook of Human Resource Practice: The Effectiveness of the Human Resources Functions*, American Society for Personnel Administration.
- Bird, P. (1972). *The scope of company audit. Accounting and Business Research*, London: Pitman
- Boundreau, J. (1988). *Utility analysis in Human Resource Management: Evolving role and Responsibilities*, (2nd Ed). Dyer, Bureau of National affairs: Washington, DC.
- Campbell, J. P., McCloy, R. A., Oppler, S. H., & Sager, C. E. (1993). *A theory of performance*. In E. Schmitt, W. C. Borman, & Associates (Eds.).
- Christopher John Andrews, (2007). *Developing a human resource management Performance audit*. A dissertation submitted to Faculty of Business University of Southern Queensland.
- Clardy, A. (2004). *Towards an HRD Auditing protocol; Assessing HRD Risk management Practices*, Human Resource Development Review.
- Claydon T. & Beardwell, J (2007) *Human Resource Management* (7th Ed). Pearson Education, London
- Cochrane G. (1993), *Policies for Strengthening Local Government in Developing Countries*, World Bank Staff, Working Paper No. 582 (Washington D.C).
- Cole G. A. (2007). *Personnel and Human Resource Management*. (5th Ed.) Cengage Learning EMEA, Hampshire.

- Cooper, D.R. & Schinder, D.S. (2001). *Business Research Methods (7th Ed)*. Boston: McGraw-Hill Irwin.
- Dessler, G. (1994). *Human Resource Management (6th Ed)*. A paramount Communication Company.
- Dessler, G. (2002). *Human Resource Management (9th Ed)*. Prentice Hall.
- Dessler, G. (2013). *Human Resource Management (13th Ed)*. Pearson.
- Devarajan Dasa (2011). Human Resource Audit. TIJ's Research Journal of Social Science & Management Volume: 01, Number: 08, Pp. 92
- Dolenko, M 1990, *Auditing Human Resource Management*, IIA Monograph, the Institute of Internal Auditors Research Foundation, Florida.
- Dwyer, D 2002, *Human Resource Auditing*, SHRM White Paper, Society of Human Resource Management.
- Edwards, J., Scott, J.C. & Nambury, S.R. (2007). *Evaluating human resource programs: A 6-phase approach for optimizing performance*. Alexandria, VA: SHRM Foundation & Pfeiffer.
- Flamholtz, E.G. (1974). *Human Resource Accounting: A review of Theory and Research*. The Journal of Management.
- Frese, M., Kring, W., Soose, A., & Zempel, J. (1996). Personal initiative at work: Differences between East and West Germany. *Academy of Management Journal*, Hall, London.
- Flamholtz. (1987). *Need for H.R. Top Management*. *Academy of Management Journal*, Hall, London.

- Gandz, J., & Murray, V.V. (1980). *The Experience of Workplace Politics*. The Academy of Management Journal, 23(2).
- GOK (2007). Kenya Vision 2030, Nairobi: Ministry of Planning and National Development.
- GOK (2008): First Medium Term Plan (2008-2012) Kenya Vision 2030; Nairobi, Ministry of State for Planning, National Development and Vision 2030.
- GOK (2013). Auditor General Report on the Financial Operation of the County Government of Kisumu and its Defunct Local Authorities for the period 1st to 30th June, 2013.
- Gupta, C. (2011). *Human Resource Management (13th Ed)*. Sultan Chad and sons. Hall Financial Times.
- Huselid, MA 2005, *Blackwell's Encyclopedic Dictionary of Human Resource Management* Blackwell Publishing, pp.164-5.
- Hittinger J (2009). *Strategic Human Resource*. www.strategicchrc.com/audit/hrm
- Hofstede, G. (1984). *Cultures consequences; International Differences in Work Related Values*, Sage.
- Huselid, M., Jackson, E. & Schuler. (1997). *Technical and strategic human resource Management*. Society for Human Resource Management.
- Ilgel, D. R., & Schneider, J. (1991). Performance measurement: A multi-discipline view.
- Kaplan & Norton (2008). *Execution Premium*. Harvard Business Press.
- Kathuri, J.N and Pals, D. A. (1993). *Introduction to Education Research*. Njoro, Egerton University Press. Kenya National Bureau of Statistics, Census 2009.

- Kombo, D.K and Tromp, D.L. (2009). *Proposal Thesis Writing: An Introduction*, Pauline, Nairobi.
- Kothari C. R (2004) *Research Methodology Methods and techniques (Revised Ed)*. New Age International Publishers, Limited.
- Marta Fossas Olalla and Miguel Angel Sastre Castillo (2002) (JEL M10); *Intl. Advances in Econ. Res.*, 8(1): pp. 58-64.
- Mboga, H. (2009). *Local Government Systems in Kenya. Institute of Economic Affairs*, Nairobi.
- McConnell, JH, 2001, *Auditing your Human Resource Department – A step by step guide*, American Management Association, New York.
- Meisinger, SR (2005), *General letter to all members of SHRM from the President & CEO*, Society for Human Resource Management, dated January 2005.
- Mock, K (2004), *Human Resources Risk Management*, and SHRM White paper.
- Mutsudd, I. (2010). *Essentials of Human Resource Management*, New age International (Ltd) Publishers.
- Millichamp A. H (2002) *Auditing 8th Ed*. Continuum. London.
- Motowidlo, S. J., & Schmit, M. J. (1999). *Performance assessment in unique jobs*, Ally and Bacon, Boston.
- Mouly G. J. (1978), *Education Research, the Art and Science of Investigation*; Ally and Bacon, Boston.
- Mugenda, O.M. & Mugenda, O.G (2003) *Research Methods Quantitative and Qualitative Approaches*, Acts Press, Nairobi.

- Nankervis, A, Compton, R, & Baird, M, (2005), *Strategic Human Resource Management,(5th Ed).*, Nelson Thomson Learning, Melbourne. National
- Noe, J., Hollenbeck, J., Gerhard. B. & Wright. P, (2010), *Human Resource Management-Human Resource Management Journal*,
- Nutley, S (2000), Beyond Systems; *HRM Audits in the Public Sector*, Human Resource Management Journal,
- Nutley, S. (2000), 'Beyond systems: HRM audits in the public sector', *Human Resource Management Journal*, vol. 10, no. 2, pp. 21–38.
- Nzuve, A.M. (2007). *Human resource audit and corporate performance: An empirical study of the Companies listed in the Nairobi stock exchange*, Unpublished MBA Project, UON.
- Olalla, MF, & Castillo, MAS (2002), 'Human Resources Audit', *International Advances in Economic Research*, vol. 8, no. 1, pp. 58 - 65.
- Olive, M. M. & Abel, C.M. (2003).*Research Methods Quantitative and Qualitative approaches*, African center for Technology Studies. Orlando Dryden Press: Harcourt College Brace publishers.
- O'Reilly, C. A., & Chatman, J. A. (1994).Working smarter and harder: A longitudinal study of managerial success. *Administrative Science Quarterly*,
- Oseno, B. (2012). The Conceptual framework: *Comprehensive in Research Proposal, Project and Thesis*, Nairobi: Apic Publishers.
- Oso, Y and Onen D. (2005).*A General Guide to Writing Proposal and Report; Handbook for Beginning Researchers; Options Printers and Publishers*, Kisumu, Kenya.

- Parker L. D, Ferris K R & Otley. D T (1990), *Accounting for the Human Factor*. (2nd Ed). Prentice-hall, Sydney.
- Paul J .Smoke (1994) *Local Government Finance in Developing Countries-The Case of Kenya* (3rd Ed). Oxford University Press; Nairobi.
- Pfeffer, J. (1992). *Managing with Power: Politics and Influence in Organizations*, Harvard Business School Press, Boston.
- Philips, J (1996), *Measuring the HR Contribution; A Survey of approaches in Accountability in Human Resource Management*, (3rd Ed). Gulf Publishing Co. Houston.
- Porter, L (2006), *Motivation and Work Behaviour*. 5th Ed. McGraw Hill, Irwin, USA.
- Quinones, M. A., Ford, J. K., & Teachout, M. S. (1995). The relationship between Work Experience and Job Performance: A conceptual and meta-analytic review.
- Rao, T. V. (2010). *HRD Audit: Evaluating the Human Resources Function for Business Improvement*. Response Books, Sage India, New Delhi.
- Rao, T.V. (2007). *HRD Audit- Evaluating the Human Resource Function for business Improvement* (14th Edition). Tejeshwar Singh for response books. *Resource Accounting*, Jaipur: Pointer Publishers.
- Ristow, A. (1998) *Transformational Leadership and Organizational Effectiveness*, South Africa.
- Rapando, J. W. (2010). *An investigation of the Training Needs for Principals of secondary schools In Kenya*. A case Study of Kakamega North District, Kakamega Masinde Muliro. University

- Reece L. B. and Brandt, R. (2007), *Effective Human Relations*.(10th Ed).Haughton Mifflin, USA.
- Russell J. P. and Terry Regel (1996), *After the Quality Audit*, (2nd Ed).Quality Press; Winsconsin.
- Sekaran, Uma (2003). *Research Methods for Business: A Skill Building Approach*. (4th Ed). John Wiley & Sons Inc, New York.
- Sherer, M. & Kent, D. (1983).*Auditing and Accountability*, E-journal of business.
- Shitakwa, A.C.M. (2010). *Human resource audit practices among sugar companies in Kenya, Statements. The Accounting review*. The IIA research foundation bookstore, new article.
- Schuler, R. (2002), *International Human Resource Management*; Review and Critique in *International Journal of Management Review*,
- SHRM, (2007) b. Web discussion board.<http://www.shrm.org/forum./posting.asp>.
- Spognardi M. A (1997), *Conducting a Human Resource Audit*; A Primer, *Employee Relations Law Journal*,
- Sounders, M. and Thornhill, A. (2007).*Research methods for Business studies*. Rome: Pearson's Education Limited
- Torrington D, Hall, L & Taylor, S. (2005) *Human Resources Management (7th Ed)*. Prentice-house
- Torrington, D., Hall, L. & Taylor, S. (2008). *Human Resource Management (7th Ed)*. Prentice-house
- Tsui A.S & Gomez-Mejia, L.R (1988), *Evaluating Human Resource effectiveness in Human Resource Management: Evolving roles and responsibilities*, Ed L Dyer.

- Ulrich, D. & Dale, L. (1990). *Organizational Capability: Competing from the Inside/Out*: New York: Wiley.
- Ulrich, D. (1996). *Human Resource Champions: The Next Agenda for Adding Value and Delivering Results*. Harvard Business School Press.
- Van Scotter, J., Motowidlo, S. J., & Cross, T. C. (2000). Effects of task performance and contextual performance on systemic rewards. *Journal of Applied Psychology*.
- Vigoda, E. (2002). Organizational Politics, Job Attitudes, and Work Outcomes. Implication for the Public Sector. *Journal of Vocational Behavior*
- Vigoda, E. (2003). *Developments in Organizational Politics*. Cheltenham: MPG Books Ltd.
- Walker, K.W (1992), *Human Resource Strategy, a Competitive Advantage (7thEd)*. McGraw Hill.
- Walker, J. W. (1998). Are We Using the Right Human Resource Measures? *Human Resource Planning*, 21, 2, pp. 7-8.
- Wayne, I.C. (1998). *Managing Human Resources. Productivity, Quality of Life (5th Ed)*. New York: Wiley
- Werther, W Jr., Daris, H., Schwind. H., Das, H. & Miner, F Jr. (1982). *Canadian Personnel Management and Human Resources, (2ndEd)*. McGraw-Hill Pearson Limited.

APPENDICES

**APPENDIX 1: Questionnaire
Questionnaire to be filled by Employees**

A confidential survey among Sub-Counties workers on human resource audit and organizational performance in Kisumu County

The main purpose of this questionnaire is to help in the facilitation of this research.

You are requested to answer the questions herein to the best of your knowledge.

Your response will be treated with utmost confidentiality and the data collected is purely for academic purposes.

Instructions:

1. Do not write your name anywhere in this questionnaire.
2. Please tick or fill the blank spaces as appropriate.
3. Kindly respond to all items

Section I. General Information

(Please tick where appropriate).

1. What is your gender?

Male Female

2. What is your job

position?.....

3. How long have you been working in this Institution?

Below 5yrs between 5-10 yrs 11-15 yrs 16-20 yrs 21 yrs and above

4. What is your level of Education?

Primary Secondary Diploma Bachelor degree Master

Others Specify.....

5. Which level of employment do you work in the organization?

Management Operatives

6. Which Sub-County do you work in?

Kisumu Central Others (specify).....

Kisumu East

Nyando

8. Existing Human Resource Audit Programmes

How would you rate the following statement in relation to Existing Human Resource Audit Programmes in your Organization? Please indicate by tick() on a scale of 5 to 1 whether you strongly Agree(SA), Agree(A), Not Sure(NS),Disagree(D), or Strongly Disagree(SD).

No.		SA	A	NS	D	SD
a	Human resource audits are often carried out in our organization					
b	Employees are always informed of the recommendations of the HR audit reports					
c	Recommendations of the HR audits are availed on boards and counties websites					
d	Managers use human resource audit report to help improve performance					
e	Our organization use specific HR audit approaches to help workers improve their performance					

Section II: Compliance Audit.

9.a) To what extent would you agree with the statements below in relation to compliance audit approach? Please indicate by tick() on a scale of 5 to 1 whether you strongly Agree(SA), Agree(A), Not Sure(NS),Disagree(D), or Strongly Disagree(SD).

No.		SA	A	NS	D	SD
a	Our organization follows rules and regulations on recruitment of employees					
b	Compensation and benefits laws are used in our organization and salaries are paid in time					
c	Health and safety policies in our organization are followed					
d	Promotions and transfers in our organization are fairly done					
e	There are few cases of sexual harassment in our organization					

Section III: Productivity Audit Approach.

10.a) To what extent would you agree with the statements below in relation to productivity audit approach? Please indicate by tick() on a scale of 5 to 1 whether you strongly Agree(SA), Agree(A), Not Sure(NS),Disagree(D), or Strongly Disagree(SD).

No.		SA	A	NS	D	SD
a	Our employer always asses my productivity					
b	Our employer has clear mechanism of observing employees productivity					
c	Our employer has clear expectation in relation to productivity					
d	Our services delivered to customers would improve if my production results are taken into consideration					
e	There is always implementation of our productivity assessment					

Section IV: Value- For- Money Audit Approach

11. To what extent would you agree with the statement below in relation to value-for-money audit? Please indicate by tick() on a scale of 5 to 1 whether you strongly Agree(SA), Agree(A), Not Sure(NS),Disagree(D), or Strongly Disagree(SD).

No.		SA	A	NS	D	SD
a	Our organizational always assess our value for money					
b	Our organization sees us as the most Valued resource					
c	Our workers are efficiently utilized by the organization					
d	There is always implementation of our value assessment					

Section V: Organizational Factors

12. To what extent will you agree with the statement below in relation to effect of moderating organizational factors on human resource audit? Please indicate by tick() on a scale of 5 to 1 whether you strongly Agree(SA), Agree(A), Not Sure(NS),Disagree(D), or Strongly Disagree(SD).

No.		SA	A	NS	D	SD
a	My firm uses computers in keeping employees records					
b	We are trained on how to use computers before using them					
c	The use of computers has made my work faster and easy					
d	Our managers involve us in making decisions					
e	Our managers keep close supervision on us while we work					
f	Accountability and Transparency are heavily entrenched in my Sub-County					
g	My organization has many employees					
h	We are allowed to be members of a trade union					

Section VI: Organizational Performance

13) To what extent will you agree with the statement below in relation to organizational performance? Please indicate by tick() on a scale of 5 to 1 whether you strongly Agree(SA), Agree(A), Not Sure(NS),Disagree(D), or Strongly Disagree(SD).

No.		SA	A	NS	D	SD
i	We serve our customers with all they need efficiently					
j	We have been able to use organization resources well and without wastage					
k	Our response time to customers' needs is prompt					
l	Feedback is guaranteed to customers					
m	Our organization has set performance targets for each employee					
n	We have always met our service delivery and revenue collection targets					
o	Our organization has continued to grow in terms of revenue collection					
p	We have positively contributed to our organizations' growth					
q	We've always finished our work within set deadlines					
r	Our organization always delivers quality services to the customers					
s	There is a reduction in the number of complaints by our customers					
t	HR audit reports have highly rated our performance					


APPENDIX 2: Research Permit

THIS IS TO CERTIFY THAT:
MR. TIMON ONYANGO AMBUSO
of MASINDE MULIRO UNIVERSITY OF
SCIENCE AND TECHNOLOGY, 0-40101
AHERO, has been permitted to conduct
research in Kisumu County

on the topic: HUMAN RESOURCE AUDIT
ON EMPLOYEES PERFORMANCE IN AN
ORGANIZATIONAL IN KISUMU
COUNTY, KENYA

for the period ending:
16th September, 2016

Permit No : NACOSTI/P/15/9799/7914
Date Of Issue : 16th September, 2015
Fee Recieved :Ksh 1000




[Signature]
Director General
National Commission for Science,
Technology & Innovation


Applicant's
Signature

CONDITIONS

- 1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit**
- 2. Government Officers will not be interviewed without prior appointment.**
- 3. No questionnaire will be used unless it has been approved.**
- 4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.**
- 5. You are required to submit at least two(2) hard copies and one(1) soft copy of your final report.**
- 6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice.**



REPUBLIC OF KENYA



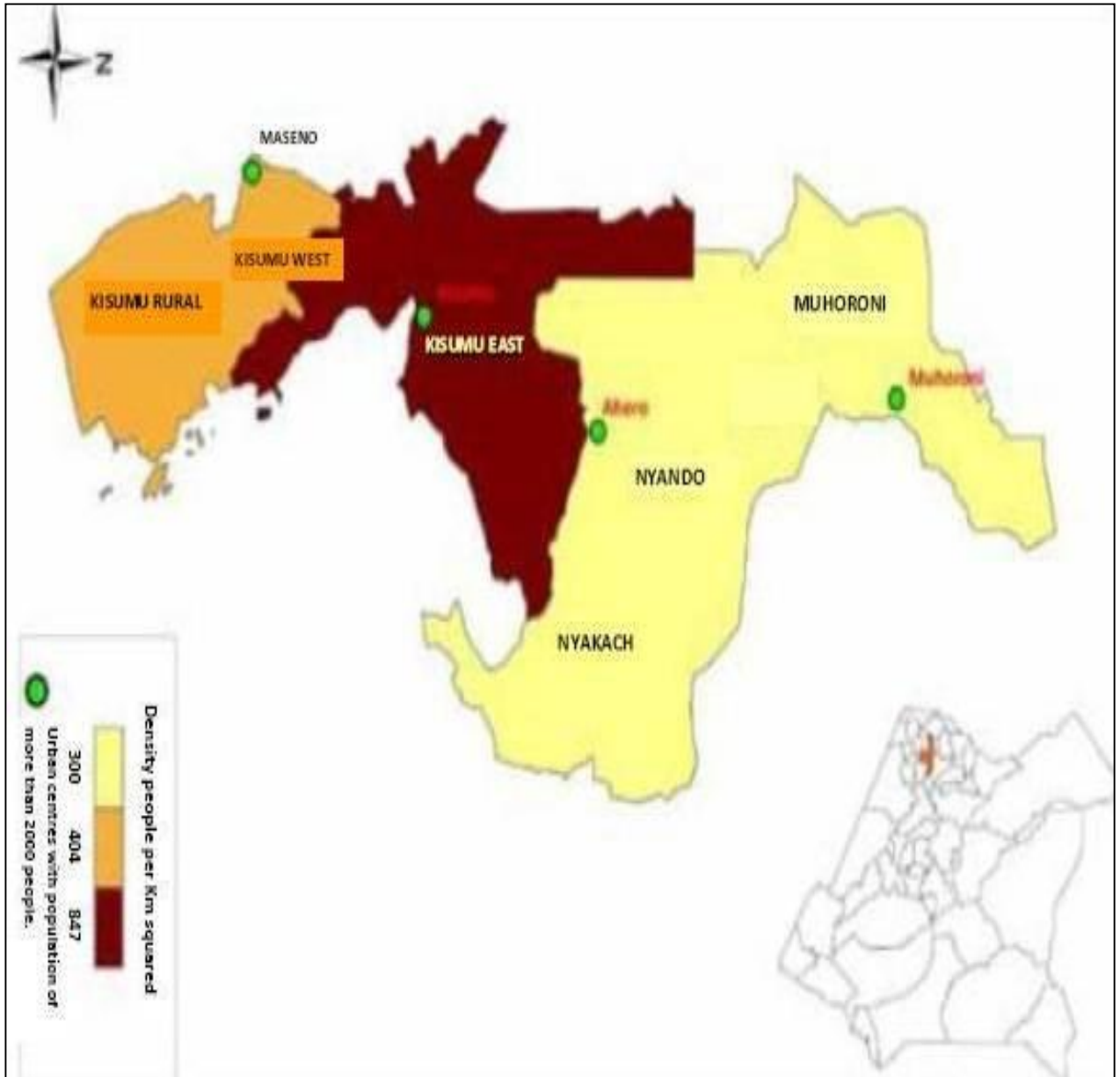
National Commission for Science,
Technology and Innovation

RESEARCH CLEARANCE
PERMIT

Serial No. A 6626

CONDITIONS: see back page

APPENDIX 3: Map of Kisumu County



Source: IEBC (Survey, 2010)