

**St. Mary's University College
Faculty of Business
Department of Management**

**Human Resource Management Audit in
Macro General Contractor and Trading
PLC**

**By
Meron Bisrat**

**March 2012
SMUC
Addis Ababa**

**HUMAN RESOURCE MANAGEMENT AUDIT IN
MACRO GENERAL CONTRACTOR AND TRADING
IN ST. MARY'S UNIVERSITY COLLEGE**

**BY
MERON BISRAT**

**A SENIOR ESSAY SUBMITTED TO THE
DEPARTMENT OF MANAGEMENT
BUSINESS FACULTY
ST. MARY'S UNIVERSITY COLLEGE**

**IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF BACHELOR
OF ARTS IN MANAGEMENT**

**MARCH, 2012
SMUC
ADDIS ABABA**

ST. MARY'S UNIVERSITY COLLEGE

**HUMAN RESOURCE MANAGEMENT AUDIT IN
MACRO GENERAL CONTRACTOR AND TRADING**

**BY
MERON BISRAT**

**FACULTY OF BUSINESS
DEPARTMENT OF MANAGEMENT**

APPROVED BY THE COMMITTEE OF EXAMINERS

Chairperson

Signature

Advisor

Signature

Examiner

Signature

Examiner

Signature

ACKNOWLEDGEMENT

First and for most, I would like to give my glory to Almighty God.

Next I would like to express my heartfelt gratitude and appreciation to my advisor Ato Wondafrash Mulatu for his valuable and crucial comments though tout the process of this paper.

I am also very much thankful to all my friends for their helpful intellectual suggestion, idea and advice that played a great role for the successful completion of this research paper.

At the last but no the least, I highly appreciate employees of Macro General Contractor and Trading PLC for their cooperation.

Table of Contents

Contents	Page
Acknowledgement	i
Table of content	ii
List of tables	iv
1. Introduction	1
1.1 Background of the Study	1
1.2 Statement of the Problem.	2
1.3 Basic Research Question	3
1.4 Objectives of the Study	3
1.4.1 General Objectives of the Study	3
1.4.2 Specific Objectives of the Study	3
1.5 Significance of the Study	3
1.6 Delimitation of the Study	4
1.7 Definition of Terms	4
1.8 Research Design and Methodology	4
1.8.1 Research Design	4
1.8.2 Population and Sampling Techniques	5
1.8.3 Types of Data to be Collected	5
1.8.4 Method of Data Collection	5
1.8.5 Method of Data Analysis.	6
1.9 Organization of the Study	6
Chapter two	
2. Literature Review	
2.1 Basic Management Functions.	7
2.2 Management Audit.	7
2.2.1 Scope of management audit	8
2.2.2 Benefits of management audit	8
2.3 Human Resource Planning and Auditing.	9
2.3.1 Human Resource Planning.	9
2.3.2. Human Resource Audits	10
2.3.2.1 Scope of HR Audit.	10
2.3.2.2 Benefits of HR Audit.	11
2.3.2.3 Approaches to HR Audit.	11
2.3.2.4 Methods of HR audit.	11
2.3.2.5 Outcomes of HR audit	12
2.4 Human Resource Behavior	13
2.4.1 Maslow's Hierarchy of Needs.	13
2.4.2 Criticisms and Strengths of Maslow's Need hierarchy.	15
Chapter Three	17
3.1 General Characteristics of the Respondents.	17
3.2 Existing gaps in the Human Resource Management Audit.	20
Chapter Four	
4.1 Summary.	29
4.2 Conclusion.	32
4.3 Recommendation.	33
Bibliography	
Appendix	

List of Tables

	Page
Table 1: Background of the Respondents	18
Table 2: Type of Human Resource Management Audit Required	20
Table 3: Concern of Supervisor	22
Table 4 : Motivation in the Macro General Contractor and Trading PLC	25
Table 5: Reaction of Respondents Concerning the Human Resource Departments	Management 27

CHAPTER ONE

INTRODUCTION

1.1: Background of the Study

Human resource management audit oversees the internal and external audit of staff, establishes audit programs, and hires and trains appropriate audit personnel. The staff should have necessary skills and expertise to identify inherent risks of the business and assess the overall effectiveness of controls in place relating to the company's internal controls. (Arter 2003:88)

The human resource management audit is a more recent concept. It focuses on result, evaluating the effectiveness and suitability of controls by challenging underlying rules, procedures and methods. Human resource management audit which, are generally performed internally, are compliance audits plus cause-effect analysis. When performed correctly, it is potentially the most useful of the evaluation methods as it results in a profound change (Arter, 2003:88).

In the past days, organizations have not given more consideration to human resource management. As special field to improve productivity of organizations, human resource management nowadays has got more attention that contribute to improve productivity by finding better and more efficient ways to meet their objectives for better quality of life. the strategic approach to human resource management involves the integration of personnel and other human resource management consideration into firms overall corporate planning and strategy formulation procedures. It is seeking constantly to discover new ways of utilizing the labor in a more productive manner. Thus, it gives the impact of competitive advantage of the business.(Ibid)

The more modern and facilitating the infrastructures in a country, the faster and dependable growth will there be. The government is giving the necessary information and assistance for those who have interest to invest in the country. Among those investors Macro General Contractor and Trading PLC is known for its participation on investment on flower and horticultural, construction of dams, roads, real estates, and stone crunching, etc on major importance way on communication in the nations road. Without road, there will be a difficulty in transportation and physical communication. The farmer has to sell his items of agricultural products to the society living in town. In return, he has to get some necessity items from the city. So as to transport those goods, there will be a need for having road. The contribution of Macro General Contractor and Trading PLC in this regard is really appreciable. It has constructs a lot of roads all over the country contributing a lot for inter linking cities.

According to its past experience, it has constructed various buildings, bridges, roads etc. Some of its clients are Ethiopian Roads Authority, GTZ, and World Vision etc. It became grade one contractor and capital grew up to birr 25 million and building its new head office in 2500 Sqm at Lebu Industry Zone.

1.2. Statement of the Problem

Macro general Contractor and Trading PLC, although having many strong sides, manifests some problems as is usually true for natural coexistence of positive and negative signs. From the documents that I see from Human Resource Department and from my site visit. The company's human resource management is poorly organized. As a result it has rarely made internal human resource audit to clearly identify the problems and opportunities of its employees. It also did not make a formal survey of workers' motivations and aspirations. Grossly speaking, the company seems to have believed that mere technological competence and engineering competence leads to success. But this only do not lead to the success of an organization. The Human asset should also be considered. In this regard it seems that there is a gap between the Human Resource management theory and the company practice. The student researcher has a doubt on some of the Human Resources management practices of the organization. To mention some:

- Management practice on clarifying priorities and goal of the organization
- Companies practice on recruitment and promotion
- Companies practice on planning human resources
- Companies strategies in motivating it's employees

In the current competitive market, however, a company can transform itself mainly through increasing its workers productivity which actually is possible via continuous human resource auditing, training, motivation and performance appraisal. This research tries to look into the problems faced by the human resource department of the company and will at the end come up with workable suggestions and solutions.

1.3. Research Questions

In pursuit of addressing the human resource auditing problems of the company, this research wants to answered the following questions:

- What gaps do exist in terms of human resource auditing and utilization?
- What does the existing human resource auditing procedure of the company look like?
- How motivated are the employees to inherently contribute towards the company's vision?

By answering such and similar questions, the research will achieve its objectives. What are the exact objectives of the research are treated in the following topic.

1.4. Objectives of the Study

1.4.1 General Objective

The general objective of this study is to assess the Human Resource Audit management practices of Macro General Contractor and Trading PLC

1.4.2 Specific objective

More specifically, the study strived:

- ✓ To point out the gaps in terms of human resource auditing and utilization
- ✓ To describe the existing Human Resource procedure of the company.
- ✓ To assess how motivated the employees are to contribute to the company vision.

1.5 Significance of the study

This study helped to accomplish a lot to the researcher in particular and other interested bodies in general; but for the sake of simplicity it is believed to have the following four major significances:

One of the significance is the findings of the study initiated other interested researchers to undertake a better and detailed study in the area. Second, it can be used as spring board for other HRM audit on what to do and how to do it to satisfy their employees. Third, the outcome of this study identified and highlight best practices of human resource management and suggests measure to be taken in the sector. And final, moreover, this paper helped the researcher to obtain their BA degree and have experience for future career development.

1.6 Delimitation of the study

The researcher intends to search for problems of human resource audit related topics in Macro General Contractor and Trading PLC. When doing so, the researcher is restricted in the company main organ which is found in the head office for obtaining the necessary information that helped to make the research specific and meaningful. The researcher chose this topic restricted to the head office to be as specific as possible for the reasons of resource limitations such as finance, human and time implication. It is expected that the time period for implementing this project proposal is during March to May.

1.7 Definition of terms

Empirical: Based on or characterized by observation and experiment instead of theory.

Human Resource: the field of business concerned with recruiting and managing employees.

Audit: Making detail account of assessment of something for future information utilization on specific organizational aspects.

1.8. Methodology and Design of the Research

1.8.1 Research Design

Descriptive research method was used to address the research question and objective. The method was selected due to the fact that it has an advantage to explain, describe and validate events of findings about human resource management audit at Macro Construction and Trading. PLC. Additionally, the method helps to engage quantitative and qualitative statistical to organize information on meaningful ways. To do so, a pretested semi-structured questionnaire prepared a head of time and presented to randomly selected respondents both from the common employees and different levels of management hierarchy. Top level management officials may also be approached through interview. Maximum care taken to keep the business secrecy and organizational welfare of the company, however.

1.8.2. Population and Sampling Techniques

The main target population of the study is the common employees of the company working in the head quarter located in Addis Ababa. Twenty five percent of the total 80 workers in the head quarter randomly selected after stratified lists based on sex to capture the gender sensitivity issue of the study. Some number of regular customers and few top management officials may also be selected for cross checking of the information accuracy. In so doing, the research had a total sample size of 20 employees for the questionnaire and not less than 10 customers from around 30 customers and top management officials as focus group discussants to refine the data findings.

1.8.3. Types of Data to be collected

The study start its data collection process from reviewing of the official documents and reports of the company. The researcher also consult other secondary data sources from books and the internet for theoretical frameworks and guideline questionnaires. Similar study reports simultaneously consulted and experience gathered from other researchers who have conducted similar study. Then primary data collected from selected sample groups and key informants.

1.8.4. Method of Data Collection

As mention in the above section, the research employ both primary and secondary data. The primary data collected using semi-structured questionnaire, interview guidelines and checklist for the focus group discussion. Whereas, secondary data incorporated from internally generated reports of the company, the organization's profile, brochures and externally sources such as books, internet sources and other available materials in the library.

1.8.5. Method of Data Analysis

The data collected through questionnaire, interview and secondary source consultation systematically arranged, coded and processed for analysis. Then, cleaning, editing and cross check validity of the data made before entering appropriated statistical data analysis software. After data entry, the data analyzed using simple descriptive statistical tools and tabular data presentation techniques interpreter the result.

1.9. Organization of the Study and Reporting

After the data collection, analysis and interpretation, the final findings synthesized and reported at the end both to the company and the management department of St. University College. The final report of the study organized into four chapters as follows:

Chapter one contained the introduction part of the research background of study, statement of the problem, objectives of the study and significant of the study. The methodologies employed and the procedures followed in data collection and analysis also be incorporated in this chapter.

Chapter two devoted to the literature review concerning related materials and theories referring from different secondary sources such as books and the internet.

In chapter three, the report presented about result and discussion by presenting, interpreting and analyzing the findings of the research.

Chapter four devoted to the summary, conclusion and recommendations before the list of references and appendices to be attached at the end of the report.

CHAPTER TWO

LITERATURE REVIEW

2.1. Basic Management Functions

Management in all business and organizational activities is the act of getting people together to accomplish desired goals and objectives efficiently and effectively. Management comprises planning, organizing, staffing, leading or directing, and controlling an organization (a group of one or more people or entities) or effort for the purpose of accomplishing a goal. Resourcing encompasses the deployment and manipulation of human resources, financial resources, technological resources, and natural resources (Ivancevich, et al, 2007).

Management operates through various functions, often classified as planning, organizing, staffing, leading/directing, and controlling/monitoring. i.e. (ibid):

- **Planning:** Deciding what needs to happen in the future (today, next week, next month, next year, over the next 5 years, etc.) and generating plans for action.
- **Organizing:** (Implementation) making optimum use of the resources required to enable the successful carrying out of plans.
- **Staffing:** Job analyzing, recruitment, and hiring individuals for appropriate jobs.
- **Leading/Directing:** Determining what needs to be done in a situation and getting people to do it.
- **Controlling/Monitoring:** Checking progress against plans.
- **Motivation:** Motivation is also a kind of basic function of management, because without motivation, employees cannot work effectively. If motivation doesn't take place in an organization, then employees may not contribute to the other functions (which are usually set by top level management). (Ivancevich, et al, 2007)

2.2 Management Audit

Systematic assessment of methods and policies of a firm's management in the administration and the use of resources, tactical and strategic planning, and employee and organizational improvement is referred to as management audit. Its objectives are to:-

- ♣ Establish the current level of effectiveness

- ♣ Suggest improvements, and
- ♣ Lay down standards for future performance.

Also HRM audit is a measurement and report of the effectiveness and results of certain business procedures. HRM audits are usually performed internally, and check to see that procedures have their intended effect. Unlike a compliance audit, which simply ensures that procedures are being followed, HRM audits challenge the assumptions and goals of procedures, with an eye toward improving efficiency. A HRM audit may recommend changes in procedures resulting from observed inefficiencies in existing procedures. (Barbara and Corcoran, 1986).

2.2.1 Scope of HRM audit

An audit typically assesses a broad range of HRM functions, such as the following: decision-making and evaluation processes, policy-making, resource allocation, communication procedures, and goal setting and verification. The audit can also examine the districts' work environment, improvement process, and relationship with the community. (Ibid)

A successful internally HRM audit, according to Barbara Hansen and Thomas Corcoran (1986), includes the following steps: board orientation to the audit process; audit team selection; plan development; interviews and surveys; data analysis; preparation of audit report; and revision and presentation to board (Barbara and Corcoran, 1986:37).

2.2.2 Benefits of management audit

A well-administered auditing system can provide evaluations that reflect how a company is managing its human and financial resources. An audit that possesses valid and measurable objectives keeps a company true to its purpose. Using data obtained from the audit to measure the company's success in meeting its fundamental education objectives allows the company to adjust its efforts in order to achieve its broader goals. "A well-managed company," English (1979) claims, "is capable of changing its direction when necessary." Other benefits of HRM audits, Hansen and Corcoran explain include the following (Hansen and Corcoran, 1979).

- ♣ A clearer picture of which activities affect student achievement
- ♣ Up-to-date data on which to base improvement plans
- ♣ A framework from which to conduct ongoing district evaluation
- ♣ A method of organizing and disseminating information about the district (Ibid)

Employee satisfaction, board confidence, accountability, and a common sense of purpose between organizational levels can be results of a well-managed company auditing procedure, Genck reports. Open communication of evaluations, improvement plans, and their results can lead to better community relations. (Ibid)

An audit may be of use to you if you have considered any of the following issues:

- Are your internal security administration costs too high?
- Are you able to keep track of which users are accessing which systems within your organization?
- Is compliance with regulations driving you to make changes?
- Do you need to enforce central, policy based administration of users whilst also implementing effective access control for new services? (Hawen and Corcoran, 1979:88)

2.3. Human Resource Planning and Auditing

2.3.1. Human Resource Planning

In an era of striving for excellence, human resource becomes a crucial source of competitive (Ulrich, 1987). For example, Petter (1995) reported that the five best performing firms from 1972 to 1992 in the USA relied not on the technology, patents or strategic position but on the management of their workforce for sustained advantage. In a global economy with fierce competition, the role of human resource management (HRM) becomes increasingly critical. (Crans, 1993:43)

Among various functions, Human Resource Planning (HRP), recruitment selection and placement are the areas that greatly enhance the effectiveness of HRM. Human resource planning is a formal process of linking business strategy with human resource practices (Smith

et.al, 1993). It directs such practices as recruitment, selection, placement, induction etc. Crans (1993) wrote that human resource planning is the primary task of a human resource department and ranked as the most important factor affecting the competitiveness of business enterprises. In the future career competition, companies will depend more on competent, innovative and motivated employees for quality, service and technology (Crans, 1993:48)

2.3.2. Human Resource Audits

Human resource audit means 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. HR audit is very much useful to achieve the organizational goal and also is a vital tool which helps to assess the effectiveness of HR functions of an organization (Herzberg, F.,1966:56)

2.3.2.1 Scope of HR Audit

Generally, no one can measure the attitude of human being and also their problems are not confined to the HR department alone. So, it is very much broad in nature. It covers the following source of HR areas(Herzberg, F., 1966:63)

- Audit of all the HR function.
- Audit of managerial compliance of personnel policies, procedures and legal provisions.
- Audit of corporate strategy regarding HR planning, staffing, remuneration and other HR activities.
- Audit of the HR climate on employee motivation, morale and job satisfaction. (ibid)

2.3.2.2 Benefits of HR Audit

It provides the various benefits to the organization. These are:

- It helps to find out the proper contribution of the HR department towards the organization.
- Development of the professional image of the HR department of the organization.
- Reduce the HR cost.
- Motivation of the HR personnel.
- Find out the problems and solve them smoothly.
- Provides timely legal requirement.
- Sound Performance Appraisal Systems.
- Systematic job analysis.
- Smooth adoption of the changing mindset. (Herzberg, F., 1966:73)

2.3.2.3 Approaches to HR Audit

There are five approaches for the purpose of evaluation of HR in any organization:

- Comparative approach
- Outside authority
- Statistical
- Compliance approach and
- Management By Objectives(MBO) (Crans, 1993:19)

2.3.2.4 Methods of HR audit

Some writer advised to use one of the methods used by many organizations (Crans, 1993).

- Develop standards from the statistics generated by the HR Audit. Use these to evaluate your HR activities to detect mistakes and weaknesses.
- Make use of the elements of your HR information system to find out whether your HR activities comply with the law and organizational policies.
- Use the 'management by objectives (MBO)' approach. Compare the objectives with actual results. This detects poor performance, enabling you to take timely remedial action.
- Using an outside party to conduct the audit depending on the situation (Crans, 1993:23)

Choose which approach fits the situation in your organization.

Ask the right questions to identify the types of records that you can refer to when conducting the Human Resources Audit. (Ibid)

You may end up with records such as recruitment cost data, job descriptions, employment interview records, accident records, appraisal interview records, and grievance records. Find out whether there are other relevant documents. (Ibid)

2.3.2.5. Outcomes of HR audit

The following are some of the outcomes that may be expected from Human Resource Auditing:

- Cost-effectiveness of the recruitment and selection process
- Competency level of employees in the performance of their job
- Effectiveness of training and development programs
- Employee commitment to assigned tasks
- Ability to achieve defined performance targets
- Rewards and incentive system that can motivate employees to perform better
- Strategies to retain good employees (Maslow 1970)

2.4. Human Resource Behavior

As a leader, you need to interact with your followers, peers, seniors, and others; whose support you need in order to accomplish your goals. To gain their support, you must be able to understand and motivate them. To understand and motivate people, you must know human nature. Human nature is the common qualities of all human beings. People behave according to certain principles of human nature. (Maslow 1970)

Human needs are an important part of human nature. Values, beliefs, and customs differ from country to country and even within group to group, but in general, all people have a few basic needs. As a leader you must understand these needs because they can be powerful motivators (Maslow 1970).

2.4.1. Maslow's Hierarchy of Needs

Unlike others researchers in the earlier days of psychology, Abraham Maslow's based his theory of *human needs* on creative people who used all their talents, potential, and capabilities (Bootzin, Loftus, Zajonc, Hall, 1983). His methodology differed from most other psychological researchers at the time in that these researchers mainly observed mentally unhealthy people.

Maslow (1970) felt that *human needs* were arranged in a hierarchical order that could be divided into two major groups: basic needs and metaneeds (higher order needs):

- **Basic Needs** are physiological, such as food, water, and sleep; and psychological, such as affection, security, and self-esteem. These basic needs are also called “deficiency needs” because if they are not met by an individual, then that person will strive to make up the deficiency. (Maslow 1970).
- **Metaneeds** or *being needs* (growth needs). These include justice, goodness, beauty, order, unity, etc. Basic needs normally take priority over these meta needs. For example, a person who lacks food or water will not normally attend to justice or beauty needs.

These needs are normally listed in a hierarchical order in the form of a pyramid to show that the basic needs (bottom ones) must be met before the higher order needs: (Maslow 1970)



Maslow's Hierarchy of Needs – early years

- **5. *Self-actualization*** — know exactly who you are, where you are going, and what you want to accomplish. A state of well-being.
- **4. *Esteem*** — feeling of moving up in world, recognition, few doubts about self.
- **3. *Belongingness and love*** — belong to a group, close friends to confide with.
- **2. *Safety*** — feel free from immediate danger.
- **1. *Physiological*** — food, water, shelter, sex.

Maslow posited that people want and are forever striving to meet various goals. Because the lower level needs are more immediate and urgent, then they come into play as the source and direction of a person's goal if they are not satisfied. (Maslow 1970)

A need higher in the hierarchy will become a motive of behavior as long as the needs below it have been satisfied. Unsatisfied lower needs will dominate unsatisfied higher needs and must be satisfied before the person can climb up the hierarchy. (ibid)

Knowing where a person is located on the pyramid will aid you in determining effective motivators. For example, motivating a middle-class person (who is in range 4 of the hierarchy) with a certificate will have a far greater impact than using the same motivator to effect a minimum wage person from the ghetto who is desperately struggling to meet the first couple of needs. (ibid)

It should be noted that almost no one stays in one particular hierarchy for an extended period. We constantly strive to move up, while at the same time various forces outside our control try to push us down. Those on top get pushed down for short time periods, i.e., death of a loved-one or an idea that does not work, while those on the bottom get pushed up, i.e., come across a small prize. Our goal as leaders therefore is to help people obtain the skills and knowledge that will push them up the hierarchy on a more permanent basis. People who have their basic needs met become much better workers as they are able to concentrate on fulfilling the visions put forth to them, rather than consistently struggling to make ends meet (ibid).

2.4.2. Criticisms and Strengths of Maslow's Need hierarchy

Note however, that the above statements may be considered generalizations. Maslow's theory has often been criticized because we can find exceptions to it, such as the military, police, firefighters, etc. who will risk their safety for the well-being of others or parents who will sacrifice their basic needs for their children. However, there are very few theories that are not flawed in that once we start drilling down to individualistic levels, then the theory or generalization often starts to fall apart. For example, even Newton's theory of physics, which later became laws, fell apart once we were able to drill down to the atomic level (ibid).

Maslow's theory remains a classic because rather than looking at psychology as strictly the study of the mentally ill, his theory was based upon healthy persons. And being one of the first humanistic ones, it has its share of flaws. (Ibid)

Characteristics of self-actualizing people:

- Have better perceptions of reality and are comfortable with it.
- Accept themselves and their own natures.
- Lack of artificiality.
- They focus on problems outside themselves and are concerned with basic issues and eternal questions.

- They like privacy and tend to be detached.
- Rely on their own development and continued growth.
- Appreciate the basic pleasures of life (e.g. do not take blessings for granted).
- Have a deep feeling of kinship with others.
- Are deeply democratic and are not really aware of differences.
- Have strong ethical and moral standards.
- Are original, inventive, less constricted and fresher than others (Alderfer, 1969).

Going Beyond Maslow

While the research of Maslow's theory has undergone limited empirical scrutiny, it still remains quite popular due to its simplicity and being the start of the movement away from a totally behaviorist/reductionist/mechanistic approach to a more humanistic one. In addition, a lot of concerns are directed at his methodology in that he picked a small number of people that he declared self-actualizing and came to the conclusion about self-actualization. However, he understood this and thought of his work as simply a method of pointing the way, rather than being the final say. In addition, he hoped that others would take up the cause and complete what he had begun. (Alderfer, 1969)

Which brings us to the next models. Other researchers have taken up his cause and furthered refined them, mostly in the area of organizations and work. Herzberg, Alderfer, and McGregor's research are all closely tied to Maslow's theory.(Ibid)

Chapter Three

Data Presentation, Analysis and Interpretation

This section of the study is used for presenting the data gathered using the questionnaire, the interview of the selected management (refer to appendix) and also the observation made on the process of the human resource management audit. It is also used to analyze and interpret also used to analyze and interpret the different data gathered and presented.

The data presentation, analysis and interpretation are done by grouping the data categories: -

- General Characteristics of the respondents
- Existing gaps in the Human Resource Management Audit
- Existing Human Resource Auditing Procedure of the Company

3.1 General Characteristics of the Respondents

The study is conducted on Macro General Contractor and Trading PLC. The study encompasses a sample of 20 employees for filling the questionnaire (25% of the total population) as well as 4 management personnel for the interview of the samples identified; All of the questionnaires were responded and returned fully.

Therefore, the data presentation and analysis was undertaken considering the 20 questionnaires properly filled and the interviews answered.

As stated in the methodology, simple random sampling technique was employed to select 20 respondents. The age composition, gender, level of education and service year of the sample respondents is summarized in the following table.

Table 1: - Background of the Respondents

No.	Item	Measurement	Employees	
			Frequency	%
1	Sex	Male	4	20
		Female	16	80
	Total		20	100
2	Age	Below 25 years	9	45
		26-35 years	10	50
		36-45 years	1	5
	Above 45 years	-	-	
Total		20	100	
3	Marital Status	Single	6	30
		Married	14	70
		Divorced	-	-
	Windowed	-	-	
Total		20	100	
4	Academic Qualification	12 Completed	-	-
		Certificate	2	10
		Diploma	13	65
	Degree	5	25	
Total		20	100	
5	Service Years	Less than 5 years	14	70
		5 years	3	15
		6 years	2	10
	Above 6 years	1	5	
Total		20	100	

Source: compiled from questioner

According to table 1 item 1 it shows that 20% of the respondents are male while 80% of them are female. When viewed from the gender perspective, majority of the respondents are female. The male counter part consists only 20% of the respondents. This shows that 80% majority of the

respondents are female. From this we understand that in the organization female employees dominated.

From table 1 item 2 and 3 indicated that 50% of the respondents age between 26-35 years where as 45% age below 25. the age range was found to have been between 19 and 55 years of age. It was also discovered that 70% of the respondents are married which implies relative stability of the staff turnover.

Table 1 item 4 it shows that as far as the employees' level of education is concerned, majority of them were found to be diploma holders. In fact, the diploma holders consist of 13(65%) of the respondents. The degree level graduates are 3(25%) as opposed to the certificate holders. Moreover the company has focused the employee get training for their related job.

Table 1 item 5 it shows that 70% of the respondent below 5 years and 3(15%) of the respondents are 5 service years. Majority of the employees 15(70%) were found to be less than five years of service in the company. Those who served above six years are only 1(5%) of the total respondents. This shows that the company has to give more emphasis on making employees a means to make them stay at the organization.

3.2. Existing gaps in the Human Resource Management Audit

Table 2: -Type of Human Resource Management Audit Required

No.	Item	Measurement	Employees	
			Frequency	%
1	What Kind of auditing roles do you prefer the human resource department to exhibit?			
		Systematic	4	20
		Comprehensive	4	20
		Departmental	12	60
	Total		20	100
2	Does human resource audit play a critical role in the company?	Yes	3	15
		No	4	20
		Have no idea	13	65
		Total	20	100
3	How does the management clarify the priorities and goals of the organization?	Very good	-	-
		Good	1	5
		Well	2	10
		Weak	13	65
		Very weak	4	20
		Total	20	100
4	How do you rate the system of recognition, rewards and punishments in the organization?	Excellent	-	-
		Very good	-	-
		Good	7	35
		Weak	10	50
		Very weak	3	15
		Total	20	100
5	How do you think that employees are free to make decisions regarding their profession?	Very high	1	5
		High	3	15
		Medium	9	45
		Low	5	25
		Very low	2	10
		Total	20	100

Source: compiled from questioner

Table 2 item 1 shows that 12(60%) of the respondents of employees answered departmental. Other respondents are 4(20%) each chose systematic and comprehensive equally. This shows that most of the respondents prefer departmental kind of auditing roles. The rest of few respondents that means 40% the respondents share two kind of auditing roles equally. So, the existing auditing roles are being preferred by majority of the employees.

In the case of the second item which is whether the existing human resource audit play or critical role in the company or not. 65% of the respondents agree that human resource audit is a vital issue and play a paramount role in the company to strengthen the human resource management whereas, 20% of the respondents respond as if the human resource audit has no rate the rest of 15% of the employees have no idea or they don't know. This means human resource audit is considered to be the corner stone of Human Resource Management.

The 3rd item asks how the manager of the organization clarifies the goals of the company by prioritizing them. 65% of the respondents responded that the manager clarifies the goals of the organization insignificantly or he is passive to clarify the priorities and goals. Also 20% of the respondents highly agreed with the majority of the respondents the rest of 10% and 5% respectively responded well and good. This data signifies that the manager of the company is poor communicating in the company' goals and objectives.

In the case of the system of the organization with regard to recognition, rewards and punishment, The respondents rated as follows 50% of the respondents rate that the system is weak, the other 15% of the respondents highly agreed with the above respondents the rest 35% of the respondents testify that the system is good. When we compare the respond of the employees most of them justified that the system is weak.

The final item is table 2 requires answering whether the organization allows the employees to participate in decision making 45% of the respondents testified that the employees somehow are allowed to participate indecision making but, not significantly 5% and 15% of the respondents agreed very highly and highly respectively that the organization has open room for the participation of employees in decision making. The rest 35% of the respondents disagreed that the organization poorly recognized employees to be involved in decision making. We can see from the data the organization is required some efforts to allow employees to take part in the decision making system.

No	Item	Measurement					Total
		Very high	High	Medium	Low	V/ Low	
1	How do you rate the human resource auditing of the company to achieve its goals?						
	Frequency	2	1	8	6	3	20
	%	10	5	40	30	15	100
2	Are you satisfied with the companies recruitment and promotion practice?						
	Frequency	-	2	4	12	2	20
	%	-	10	20	60	10	100
3	Did your human resource department treat you fairly?						
	Frequency	-	-	4	13	3	20
	%	-	-	20	65	15	100
4	Are you happy by the practice of human resource department acknowledging mistakes and asking apologies?						
	Frequency	1	1	7	7	4	20
	%	5	5	35	35	20	100
5	Does the department promises any what it can deliver?						
	Frequency	1	3	9	4	3	20
	%	5	15	45	20	15	100
6	Does the department practice confidentiality?						
	Frequency	4	5	6	3	2	20
	%	20	25	30	15	10	100
7	IS the department honest						
	Frequency	2	6	8	4	-	
	%	10	30	40	20	-	20
8	Do you feel that the department proactively action openness, honesty and trustful relationship?						
	Frequency	4	6	3	4	3	20
	%	20	30	15	20	15	100
9	Does the department recognized respect the contribution of individuals & other departments?						
	Frequency	-	-	7	6	7	20
	%	-	-	35	30	35	100
10	Do you think that the department is committed and loyal to employees?						
	Frequency	-	1	4	9	6	20
	%	-	5	20	45	30	100

Source: compiled from questioner

In table three item one raised concerning regular human resource auditing. Here aggregately 55% of the respondents agree the existence of human resource auditing regularly, of these 55% - 40%, 5%, 10% of them rated medium, high and very high respectively the rest 45% of the respondents are disagree the existence of regular human resource auditing significantly.

In the case of the second item significant number of the respondents 70% of which 60% low and 10% very low are justified that the promotion and recruitment policies of the company are not promising or sound 20% of the respondents agree but they rated medium. The rest of respondents 10% testified that the policies are sound by grading very good. To some up the data, majority of the respondents don't agree the existence of sound or promoting promotion and recruitment policies. This signifies that the department of human resource should reconsider its policies.

The 3^d item concerns treatment of employees. In this case, in spite of the existence of treatment 50% of the respondents advocate the insignificance of fair treatment of employees in the organization. Because 65% of the respondents rated that there is low treatment and 15% of the respondents rated very low. Whereas 20% of the employees rate that there is medium fair treatment. According to the above data the organization should recombine its human treatment mechanism so as to retain its human resource.

In the case of the 4th item 55% of the respondents rated that the organization acknowledges its mistakes and ask apologies in appropriately. The other 45% of the respondents rated excellent, very good and good, agree of the company's acknowledgment of its mistakes and request for apology and advice. The above data signifies that the organization should evaluate itself in order to tackle its mistakes.

The 5th item is about the commitment of the organization to deliver its promises; In this regard 65% of the respondents rated the commitment of the organization medium, high and very high. This shows that the organization is committed to respond for what it promised. But, the other 35% of the respondents testify that the organization poorly delivers units promote or has no commitment.

The 6th item concerns about confidentiality of the company. Here 75% of the respondents testified that the organization keeps exempted confidential information of the company of these 75% of the respondents 30%, 25%, 20% of them responded medium, high and very high respectively. What so ever it is all are agree the organization doesn't disclose the exempted materials (respects Confidentiality) the rest 25% of the respondents are not optimistic that the organization keeps confidential information as required. The data signifies there is no significant problem on confidentiality of the information.

In the case of honesty of the organization 80% of the respondents testified that the company acts with honesty few rated from medium to very high with amount of 40% , 30% 10% respectively. It's the above item here also most of the responders agree that their company is honest, few respondents (20%) responded low and very low.

In 8th item the respondents rated whether the organization works proactively, honestly and for mutual benefits. In this regard most of the respondents recognize this there is a sense of trust, honest and mutual benefit use the organization and it acts proactively. 65% of them rated medium, high and very high with the respective percentile of 15%, 30% and 20%. The rest of 35% don't agree with that. They protest by rating low and very low with the respective amount of 20% and 15%.

In item 9th most the respondents responded that the organization insignificantly recognizes, respects, and values individuals Contributions and functions 65% of the respondents pated low and very low with the respective percentile of 30% and 35% but, the rest 35% of the respondents rated medium. This data testified that the company has remark in recognition of individual's effort and job.

In the final item raised about personal commitment and loyalty of managers to the employees. Here also majority of the employee have no trust on personal relationship with managers of the organization 75% the respondents testified that there is low level of demonstration of personal commitment and loyalty of managers towards employees. Only 25% of the respondents recognized that by rating medium and high with the respective percentile of 20% and 5% here also the data shows remark on manager regarding commitment and loyalty to employees.

Table 4: - Motivation in the Macro General Contractor and Trading PLC

No.	Item	Measurement	Employees	
			Frequency	%
1	Is the department committed to develop employees?	Very high	-	-
		High	2	10
		Medium	7	35
		Low	9	45
		Very Low	2	10
	Total		20	100
2	Does the department promote people transparently?	Very high	-	-
		High	-	-
		Medium	2	10
		Low	14	70
		Very Low	4	20
	Total		20	100
3	Is the department manage employee well?	Very high	1	5
		High	1	5
		Medium	9	45
		Low	7	35
		Very low	2	10
	Total		20	100
4	Does the department open in planning of human resource	Excellent	-	-
		Very good	1	5
		Good	6	30
		Low	12	60
		Very low	1	5
	Total		20	100
5	Is the department sensitive emphatic for employees?	Very high	-	-
		High	1	5
		Medium	11	55
		Low	4	20
		Very low	4	20
	Total		20	100
6	Does the department Act according to the rules and regulations of the company?	Very high	-	-
		High	3	15
		Medium	7	35
		Low	7	35
		Very low	3	15
	Total		20	100

Source: compiled from questioner

In the case table 4 item 1 over motivation developing people through the circumference of assessment result show that 10% the population sample conform qualitatively high score, 35% sample population included in medium, 45% sample population will involved low and the rest

population sample compromise in very low caption, hence, the management audit in human resource management pertain to motivation developing people beyond 50% dissatisfied.

In the case of table 4 the second item through motivation promotion on time though hemisphere of the assessment result show that 10% of population sample qualitatively medium, 70% the population sample included low and the rest 20% very low. Thus, management audits pertaining provision, promotion on time over sample show virtually low.

In the 3rd item table 4 through motivation criteria, the fashion management of employees within content of the assessment will depict that 10% sample population quantitatively valued high category, 45% sample population included medium caption, the rest 45% compromised in low. Hence the management fashion medium, low relatively equal.

In the 4th item table 4 through motivation criteria strategic and operational planning of human resource over the conducted study assessment result show that 10% population sample valued qualitatively very good, 30% population sample is good, the rest 65% categorized qualitatively included in low. Therefore, the management audits pertaining human resource management strategic and operational planning human resource conducted result beyond 60% show poor.

In the case of the 5th item table 4 motivation sensitive and sympathetic feeling for employee through the conducted assessment, effect depict that 5% sample population qualitatively included high 55% sample population involved medium, the rest 40% sample population summarized low and very low. This management audit conducted address beyond 50% justify medium.

In 6th item motivation act as company's rule and regulation/strictly over the conducted assessment outcome show that 15% sample population qualitatively high strict, 35% sample populated justify medium 35% sample population low, 15% of sample population involved very low. Hence, management audit related act as company rule and regulation justify relatively equal.

Table 5: - Reaction of Respondents Concerning the Human Resource Management Departments

No.	Item	Measurement	Employees	
			Frequency	%
1	Does the department give training and advice?	Very high	-	-
		High	1	5
		Medium	8	40
		Low	10	50
		Very Low	1	5
	Total		20	100
2	Does the department facilitate loan service?	Very high	9	45
		High	7	35
		Medium	4	20
		Low	-	-
	Very Low	-	-	
Total		20	100	
3	Does the department distribute bones during profit?	Very high	1	5
		High	1	5
		Medium	9	45
		Low	8	40
	Very low	1	5	
Total		20	100	
4	Does the department provide transport service?	Excellent	16	80
		Very good	4	20
		Good	-	-
		Low	-	-
	Very low	-	-	
Total		20	100	

Source: compiled from questioner

In table 5 case 1 item reaction of respondents concerned in human resource management departments to training and advice conducted assessment result low 5% sample population qualitatively high, 40% sample population contented medium, the rest 55% summarized in low categories. Hence, management audit over provision training and advisory service relatively low. In the 2nd case item reaction of respondents concerned in human resource department pertaining to loan services through the conducted assessment effect show that 45% sample population qualitatively high, 35% sample population high, 40% sample population medium. Thus, management audit concerned loan provision beyond 75% obtain loan. The 3rd item asks does the company gives bonus during good profit 45% of the respondents agree that when the company gets good profit, the company gives bonus for his employees. Also 40%

of the respondents agreed with the majority of the respondents, the rest of 5% of the respondents responded that the company does not give bonus during good profit. This data signifies that most of the time the company gives bonus during good profit.

The fourth item asks does the company give transportation services to his employees or not, the majority of the respondents (80% of the respondents) responds that the company gives transportation services excellently. The rest of the respondents (20% of the respondents) respond that the company gives transportation services very good. This data shows that the company treats his employees to get transportation service.

CHAPTER FOUR

Summary, Conclusions and Recommendations

Summary of major findings

As mentioned in the research questions, the study was conducted to answer the following questions.

- What gaps do exist in terms of human resource auditing and utilization?
- What does the existing human resource auditing procedure of the company look like?
- How motivated are the employees to inherently contribute towards the company's vision?
- Majority 80% of the respondents were females.
- 95% of the majority of the respondents are age between below 25-35.
- Majoring of the respondents 70% are married.
- With regard to education majoring of the respondents 65% are diploma holders.
- When we see the service year majoring of the respondents 70% have less than 5 year experience.
- Regarding existing human resource audit majority 65% of the respondents agree that human resource audit is a vital issue and play a paramount role in the company.
- Majority 65% of the respondents responded that the manager clarifies the goals of the organization insignificantly or he is passive to clarify the priorities and goals.
- In the case of the system of the organization with regard to recognition, rewards and punishment, The respondents rated as follows 65% of the respondents rate that the system is weak.
- Regarding employees to participate in decision making 45% of the respondents testified that the employees somehow are allowed to participate indecision making.
- Concerning regular human resource auditing. Here aggregately 55% of the respondents agree the existence of human resource auditing regularly.
- significant number of the respondents 70% of low are justified that the promotion and recruitment policies of the company are not promising.
- Majority 55% of the respondents rated that the organization acknowledges its mistakes and ask apologies in appropriately.
- Regarding commitment of the organization to deliver its promises majority 65% of the respondents rated the commitment of the organization medium.

- Concerns confidentiality of the company majority 75% of the respondents testified that the organization keeps exempted confidential information of the company.
- In the case of honesty of the organization 80% majority of the respondents testified that the company acts with honesty few rated from medium.
- 65% of majority respondents rated whether the organization works proactively, honestly and for mutual benefits high.
- The respondents responded that the organization insignificantly recognizes, respects, and values individuals Contributions and functions 65% of the respondents pated low.
- Majority of the employee have no trust on personal relationship with managers of the organization 75% the respondents testified that there is low level of demonstration of personal commitment and loyalty of managers towards employees.
- In the case motivation developing people through the circumference of assessment result show that 55% the population sample conform qualitatively low.
- In the case of promotion significant number of the respondents 90% of low.
- In the 3rd item table 4 through motivation criteria, the fashion management of employees within content of the assessment will depict that 10% sample population quantitatively valued high category, 45% sample population included medium caption, the rest 45% compromised in low.
- motivation criteria strategic and operational planning of human resource over the conducted study assessment result show that 65% population sample valued qualitatively low.
- Motivation sensitive and sympathetic feeling for employee through the conducted assessment, effect depict that 55% medium.
- Motivation act as company's rule and regulation/strictly over the conducted assessment outcome show that 15% sample population qualitatively high strict, 35% sample populated justify medium 35% sample population low, 15% of sample population involved very low.
- Reaction of respondents concerned in human resource management departments to training and advice conducted assessment result majority 55% low.
- Thus management audit concerned loan provision beyond 75% obtain loan.
- Company gives bonus during good profit 45% of the respondents agree that when the company gets good profit, the company gives bonus for his employees. Also 40% of the respondents agreed with the majority o the respondents.

- Regarding to transportation services majority of the respondents 80% responds that the company gives transportation services excellently.

Conclusions

As per the study conducted the student researcher has reached to the following conclusions.

- Majority of the respondents preferred departmental Auditing role.
- Most of the respondents feel the management practices setting is weak.
- Half of The respondents rate the companies system of recognition reward and punishment weak.
- The employees have diverged opinion about freedom of making decision.
- Promotion and recruitment policy of the company rate low.
- The employees do not feel that they are treated fairly.
- The employees attitude towards the company's promise keeping is not satisfactory.
- Most of the employees do not believe that the company demonstrates personal commitment and loyalty.
- Majority of the employees don not believe the company give promotion on time.
- The employees perception about strategic and operational planning of human resource is low
- Majority of the employees believe the company has a good loan service.
- Most of the employees do not believe they get bonus derma good profit

Recommendations

From the result of the research the student researcher like to recommend the following points.

- The company management should put on effect to enhance the capacity of its priority setline.
- It is the company's responsibility to make clear the system of recognition rewards and punishment.
- The recruitment and promotion policy must be clear and tokens parent to the employees.
- There should be a mechanism to make every body in the company is treated fairly.
- The company should try to work hard to demonstrate locality commitment to its employees
- The company should commit itself to give promotion on time
- It is an ethical act to a company to give bonus when there is good profit.

Bibliography

- Alderfer, C. (1969). An Empirical Test of a New Theory of Human Needs. *Organizational Behavior and Human Performance*, vol. 4, pp. 142 - 175.
- Bootzin, R., Loftus, E., Zajonc, R., Hall, E. (1983). Psychology Today: An Introduction. New York: Random House. Fifth Edition.
- Herzberg, F. (1966). Work and the Nature of Man. Cleveland: World Publishing Co.
- Ivancevich, J., Konopaske, R., Matteson, M. (2007). Organizational Behavior and Management.: McGraw-Hill Irwin New York.
- Maslow, A. (1970). Motivation and personality (2nd ed.). New York: Harper & Row.
- Maslow, A. (1971). The Farther Reaches of Human Nature. : McGraw-Hill New York.
- McGregor, D. (1957). *Proceedings of the Fifth Anniversary Convocation of the School of Industrial Management, The Human Side of Enterprise*. Massachusetts Institute of Technology (April 9, 1957).
- Porter, L. & Lawler, E. (1968). Managerial Attitudes and Performance. *Homewood, Ill.: Dorsey Press*.
- Vroom, V. (1964). Work and Motivation. *New York: Jon Wiley & Sons*.

Appendix

St. Mary University College
Business Faculty
Department of Management

Dear Colleague, this questionnaire is prepared to assess the situation of Human Resource Management Audit at Macro General Contractor and Trading PLC. Please, answer the following questions as freely as possible. I assure you that your responses will be kept very confidentially. I am highly grateful to you in advance for your cooperation.

I) Background Information

1. Age

A. Below 25 B. 26- 35years C. 36-45years D. Above 45years

2. Sex

A. Male B. Female

3. Marital Status

A. Single B. Married C. Divorced D. Widowed

4. What is your academic qualification?

A. 12 Complete B. Certificate C. Diploma D. BA Degree

E. Master and Above

5. How long have you been working or custom in the company?

A. Less than 5 years B. 5 years C. 6-10 years D. Above 6 years

II) Existing gaps in the in the Human resource Audit

6. What kind of auditing roles do you prefer the human resource department to exhibit?

A. Systematic B. Comprehensive C. Departmental

7. Does human resource audit play a critical role in the company?

A. Structural B. Compressive C. Separate department

8. If yes, what kind of role does it play?

9. How well does the leader clarify the priorities and goals of the organization?

A. Very high B. High C. Medium D. Low E. Very low

10. What is the system of recognition, rewards, and punishments in the organization?

A. Excellent B. Very good C. Good D. Low E. Very low

11. Do you think that employees are free to make decisions regarding their profession?

A. Very high B. High C. Medium D. Low E. Very Low

III. Existing human resource auditing procedure of the company

A. Do you agree or disagree with the following statements about human resource auditing procedure of the company

No.		Very high	High	Medium	Low	Very Low
12	The human resource department makes regular human resource auditing					
13	Adhere at all times to the company's promotion recruitment policy					
14	Treats people fairly					
15	Acknowledge mistakes and apologies/seek advice when appropriate					
16	Keep promises and therefore only commit to what can be delivered					
17	Respect confidentiality					
18	Act with honesty					
19	Proactively develops open, honest and trusting relationships for mutual benefit					
20	Recognizes, respects and values the different contributions of individuals and functions					
21	Demonstrates a personal commitment and loyalty to the employees of the company					

A. Indicate whether the human resource department has high, medium low or of the following attributes:

	Effectiveness	Very High	High	Medium	Low	Very Low
22	Is the department committed to develop employees?					
23	Does the department promote people transparently?					
24	Is the department manage employee well?					
25	Does the department open in planning of human resource					
26	Is the department sensitive emphatic for employees?					
27	Does the department Act according to the rules and regulations of the company?					

C. As an employee of the organization do you have access to the following services?

		Very High	High	Medium	Low	Very Low
32	Does the department give training and advice?					
33	Does the department facilitate loan service?					
34	Does the department distribute bones during profit?					
35	Does the department provide transport service?					

Declaration

I, the undersigned, declare that this senior essay is my original work, prepared under the guidance of Ato Wondafrash Mulat. All resources of materials used for the manuscript have been duly acknowledged.

Name **Meron Bisrat**

Signature _____

Place of submission **St. Mary's University College Addis Ababa**

Date of Submission **March, 2012**