

Practice of Social Audit in Hotel Companies: Case Study of Agadir, Morocco

M. El Mousadik, F. Elkandoussi

Abstract—The concern for increased rigor in social management has led more and more Moroccan business leaders to question the value of applying social audit as an essential tool in the management of human resources. Hotel companies are not excluded; in fact, they are expected to implement such an audit to develop sound and credible human resources management (HRM) policies. The main objective of this paper is to establish the relationship between the practice of social audit as a tool, and its impact on the tourism sector, especially on hotels at one of the Morocco's first and most popular city for tourism, Agadir. This exploratory study of properties in Agadir has revealed that hotel executives are aware of the importance of social auditing to hone their decisions in the field of HRM.

Keywords—Social audit, hotel companies, human resources management, social piloting.

I. INTRODUCTION

SOCIAL subjects have experienced a major evolution in recent decades when they won academic legitimacy and shifted from being simple topics to a genuine managerial discipline. Thus, development specialists have shifted their focus from capitalist and purely physical models to human resources (HR), as a basis for the study of development. This change has made the human factor an element and a goal for development at the same time.

Social auditing in Morocco is a new discipline that has promised important developments in three areas:

- Growing interest in the social dimension of the management of enterprises;
- Need to adapt human resources to the requirements of the employment market and ensure its development for greater competitiveness;
- Considerable growth in the application of audits (financial, tax, legal, etc.) and the desire to apply a social approach and tools that lead to success.

Our thought stems from the fact that the effective management of a company will be shown through better control of its human resources and through its social relationships that are managed in the same rigor as financial resources. In this perspective, the social audit appears as a proficient method to verify the effective use of human resources and appreciate the development of those resources. It is also a method used to identify deficiencies in management, and eliminate or at least reduce their effects. It is

Mouna. El Mousadik is with the National School of Management and Business, Agadir, Morocco (phone: +212 642 268 895; e-mail: mounaelmousadik@gmail.com).

Fatima. Elkandoussi is with the National School of Management and Business, Agadir, Morocco (e-mail: elkandoussi_f@yahoo.fr).

also a way for business leaders to ensure the validity of the information they receive in regard to such matters, as well as the nature of the risks they explore while making decisions and forming strategies appropriate to the sectors in which they operate.

Within the framework of this article, we will focus on the impact of the practice of the social audit on the HR performance of companies. Egypt's tourism sector was selected because of its substantial contribution to the country's gross domestic product (GDP). The sample study will look at hotel companies operating in the southern Moroccan city of Agadir; the capital of the region and the first tourist center established in the country.

II. SOCIAL AUDIT: STEERING TOOL OF THE HR FUNCTION

A. Definitions

The specificity of the social audit emerged gradually, differing from a general and financial audit in terms of the field studied and the expectations raised.

According to [1], the promoter of social auditing in France and president of the International Institute of Social Audit (SAI), the social audit "is an instrument of leadership and management and an observation approach, which like the financial audit in his fields, tends to estimate the ability of a company or organization to master the human or social problems in its environment, and managing those problems by employing the staff who are qualified for a certain position or job." Meanwhile, [2] defines social audit "as an independent and inductive approach of observation, analysis, evaluation and recommendation based on a methodology and using techniques in relation to explicit references."

A social audit helps to identify both the strong points and problems associated with individual employees, teams or departments, as well as highlighting any constraints to performance, such as external/internal challenges and costs. Social audit can help to diagnose the cause of problems and assess their level of importance with the overall function of an organization. This knowledge can guide management in the formulation of recommendations and proposals for actions, as well as future strategic planning.

B. Nature of Social Auditing

Social auditing is the process of assessing and reporting the performance of an organization in regards to fulfilling the economic, legal, ethical, and social responsibilities expected of it by its stakeholders. Social audits are tools that companies can employ to identify and measure performance and progress, as well as any challenges and opportunities they face, and

report to stakeholders, which includes employees, customers, investors, suppliers, community members, activists, the media, and regulators—who are increasingly demanding that companies be transparent and accountable for their commitments and performance [3].

The auditing process is important to business because it can improve financial performance, increase attractiveness to investors, improve relationships with stakeholders, identify potential liabilities, improve organizational effectiveness, and decrease the risk of misconduct and adverse publicity. A firm's reputation depends on transparency and openness in reporting and improving its activities.

The social audit provides an objective approach for an organization to demonstrate its commitment to improving strategic planning, including showing social accountability and commitment to monitoring and evaluating social issues. Thus, it is critical that top managers understand and embrace the strategic importance of the social audit. Key stakeholders of a company should also be involved in the audit to ensure the integration of their perspectives into the firm's economic, legal, ethical and corporate social responsibilities (CSR). Companies are working to incorporate accountability into their actions, ranging from long-term planning to everyday decision making, focusing best practices, good corporate governance, financial reporting, and diversity. The strategic responsibility, goals and outcomes measured in the social audit need to be communicated throughout the organization, including all internal and external stakeholders, to ensure that all parties are aware of the targets outlined by the company and the progress made in achieving these goals. The social audit should provide regular, comprehensive, and comparative verification of the views of stakeholders. Disclosure is a key aspect of auditing to encourage constructive feedback. Suggestions and directions in finding best practices and continuous improvements on legal, social, ethical, social responsibility, as well as other issues that can come from all stakeholders [4].

C. Reasons for Social Audits

There are many reasons companies choose to understand, report on, and improve their social performance. The increased visibility of corporate social responsibility has encouraged companies to better account for their actions in a wide range of areas, including human resources, environmental policies, ethics programs, and community involvement. At one extreme, a company may want to achieve the best social performance possible, while at the other extreme, it may desire to project a good image to cover misconduct. Still other companies may see the auditing process as a key component of organizational improvement.

Although these concerns are important to a firm's social responsibility, they are also legally prescribed and indicative of minimal social responsibility.

Social auditing is similar to financial auditing in that both employ the same procedures and processes to create a system of integrity with objective reporting. An independent expert must verify both types of audits. The financial auditor will employ external sources to certify the assertions in financial

statements, such as comparing the company's accounts receivable with its accounts payable.

To vouch for a company's claims about its social performance, a social auditor will contact customers and other stakeholders and compare their perceptions of the firm's social performance with the company's own assessments. As in financial audits, social audits are often performed by certified public accountants.

III. PRACTICE OF SOCIAL AUDIT IN HOTEL COMPANIES: CASE OF AGADIR DESTINATION

A. Context and Objective of the Research

Tourism is a service industry, and because the relationship with the customer comes first, the individual value of each employee becomes the first central focus, more in tourism than anywhere else, due to its importance in the overall success of a company. The challenge then here is to ensure that the sum of this individual wealth is a collective wealth. This is the challenge that human resources management policies need to meet, and which requires a global approach. The human resources function is mainly important in businesses considering tourism, which is facing two specific challenges. The first is that the tourism sector is quite seasonal, which makes it difficult to find qualified workers to fill positions. The second is related to how this international business can contribute to the economy of this country.

The Tourism industry generates a large number of very different jobs in many fields including hotels, restaurants, travel agencies, tour operators and passenger transport. Human resources are a key element in the quality and content of the tourism product. There is actually a growing tourist demand for a skilled work force that can meet the changing environment and competitiveness of tourism businesses. In fact, the tourism sector suffers from a poor image and relative difficulty in retaining employees over the long term in this competitive labor market.

Faced with these challenges and changes, human resources management and promotion strategies play an essential role in the sustainable development of tourism. Market knowledge of tourism employment is still insufficient. The effects of new practices implemented by the state and industry to improve skills and strengthen the sector's competitiveness in the labor market have been fairly shared and evaluated. The implementation of strategies to promote the skills needed in globalizing the tourism industry should be continued. Finally, in a context of liberalization and globalization of tourism services, the harmonization of regulatory approaches related to the tourism labor market should be thoroughly discussed with all the labor market actors at national and international levels.

B. The Importance of the Tourism Sector in Morocco

In times of persistent global crises, political stability, proximity to Europe and the geographic diversity of the territory are part of the rewarding benefits which places Morocco among the first African countries in terms of tourism, welcoming 12.58% of the continental tourism market.

As a result, Morocco has a long-term strategy to develop this tourism strip and make it one of the most important sectors, not only in Morocco, but in Africa.

Tourism occupies a special place in the economic and financial structure of the country and represents a major lever for acceleration of socio-economic growth. A valuable engine for growth, tourism impacts virtually all areas of economic activity in Morocco and has a great influence on other sectors of the economy; contributing to wealth creation and the reduction of unemployment and poverty, with global tourism demand accounting for about 12% of GDP. The area is also a great purveyor jobs with 505,000 direct jobs that match nearly 5% of employment in the entire economy. At the end of 2015, the classified bed capacity has reached more than 216,386 beds, up nearly 8,820 beds compared to 2014. Hotels 3-star, 4-star, 5-star hotels and clubs, constituting 61% of the total number of hotels [5].

The need to develop human resources in quantity and quality in the sector seems essential to accompany and support successful business demand from new consumer aspirations. Responding to these challenges is to create real and sustainable jobs; it is to be innovative; is mobilizing human resources to meet the challenges and hopes, in this, managers in the hotel industry are invited to implement new forms of operation and management to improve the social climate and develop the skills of the available human resources, which will contribute to the quality of tourism in Morocco. The social audit has been established as an indispensable management tool for all businesses, regardless of industry sector or business activity; however, this paper will focus on testing and verifying the degree of interest paid by companies operating in the hotel industry to this type of audit. Through this article, we want to find the answer for the following question: What is the impact of the practice of social audit in hotel companies in Morocco? Indeed, the exploratory study conducted as part of this research does not pretend to provide an exhaustive answer to the question, but it just wants to excise the will to implement the practices of social auditing in companies' hotel in Agadir.

B. The Study Methodology

An objective of the present study is to gain an understanding of the current situation on the practice of social auditing in Morocco and its contribution to the implementing organization, thus the study is purely exploratory and aims at taking out again the notices and the perceptions of frames HR, towards the practice of the social audit. To perform this study, we examined the major hotels in the resort town of Agadir, our choice is not accidental, we have oriented our choice to big business, because it is likely to have a dedicated unit of HR function, and therefore a practice of social audit. The definition of a large company has always been controversial, if indeed most countries refer to the same criteria to define this category of companies (staff size, annual sales and/or total balance sheet), the thresholds used vary considerably from one country to another, and so the study adopted the definition of INSEE [6] that holds for large enterprises with more than 500

employees and an annual sale of at least 500 million Dirhams. This paper will present the survey results of interviews conducted with 25 hotel companies. To lead our quantitative study, it was necessary to establish a set of criteria to the questionnaire, it can only reflect the companies surveyed, and therefore the results cannot be extended to all companies We used the following criteria:

- Type of business: Big hotels
- Activity: Tourism
- Corporate citizenship: National and multinational. National and multinational companies are selected in order to verify the company's impact on the nationality of the practice of social audit

The sample for this study consists of 25 hotels classified according to the international rating system:

- Five hotels; 5-star
- 10 hotels; 4-star
- 10 hotels; 3-star.
- The evaluation of the survey was done with Sphinx v5.

C. Study Results

The evaluation of the answers in the questionnaires are presented as follows:

1. Perception of social audit for Human Resources Directors

The term social audit is no longer regarded as a cumbersome procedure or a source of negative perception for the Human Resources Director, on the contrary, 74% of companies see the social audit as a tool for the improvement of HRM, with 12% of respondents saying they consider it an assessment of the social performance of a company, and 14% saying they consider it a guiding function of HR practices.

2. Place of Audit in Hotel Companies

The culture of audit and evaluation is omnipresent in all of hotel firms, and analysis demonstrates the coexistence of the social audit with other types of audits; it emerges from the analysis that quality certifications are a prerequisite and an excellent tool that allows the institution to develop a culture of social audit, particularly as they are regularly administered within the framework of the certification. The survey also reveals that the examination of the financial statements of the company, through the accounting and financial audit, is the most valued, and is practiced by all the hotels investigated without exception, this is followed by the quality audit at 27%, the commercial audit at 16%, the audit of purchases and logistics at 14%, and the internal audit at 8%.

3. The Practice of Social Audit

HR Directors and Executives are aware of the role played by social auditing and its contribution to the company, and as such, more roles are assigned to it:

- Respect of HR standards in hotels;
- Diagnose potential sources of failures;
- Ensure consistency of HR practices in line with HR policy;
- Study the effectiveness of decisions taken in the field of HR;

- Assume the efficient and economic use of human resources.

Analysis shows that 63% of companies surveyed reported practicing social auditing, as shown in Fig. 1.

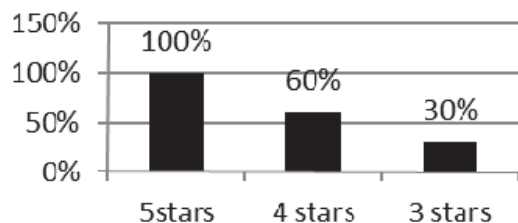


Fig. 1 Practice of social audit in hotel companies classified according to the international rating system (stars number)

Some 60% of these companies prefer to outsource the HR audit to specialized external auditors, which has the advantage of a new and independent perspective and assessment of the HR processes. The external listener (auditor) is not, however, informed about the particular culture of the company, and 40% of HR managers consider that internal listeners (auditors) are better placed to realize the audit. The social audit is also a mission in the variable dimensions [7]. Given that it can be either a mission of appreciation of the conformity to the social practice with reference tables, or a mission to search for the efficiency of social practices, or finally a strategic mission for the company, 60% of the companies practicing an audit of their HR activities favor the audit of conformity, which aims at verifying practices and procedures in line with national and international standards. The audits of efficiency, and risks and values, are the least used.

4. Different Types of Audits Social Established

The study of the social audit revealed that the remuneration is the first field evaluated as part of the audit of HR, and that up to 25%, which matches what has been shown internationally, see it as one of the most important tasks of the social audit [8], and is at the intersection of various disciplines including labor law, financial and management planning, psycho-sociology. The remuneration audit gives company management an independent reasoned judgment on:

- The conformity of its tools and remuneration policies in line with state laws and internal rules and procedures;
- The effectiveness of their procedures and the quality of their information on the subject;
- The nature and degree of risk associated with the understanding wage policies.

The second check most employed by companies is the training audit, which aims to evaluate the return on investment and assess the consistency and achievements of training against set objectives. The results showed 19% of hotel companies use this audit; the most commonly addressed elements of an HR audit, in order of importance, are:

- The HR function;
- The recruitment process;
- Career management;
- The social climate;

- Working conditions;
- Level of compliance with labor laws; and,
- CSR activities.

Some 64% of respondents believe that the social audit is necessity to review the HR function, while the remaining 36% confirm that the social audit is mandatory in the case of organizational or strategic changes, including acquisitions, mergers, and restructurings.

Finally, of the 25 companies included in the study, only seven companies have a unit dedicated to social auditing, and social auditors who are able to diagnose, equipped with key skills of listening and analysis.

5. Contribution of Social Audit on the Control and Management of HR Activities.

Hotel companies are conscious of the problem of the managing of the HR activity, the results of the study demonstrate that dashboards are the tool the most favored in the social piloting, because it allows the persons in charge to be quickly access social indicators, such as absenteeism, staff turnover, and overtime. The social report, even if it does not constitute a requirement in Morocco, is also used as a social steering mechanism by 17% of the hotel companies surveyed, these results confirm the findings put forward by [9], on the social audit as a steering tool essential to the strategic and operational management of the HR function.

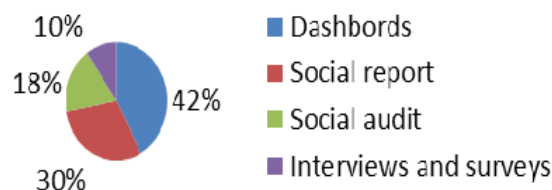


Fig. 2 Tools used to control social management in Agadir hotels

Determining the contribution of a Human Resources audit to the HR function within a company in particular, and the organization in general, is a complex exercise, due to the high stakes of HRM and the difficulty of assessing the intangible, as social information is not automatically encrypted. Three significant responses were revealed by respondents to describe their perception of the contribution of the social audit to the HR function. These expectations were expressed by respondents who have a practice of social auditing and by those who do not, but who do have an understanding of social auditing and would likely employ it in the future.

Improving HRM is the most important contribution promoted by the social audit, according to the opinion of 49% of the hotel companies surveyed, while 31% of respondents believe that the HR audit is a way to ensure the consistency of all HR activities and adherence to the standards, either national or international.

The contribution of the HR audit can be demonstrated on other components, as outlined by [10]

- Security: aims to identify and reduce the risks of non-compliance with internal and external regulations.

- The quality of information: ensures that decisions are made on the basis of relevant and timely information.
- Efficiency: identifies the risk of not achieving the objectives.
- Cost control: at this level, managers try to identify sources of resource wastage and to counter hidden costs.

IV. CONCLUSION

Tourism and hotel companies will consider social auditing as an effective technique used to develop a healthy and strong HRM policy. However, one important question related to Moroccan hotel companies, and specifically those of Agadir, is related to the extent to which they grasp the content of the social audit and the conditions of its application, and the degree of their understanding of the objectives, as well as the sincerity of their actions at this level.

The exploratory study conducted in this regard revealed that the companies in question are aware of the importance of the subject, and their company directors and decision-makers have also shown a willingness to use social audit tools to improve their decisions and practices in the field of HRM. However, it should be noted that they lack the mastery and the conditions of its application. Hotel companies in Agadir are encouraged to employ responsible and qualified persons, who will play a major role in developing the social audit culture, as well as ensuring adequate training in the field and assistance to new workers.

It is time for hotel companies of Agadir, as well as any other self-respecting company, to establish a dedicated service or audit department within the social audit, in order to optimize all decisions forming part of HRM policy and CSR activities, and thus, positively influence the company's overall vision.

REFERENCES

- [1] R. Vatiez, 1988 *L'audit de la gestion sociale*, les éditions d'organisation.
- [2] P. Candau, (1990). *Les audits d'efficacité*, Cahier français Audit et Management n° 248 Octobre - Décembre 28-33.
- [3] Robert D. Hay (2001). "Social Audit: An experimental approach". *Academy of Management Journal*, Volume 18, Number 4.
- [4] *Social Audit Toolkit - 3rd Edition*, 2000, Free Spreckely, Social Enterprise Partnership-Local Livelihoods
- [5] The official website of Ministry of Tourism in Morocco <http://www.tourisme.gov.ma/>
- [6] The official website of National Institute of Statistics and Economic studies <http://www.insee.fr/en/methodes/default.asp?page=definitions/entreprise-taille-intermedi.htm>.
- [7] A. Couret, J. Igalens, 1998 *L'audit social*, éditions PUF, 125 pages.
- [8] J.M. Peretti, J. Igalens., 2008, *Audit social. Meilleures pratiques, méthodes, outils*. Ed. Eyrolles. Coll. Ressources Humaines. Editions des Organisations
- [9] A. Meignant, 2004 *le DRH, partenaire stratégique*, éditions Liaisons, 380 pages.
- [10] J. M. Peretti, (2004) "*Ressources humaines*"; 9e édition, Vuibert, Paris.