An Analysis of Contemporary Research in Human Resource Audit

Jayakranth Rapoori,
Research Scholar,
Department of Management Studies,
SVU CCMCS, Tirupati, India.

Prof. P. Raghunadha Reddy,
Head of the Department,
Department of Management Studies,
SVU CCMCS, Tirupati, India.

ABSTRACT

As other conventional administrative jobs, human resource management is also considered as a powerful administrative sector. Within no time human resource management has evolved as a highly sophisticated function to improve work environment, proper planning of resources in a fruitful way to balancing between the firm and employees, so as to improve the organizational productivity and meet organizational objectives. It is not an exaggeration to state that human resource management gradually becomes one of the prominent sectors of any organization or institution in the present competitive world. Human resource is a result of human relations movement of early 20th century. Human resource audit evolved as an important tool for analyzing human resource performance. Human resource management may be defined as interdisciplinary set of measures formed to carryout recruitment, selection, employment, ergonomic use of labor, material and moral stimulation of employees. Human resource audit is an accountable tool for knowing the strengths and weakness of an organization. An effective human resource audit helps in motivating the personnel of the organization for creative thinking, positive aspirations and deficiency of organization and recommend improvements.

Keywords: HRM, planning of resources, organizational productivity etc.

INTRODUCTION:

The principle of human resource audit is that: the human resource audit is a dynamic and continuous process redirecting and revitalizing to remain accountable to the ever changing needs. Human resource audit is a prominent device which controls the management in all organizations. Human resource audit is a powerful tool to analyze and sort out the present and past performance and effectiveness of the organization.

Contemporary Research in Human Resource Audit:
Amprapali Negi and Dr.D.S. Chaubey (2015) stated that the human resource audit is a tool which examines the performance of the employee. Human resource are most important than any other resource of any organization for the perfect analysis of the human resource was hard and time taking process. Hence it is a way to balance the personnel management and cost savings viz., personnel cost and other units steps for evaluation of human resource performance like index list, planning, calculation and comparison, collective actions, effective appraisal and concluded as human resource audit may be a powerful tool or instrument for analyzing institutional performance and coping the organizational change. Human resource audit is to be enriched with a better definition and high grade of expected performance.

Jothilakshmi M (2015) made a comparative study on human resource audit. She studies the problems and sources of public and private organizations. Here she chose BSNL Tele communication system which is a public organization and reliance communication system which is a private organization. The difficulties and problems are common but the level of extent is different. The main objective of the study is to audit human resource system in both the companies to know the effective human resources practices to compare the standard of human resource system of both the BSNL and Reliance companies. Through the study they concluded that, in
practicing the human resource policies both the companies working alike. In fact public companies are facing some allegations and also tainting some of the human resource practices like organizational size, financial capabilities, legal issues and the competition in markets and sorting problems in public sector organizations than private sector due to some reasons, such as number of labor associations, unions, and responsibility of officials and heavy competition etc.

Minhajul Islam Ukil (2015) studied the essence of Human resource audit mainly emphasized on the concept of prominence of human resource audit. They conducted desk research in the type and constructed 2 degree data. He also tried to review the existing literature of human resource audit from different point of views. Human resource audit has vast application in the field of organization viz., Human resource functions, compliance of management, employee satisfaction, corporate strategy and human resource climate. At the end he concluded that every organization should go through human resource audit annually. In this process auditing personnel should be given all the powers and full fledge freedom so as to obtain exact reports and based on the reports overcoming the problems and up - taking new challenges for a successful organization is enabled.

F.R. Alexander pravin Durai, I.Adaikalasamy, (2014) conducted a research on Mando automotive ltd. In this study they expressed their views that to estimate the effectiveness of human resource audit. Periodic audit is essential and also stated that it is necessary to find out the organizations having human resource audit practices and to go through perception of human resource audit practice by the employees.

Majundar Shyamal (2010) studied standard holds in business like human resource audit, strategic training unit; leadership development stated that SBI has been an employee of choice. SBI was focused in the list of top to employee friendly organizations. Bank can pay only a fraction what the competitors do; many hurdles were there viz., promotions are largely time bound, large rural stints are a must. Recruitments are time consuming. Even SBI stood in the list of employee friendly organizations. SBI did an Human resource audit and got feedback ranged from non transparent promotion policy to rigid transfer rules. The banks are now trying to figure out how to render these grievances.

Saba Manojit (2010) in one of his article on RBI’s audit got tepid response for expressing view that RBI has embarked on its biggest ever the audit, to review at its man management practices. The central bank facing challenges on the manpower front from various directions such as retirements and skill up gradation, hired herewith associations for exercising during its platinum jubilee year. Human resource audit was a diagnostic tool which examines institutions and organizations human resource practices and strategies to expose the strength and weakness of employees and suggests solutions where required. Central bank employees aiming to find out feedback from its employees job satisfaction and future prospects. Internally RBI faces a huge challenge with a large number of its grade – A officers.

According to the annual report of RBI (2009) reserve bank has several Human resource policies framed to improve and hone out the potentiality of its human capital. Hence the thought of going through human resource audit so as to identify and rectify the problems and improve the functioning. So, existing practices were first analyzed to get a feedback for further improvisation. Human resource audit is applicable in some crucial sectors like performance appraisal, recruitment policies and practices, transfers, job rotations, promotions, training, development and compensation policy.

Dallas (2008) in one of his article Odyssey Human resource audits websites gives us the information of odyssey one source a Texas based human resource outsourcing and consulting firm. It launched a new human resource audit website. The site gives information of Odyssey’s audit methodology framed to improve human resource functions of a company. Human resource audits.com enables us o focus on the interest companies to provide services rendering towards the assessment of company’s current state of human resources. Its main aim is to help its clients to improve their business through full strategic human resource administration and manage solutions. To conclude human resource audit processes helps its companies to get through all the concerned and potential areas for improving within human resource department.

Kelli (2008) in his article he stated that organization with people risk management are more liable than other traditional risks of an organization. Risks are overlapping with safety and human resource more than ever factors like workers compensation expenses, discrimination, violations and other complaints. Hence the auditors review should be focused on work-site analyses to identify hazards and potential hazards, prevention and control measures and proper training. To minimize risk human resource should take up many control measures viz., successive planning, adequate service, outplacement services, elective coaching and developments by providing hand books, document of employee details, hiring, training and termination procedures and surveys.

Mila Stahl (2008) in an article on human resource audit stated that in today’s competitive environment the organizations should within the boundaries viz., compliance of laws and some regulations. This includes
dealing with the complex laws, regulations and norms. Human resource responsibilities and functions viz., documentation, work place allegations, violence, stress management, abuse, interviewing, hiring, job description, problem resolution, performance analysis, termination, team building, payroll and employee benefit administration issues are also important. Small business owners are not having full time human resource persons and that person focusing on expanding their business. These issues are under eyed until maximum damage occurs to the business. In order to overcome all these challenges human resource compliance audit should be performed occasionally.

Hyder and Uzma (2007) did an article on prune redundancies by human resource department audit. They states that how can one assess the human resource functions and conclude that all is well? How can one know exactly what’s happening in an organization? Here are the answers are human resource audit. It examines the effective functioning and exponential graph of human resource department. Human resource has increasingly grown in complexity and stature. Its execution of policies, procedures are considered as a base to solve employee challenges. In general employs gives the competitive advantage and urged to be taken care of, here comes human resource functions in tandem with organizational policies in recruiting and training best talent.

Aswathappa K (2006) in the book entitled human resource management and personnel management. Here is discussed about practical problems of human resource audit. According to Aswathappa human resource audit will submit a well defined, flawless feedback report to the organization. In one way the report implies the effective function of human resource audit. In other way backdrops like performance are concealed hence identifying exact problems and sorting out solutions are bit harder hence a proper perfect human resource audit helps in avoiding legal and regulatory liabilities which may occur due to companies human resource policies and procedures. Human resource audit should provide the company with information about the competition of its human resource strategies by comparing with the “best suitable practices” of other companies. Human resource audit should be conducted frequently and its report should be unbiased, thus providing knowledge on how problems are sorted by they became unmanageable and should give idea of how things should be done differently and effectively so as to survive in this competition world.

Matani A.G. (2006) in his study on human resource audit, he emphasized on functioning of human resource audit. Human resource audit is a diagnostic tool for examining the employs activities of an industry. Thus audit became a quality control check of all employees and human resource activities mainly the human resources functions should be concerned mainly of minimizing employee turnover, orientation training, remuneration and benefits opportunities etc., the turnover quality is more important than employee leaving and joining the company. Human resource management should create such a work environment. So as to make the employee realize that it makes sense to work in the company rather than sitting at home.

Mc Connel J.H (2006) wrote a book called auditing your human resource department. The book consists of some rapid fire questions which a person reading should ask for himself about their human resource department functioning. It helps them to assess and analyze answer so as to develop action plans for better functioning of human resource audit. He described that as more and more organizations are emerging daily and demanding high performances from their individual units. Human resource departments are struggling to prove their potentiality not in terms but in painstaking way. Auditing human resource departments comprehensive on-target process is designed which analyzes strength and weaknesses in a many key roles viz., recruitment, selection, training, employee development, benefits and compensations, planning, diversities etc.,

Dasgupta, Dilip (2005) did an explanatory study on human resource audit in commercial banks. He suggested that if employees are properly trained having high motivation levels and acts as a member of organization personalized customer services of high grade can be offered. This can be achieved only if banks executives, fair and transparent human resource policies. Human resource audits helps in finding out unfair things and guide them in making desirable changes. Bank of Baroda outlined its plan of building a world class bank under the head “Human Resource Audit – Bank of Baroda”. A stemming committee on human resource is quoted. Performance, measurement and management has been put at the centre of human reforms.

Curtice J (2004) in one of the her interviews to a magazine titled “Benefits marketing” suggest the importance of human resource audit according to her human resource audit helps in analyzing organizations legal conditions which are to be fulfilled. Human resource audit helps to know where the firm is in accordance with the laws as out of it. Once human resource audit is conducted the organization knows exactly what to do to ensure legal compliance and how to prevent other allegations by imposing employs proper fines and other penalties from a regulatory body.

Khandelwal A K (2004) apart from a banker is now a renowned human resource expert. He worked as chairman of BOB and current chairman of the committee formed to assess human resource issues of PSBs (Public Sector
Banks). In his book industrial relations in banks – text and cases states that because of weak policy of top management in dealing with the unions at branch level. Here the interference of unions in every matter should be militancy of unions lack of support from management, branch manager will be main hindrances to the standards of discipline. Poor customer service and small employee attitudes viz., late coming, early leaving and extended lunch recess have become routine which may cause directly or indirectly damage to the bank. Here human resource audit can play a vital role in stimulating confidence in management. In one of his interview Dr. Anil K. Khandelwal shared about challenges that lie ahead of Bank of Baroda on its latest policy of human capital management. Introducing human resource audit across bank and institutionalized as a monitoring mechanism.

Candace, walters (2003) Auditing a Human resource is a systematic process that involves at least two steps. One is collecting information to find out compliance effectiveness, cost and efficiencies and another one is analyzing the information and preparing a report with an action plan, based on exposure priorities and changes. In order to reduce legal liabilities some changes should be implemented while others can be completed in 3-6 months. Human resource audit helps the organizations to achieve legal compliance, reasonable costs, healthy competition environment, employment friendly climate etc.,

Coy Bill (2002) in his book introduction to human resource audit describes many factors influencing human resource audit and its output also. Socio- Psychological human resource audit shows the diagnosis of work bonding in order to outline the essential factors of motivation to recognize resources to improve the work of the company regarding the personnel. The financial growth is achieved by establishing competitive attitude in human resource area. Ascertaining the role of human resource department in developing competitive spirit and establishing financial efficiency of Audit by comparing the audit shows the effects of auditing.

Marta and Castillo (2002) wrote an article on “Human Resource Audit” in IAER. Human resource audit simply can be renowned as simple investigative function and is an extension of the traditional concept of accounts audit. Human factors are the prime element which elaborates an organization’s differentiation capacity. Analyzing the effort of the way audit functioning should be undertaken by the company.

Taylor and Kathelyn (2001) wrote an article on regular audits of human resource business strategic plan. He stated that human resource audit should consider human resource department as the main factor for a successful business as all the other departments do. Human resource department helps an organization to analyze past performance, examine present circumstances and determine future strategic planning. In one word human resource audit helps human resource department to focus on objective setting, perfect strategic plan and departments son which to stress more and on which can be lesser consideration. Human resource audit is a foremost tool on which future goal setting and actions were based. To improve the efficiency of an organization, audit helps the human resource department to emphasize on pensions, turnover, training and diversity etc.,

Dolan, Schuler and Valle (2000) they defined human resource audit as “Evolution of the adaptation of human resource policies and practices in their support of company’s general strategy. Human resource audit reveals whether human resource department is functioning according to the statutory, legal conditions of the company or not. While auditing auditors should determine the company’s global strategy, before designing the human resource policies. The designed human resource policies and practices were then compared with the strategies currently applied, which leads to the correction and manipulation of policies which could assists the company in achieving their goals.

Fitz – enz (2000) in an article on different aspects of human resource audit suggests a measurement which includes quality, efficiency and service. He stated that using a ratio based on five factors, which can be applied to anything that one chooses to measure. Those five factors are cost, time, quantity, quality and human reaction. These calculations are foremost in determining financial viability of the organization. Measurements are based on ROI ratio, which is calculated by dividing monetary value of human resource program by its costs. To determine his first cost should be determined and then it must be translated in monetary terms.

Walker (2000) wrote an article on right human resource measures and shares his opinions that in order to achieve efficient functioning and employee and customer satisfaction, an appraisal of human resource function results are necessary. Appraisal of functions of human resource is itself the basis for audit. Human resource audit in recent years has evolved to be a instrument of control and a necessary decision making in personnel related matters. Human resource auditing competences and functions are being expanded.

Higgins (1999) wrote an article on the personnel audit. He suggested that audit should take into consideration whether all the organizations policies, practices related to employee details were in accordance with law and their operations are legal and fair employee details are the following hiring, retention, discipline, termination and post-employment etc., The organizations practices and policies should not show any discrimination in giving employee
opportunities, employment seeker should be away from discrimination on the basis of age and wages and contain provisions regarding mental disabilities and reasonable accommodations for disabled workers.

Nevado (1999) opined that basic function of audit of performance as an element of human resource auditing are three fold. First one is to examine whether the organization is fulfilling all the administrative and social obligations and all fulfilling basic rights of the firms personnel. Second is to study the bonding between employees and the organization based on legal statutes and the final is studying the organization financial obligations whether it is in compliance with law, checking whether the relationship between objectives and procedures is a satisfactory one and whether achieved in most effective manner.

- Description of company’s staff
- Job analysis
- HR planning
- Recruitment and personnel selection
- Training
- Development of professional careers
- Retribution
- Performance evaluation
- Working conditions

Rao T.V (1999) wrote a book HRD Audit – Evaluating Human resource functions for business improvement provides a balanced and comprehensive exposition of HRD audit and the tools and techniques required for its implementations. He provides format and detailed methods of HRD Audit to enable the corporation to conduct audit of Human resource functions themselves. He developed and tested HRD Score Card. The score card helps in analyzing the benchmark maturity of HRD functions in organization and it more available to the organizations. It assigns a four letter rating to grade four critical dimensions of HRD. Which contribute to performance of organization viz., HRD systems maturity, competencies and culture, values and business goals.

Werther W.B and Keith Davis (1996) suggested that Human resource audit means systematic verification of Job analysis and design, recruitment and selection, orientation and placement, appraisal, job evaluation, employee and executive remuneration, motivation and morale, participative management, communication, welfare, social security, safety, health, industrial relations, trade unionism, disputes and resolutions. Human resource audit is useful in achieving goals and objectives of an organization and also very important element to analyze the effectiveness of human resource functions.

CONCLUSION:

According to the views expressed and suggestions by different authors and researchers we can conclude and suggest that for every organization to be successful in all aspects needs a self assessment. Self assessment in all the departments from low level to high level is desirable. To enable this human resource audit a powerful tool is necessary. Human resource audit enables an organization’s to sort out minor to major problems and their solutions. Here we should keep in mind that employee satisfaction, welfare of employees health relationship between the employees and very strong relation between employee and the management are the main steps for the success of any organization.

Human resource audit examines all the aspects of human resource functions and emphasizes mainly of welfare and functions of personnel of the organization. To achieve goal and objectives first an organization should inculcate healthy mindset and attitude of an individual change in the negligent thinking of employs towards the firm should be achieved good change in the individual achieves good organization which in-turn beings a healthy society which leads to prosper nation. Hence all these are achieved when there is a flawless human resource audit system of human resource functioning of an organization. Human resource audit is essential and should be conducted frequently in all the organizations for achieving success.

REFERENCES:


Annual Report, (2009), Reserve Bank of India.


Khandelwal, Anil K., (2003). In an interview, Business Line. 60


Tyler and Kathryn (2001). Evaluate your next move: Regular audits of your strategic HR business plan help keep your department on track. (Strategic HR), HR Magazine.
