

# Impact of Human Resource Audit on Employee Efficiency and Effectivity: An Analysis in Service Sector Organisation

Dr Anjali Singh

Assistant Professor, Department of Business Studies, Faculty of Commerce and Business Studies  
Manav Rachna International Institute of Research and Studies, Sector 43, Delhi-Surajkund Road, Faridabad, Haryana, India

**Abstract:** *The aim of the study of this research paper is to give emphasis on HR Audit and its impact on employee efficiency and effectiveness. Human resource management and development is a very vital exercise doing every organization in the global era of technology and environment. For effective progress and growth of an organization, it is very important to analyze and align the workforce, because human resource is the backbone of any organization. So, it is mandatory to know your manpower, their competence, skills, ability to do work, etc. Thus, HR Audit is a necessary mechanism which is very helpful not only for organization but also for individual development in the organization. In the paradigm shift of competitive world it is very important to know your human resources, so that optimum utilization of their efficiency and effective can be consider with performance management of the organization as whole. Through HR Audit I can able to understand the actual professional and personal level of belongingness, willingness, motivational level, perception, attitude, behavior and multi level skills at all level of workforce in an organization.*

**Keywords:** H R Audit, Employee performance, efficiency and effectively, professional, perception and multi level skills etc

## 1. Introduction

Human resource management department is the kind of department in which several activities are governing the role of human resource development skills, techniques, and attitude, and behavior, potential and training programmers for various level of management.

Audit is kind of approach through which the alignment of system of an organization take place systematically. "It is always helpful to measure the performance of the manpower in an organization, where it currently stands and determines what it has achieved to increase its human resource functions. It carries systematically evaluation of human resource in a successful organization". H R Audit is a control device which helps to judge organization performance and effectiveness of H R management.

## 2. Definition of Human Resource Audit

According to Dale Yoder, "Personnel audit refers to an examination and evaluation of policies, procedures and practices to determine the effectiveness of personnel management."

It is an investigative, analytical and comparative process. "It gives feedback about HR functions to operating managers and HR specialists. It enables to know about the effectiveness of personnel programmes. It further provides feedback about how well managers are handling their HR duties". It provides quality control check on various activities related to HR.

### 2.1 Scope to Study Human Resource Audit

The key areas to study HR Audit are given as follows:

- **Human resource function:** HR functions are pro vital to fill the gap between manpower planning and organizational change and development.
- **Managerial competence:** It is very important to know your employee for better output in the organization success. Skill development can be foster through effective training and development activities.
- **Skills:** Human skill, technical skill and conceptual skills
- **Human resource climate and change:** Environmental effects are to be maintained and controlled on time for better change and development. The growth of any organization assures success only when culture is at par, so best practice is to seek positive output.

### 2.2 Human Resource Function

- **Managerial Function:** The planning, organizing, staffing, directing and controlling are the five important functions of effective and efficient management. So it is very important to assess all the functions on continuous basis and human resource audit is an approach which always deals in all aspects simultaneously, for effective growth and development of an organization.
- **Operative Function:** Recruitment and selection, Job analysis, organization, utilization and maintenance, Performance appraisal, rewards system, employee development and training are very vital to keep consideration, so through human resource audit the various contingent activities are align into fruitful activities for optimum output.

### 2.3 Managerial Competence

- **Skill:** Technical, human and conceptual skills are three skilled trait which have to be consistent and through timely audit it can rise the potential result.
- **Knowledge:** Professional knowledge prepare an individual to cope up with the organization culture and growth.

Volume 8 Issue 2, February 2019

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- **Attitude:** The positive attitude and negative attitude help to restructure the organization change and development.
- **Ability:** The art or science of getting things done through others is the ability to retain on substantial basis in the organization. Audit helps the people to increase the motivational level to improve quality of work life.

**2.4 Human Resource Climate and Change**

**a) Managing Industrial Relations**

- Administer labour management relations
- Adopt industrial peace
- Improve industrial democracy

**b) Maintaining Work Atmosphere**

- To built prosperous atmosphere
- Create healthy internal and external environment

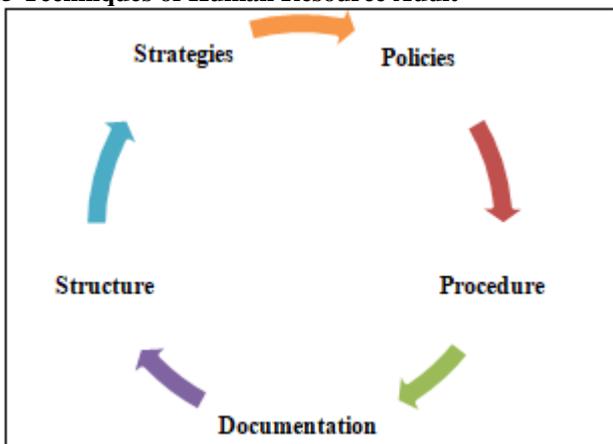
**c) Meaningful Contribution To Business Processes**

- To create a professional looking and dynamic organizational charts
- The employee self service and personal information elections

**d) Improving Human Resource Information System**

- Applicant tracking and resume management
- Management of all employee information
- Complete integration with payroll and other company software

**2.5 Techniques of Human Resource Audit**



It is a systematic and scientific assesses the strength, limitation, and development needs and demand of the existing human resources from the larger point of view of enhancing organizational performance.

“Auditing has been a routine exercise in the area of finance, because it is a statutory obligation. However, in case of Human Resource, there is no legal binding to adopt auditing. Some of the companies nevertheless prefer to have HR audits. The human resource audit is based on the premise that human resource processes are dynamic and must continually be redirected and revitalized to remain responsive to the ever changing needs”.

**3. Objectives of the Study**

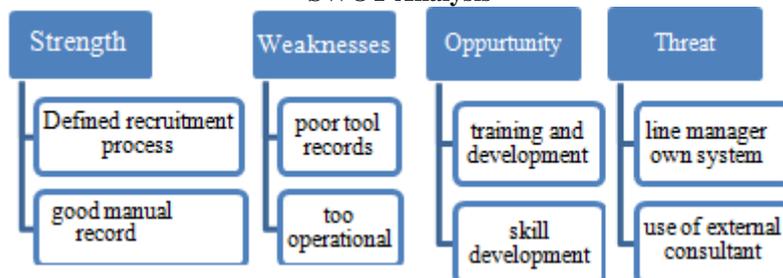
- 1) To know the effective use of HR Audit
- 2) To understand the benefits of HR Audit for performance appraisal
- 3) To analyze the sustainable growth and development of organization through HR Audit

**4. Research Methodology**

The research design of this paper is conclusive and the data collection is purely secondary. Secondary data are collected from the databases like • EMERALD, • EBSCO • PROQUEST, • GOOGLE SCHOLAR.

Internal Audit	External Audit
To analyze and review the internal activities of the integrated department for better improvement	To analyze and verify the financial statement of the organisation
It is an ongoing process	It is conducted on annual basis
It is voluntary in nature	It is compulsory to conduct
The auditor is appointed by the management	The auditor is appointed by the stakeholders

**SWOT Analysis**



**5. Review of Literature (with reference/ limits)**

“An HR audit can be as broad or narrow as the company wants. Perhaps in one year the audit is limited to written policies and procedures. Perhaps the next year an audit will

look at the level of compliance with signed new-hire paperwork, contracts, and agreements. It doesn’t matter. Whether an audit is done piecemeal or all at once, the important thing is to have a process in place that ensures the time and money spent on creating elaborate HR programs

does not go to waste because they are out-of-date, insufficient, or simply are not followed”.

Reference- <https://www.allbusiness.com/the-importance-of-human-resources-audits-2975416-1.html>

#### Process of Human Resource Audit

- Identification of organizational objectives
- Determining the Human resource objectives
- Assessment of Human resource activities
- Feedback and review of Human resource outcome
- Human resource audit

#### Suggestion and Recommendation for Further Study

- 1) Human resource audit should conduct with future needs and demand of an organization.
- 2) Develop an interviewing/hiring process and provide training for managers.
- 3) H R Audit and HR specialist with expertise in HRM, the fundamental knowledge in laws and auditing with high creditability.
- 4) Feedback and review has to be considered after completion of evaluation of audit by the internal or external committee.
- 5) Develop or revise the performance evaluation process.

## 6. Conclusion

The study concluded that Human Resource Audit is an instrumental activity, that suggest the fair and transparent evaluation of manpower in the organization and if any disputed and disturbance resist in the functioning in the organization HR Audit is very influencing activity to overcome the problem. It helps to bridge the gap between the employers and employees. “HR Audit serve as an examination on a sample basis of practices and systems for identifying problems assuring that sound accounting principles are followed”. The study summarized that Self-development, Skill-development and self – evaluation are justified approach for organizational performance. Similarly, “an HR audit serves as a means through which an organization can measure the health of its human resource function”.

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