

SOS POLITICAL SCIENCE AND PUBLIC ADMINISTRATION

MBA HRD 402

SUBJECT NAME: MANPOWER POLICY & PLANNING

UNIT IV

TOPIC NAME: HUMAN RESOURCES AUDIT

HUMAN RESOURCES AUDIT

What is Audit?

- Review and verification of completed transactions to see whether they represent a true state of affairs of the business or not
 - Examination and evaluation of accounts and records
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Human Resource Audit

- HR audit refers to an examination and evaluation of policies, procedures and practices to determine the effectiveness and efficiency of HRM



HR Audits

Discover Hidden Potential

Purpose and Nature of HR audit

- ❑ HR audit is a tool which helps to assess effectiveness of HR functions of an organization
 - ❑ Focus on analyzing and improving
 - ❑ To reveal the strength and weakness
 - ❑ HR audit is a diagnostic tool, not a prescriptive instrument
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Benefits of HR audit



- ❑ Identification of the contributions of the HR department to the organization
 - ❑ Improvement of the professional image of the HR department
 - ❑ Encouragement of greater responsibility and professionalism among members of the HR department
 - ❑ Stimulation of uniformity of HR policies and procedure
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Contd. Benefits of HR audit

- ❑ Finding critical personnel problems
 - ❑ Ensuring timely compliance with legal requirements
 - ❑ Reducing of HR costs through more effective personnel procedures
 - ❑ Creation of increased acceptance of the necessary changes in the HR dept
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Area of HR Audit

Audit of:

- ❑ HR function
- ❑ Managerial compliance
- ❑ HR Climate
- ❑ Corporate strategy



1. Audit of human resource function

- ❑ Determination of objectives of each activity
 - ❑ Identification of responsibility of performance
 - ❑ Review of performance
 - ❑ Developing an action plan to correct deviations between results and goals
 - ❑ Follow-up of action plan
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2. Audit of managerial compliance

This covers audit of managerial compliance of personnel policies, procedures, and legal and welfare provisions. Compliance with the legal provisions is most important as any violation makes the management guilty of an offence.

3. Audit of human resource climate

The working culture in any industry has an impact on employee motivation, morale, job satisfaction, employee absenteeism, safety records and employee welfare.

4. Audit of corporate strategy

This helps the industry to gain a competitive advantage. By analyzing the SWOT analysis of the industry, the management can take decisions regarding marketing channels, services, innovations, low cost production and other like decisions.

Approaches to HR Audit

1. Comparative approach
 2. Outside authority approach
 3. Statistical approach
 4. Compliance approach
 5. Management by objectives (MBO) approach
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1. Comparative approach

In this, the auditors identify Competitor Company as the model. The results of their organization are compared with that of the Model Company/ industry.

2. Outside authority approach

In this, the auditors use standards set by an outside consultant as benchmark for comparison of own results.

3. Statistical approach

In this, Statistical measures are performance is developed considering the company's existing information.

4. Compliance approach

In this, auditors review past actions to calculate whether those activities comply with legal requirements and industry policies and procedures.

5. Management by objectives (MBO) approach

This approach creates specific goals, against which performance can be measured, to arrive at final decision about industry's actual performance with the set objectives.

Conclusion

The main functions of human resources audit are to take specific actions that will help minimize employee turnover orientation training, working conditions, remuneration and benefits and opportunities for advancement. Therefore, quality of turnover is more important than the quantity of people leaving and joining the industry. Human resources management should create a work environment to make employee realize that it makes a sense to work in the industry rather than staying at home and waste their time.

Thank you !
