

Impact of Human Resource Audit on Competency Management in Private Sector with special reference to Nasik District

¹Dr. Deepa Abhonkar and ²Dr Sachin Chavan

¹Asst. Prof^r, MGV's Institute of Managemen & Research, Nasik

²Associate Professor, Zeal College of Engg. & Research, Narhe Pune

ARTICLE DETAILS

Article History

Published Online: 10 December 2018

Keywords

Human Resource Audit, Competency Management

ABSTRACT

It is necessary for the top management to establish the terms and scope of the audit clearly before the external firm to make the audit successful. This includes defining the exact purpose of audit, viz. examining compliance with legal requirements and organization's policies, identifying problem areas to avoid crisis situation with appropriate planning, analyzing ways to better serve the needs of relevant parties – employees, partners or society, measuring the work processes, seeking HR related opportunities available within the organization, dealing with situation of merger and acquisitions, etc. As far as Human Resource Audit is concerned, following of them are taken into consideration viz, documentation, job descriptions, personnel policies, legal policies, recruitment and selection, training and development, compensation and employee benefit system, career management, employee relations, performance measurement and evaluation process, termination, key performance indicators, and HR Information Systems (HRIS) etc whereas in case of Competency Management; Technical skills, Conceptual Skills, Interpersonal skills, communication skills, Decision making ability etc were taken under the consideration. The main benefit of the HR audit is that it takes the HR to the next level – aligned with the company goals, strategy and business results. Finally, HR Audit having very positive impact on the on Competency Management.

1. Introduction

Successful HR testing helps to identify the need to improve and improve HR performance. It also directs the organization to ultimately comply with ever-changing laws and regulations. HR research, therefore, helps to analyze the gap between 'what is the current HR job' and 'what should be / would be the best HR job in an organization. It is necessary for senior management to establish the principles and scope of auditing clearly before an external company to make an audit effective. This includes defining the exact purpose of the audit, namely. Monitoring compliance with the legal requirements and policies of the organization, identifying areas of problem avoidance through proper planning, analyzing ways to better serve the needs of the people involved - staff, partners or community, evaluating work processes, seeking HR-related opportunities available in the organization, Key HR system items that are frequently researched include - documents, job descriptions, employee policies, legal policies, recruitment and selection, training and development, compensation and employee benefit plan, career management, labour relations, performance measurement and evaluation process, termination, key performance indicators, and HR Information Systems (HRIS)

Phases of HR Audit: The first three categories include a comprehensive collection of quantitative and quality data. The method of data collection depends on the size of the target audience, the availability of time and the type of data to be collected. The pre-audit data section includes organizational policy reviews, HR manuals, staff manuals, reports, etc. Basic to working in an organization. The next section of the site review, includes questionnaires, interviews, observations, informal interviews, surveys, or a combination of these methods to find the input needed by members of the organization. The records review section requires a detailed

scan of current HR records, staff files, student unemployment and benefit statistics, notices, compensation claims, performance appraisal, etc.

Using such collected data, the HR checklist is completed which is the most widely used method of conducting HR research. In the checklist method, the list of all program details is subject to audit, i.e.. policies, procedures, or practices, are created in chronological order. In contrast to each particular object, the actual practice as followed by the organization is stated. Defined practice and actual practice and then compared to determine the correlation between the two and the deviation analysis in the follow-up. On the basis of this analysis, the final audit report is in line with relevant conclusions and recommendations highlighting the strengths and weaknesses of HR work and the necessary development as required.

Staff research, therefore, contributes to the optimal use of internal resources and improves the efficiency of the organization. At the same time, it helps to improve HR processes and practices with industry-leading brands and standards.

2. Objectives of the Study:

1. To study and understand the concept of HR Audit
2. To study the Competency Management
3. To analyse the impact of HR Audit on Competency Management

3. Hypotheses of the Study:

H₀: There is no significant impact of HR Audit on Competency Management

H₁: There is significant impact of HR Audit on Competency Management

4. Scope of the Study:

This research study provides the direction about, how HR Audit is of great importance in today's competitive environment. Firms conduct it keeping in view variety of objectives. Systems are organized way of making things happen. They assist in planning, prediction and bringing professionalism, discipline and security. Every system has its own objectives, elements and process. The purpose of HR system is to build competencies and commitment of individuals, teams and entire organization through variety of instruments. HR competencies are skill and knowledge required by the main stakeholders of the organization that hold the key for making human resources of the organisation work. These include competencies of people working in the HR department.

5. Research Methodology of the Study:

The study is based on critical evaluation and analysis of basically Primary Data. The primary sources include private sector personnel. A study is undertaken in the sampled regions to see its impact for which a detailed questionnaire is prepared to collect relevant information from the primary source for the guidance of the researchers. With the help of the questionnaire, detailed discussions were made with the certain sources of primary data to understand their views, thinking and attitude which would help to give the researchers useful recommendations, if any. The questionnaire is processed with the help of statistical tools like tabulations, grouping, percentages, averages, testing of hypothesis etc.

As far as Human Resource Audit is concerned, following of them are taken into consideration viz, documentation, job descriptions, personnel policies, legal policies, recruitment and selection, training and development, compensation and employee benefit system, career management, employee relations, performance measurement and evaluation process, termination, key performance indicators, and HR Information Systems (HRIS) etc whereas in case of Competency Management; Technical skills, Conceptual Skills, Interpersonal skills, communication skills, Decision making ability etc were taken under the consideration.

6. Research Area

Researchers selected private sector personnel from Nasik district. Sample sizes of 200 retail entrepreneurs have been taken under study. Researcher collects data through Primary and Secondary sources. Researcher distributed 200 questionnaires among the respondents.

7. Review of literature

A Study of Impact of HR Audit on Competency Management by Sadhana Kumari in International Journal of Business Administration and Management, ISSN 2278-3660 Volume 7, Number 1 (2017): People are an integral part of the organization. The effective use of human resources depends on the organization's human resource research practices. Staff research is a tool for evaluating organizational activities. Research involves one category or the whole company. Provides feedback on staff performance to line managers and the department of labour. It also provides feedback on how managers effectively meet the responsibilities of employees. In short, auditing is a

comprehensive evaluation of quality control in employees' operations at the company level and an examination of how their activities support the organisation's strategy. This paper therefore focuses on employee research practices in employee performance in selected IT Industries in Chennai. It also focuses on Employee Research and Employee Benefits with respect to IT Industries. Skills management was a concept that was first introduced in the private sector and then introduced into the public sector in the 1990s. It has continued to grow and is now widely regarded as a management tool of the 21st century. In a recent CIPD study 60% of organizations reported having a Competency Management program, in many cases involving the majority of their employees' roles. With such a high level of interest in this topic other organizations are also expected to follow this lead. HR Audit is very helpful in addressing challenges and building the capacity of HR staff in the organization. Auditors are constantly preparing and submitting an audit report to the organization's authority, which may be clean or appropriate. The clean report shows appreciation for the work of the department, but the latter represents gaps in performance and therefore contains comments and corrective measures. Research itself is a diagnostic tool, not a descriptive tool. It will help to identify which organization is missing or in need of improvement. Organizations with highly qualified HR staff will be able to reap the greatest benefits from the audit process, which will have a significant impact on the performance of HR operations.

Measuring the efficiency of HR system through HR audit in Kochi refineries Ltd by Mufliha S in International Journal of Academic Research and Development, ISSN: 2455-4197, Impact Factor: RJIF 5.22, Volume 1; Issue 12; December 2016; Page No. 24-27: Human resource is the most important asset of an organization, which helps to achieve competitive advantage. The success of an organization depends on the quality of the staff. Staff research supports the organization to review and critically evaluate staff performance and staff performance. Staff audit is a systematic process that aims to investigate policies, strategies, systems, strategies, documents, activities, and organizational practices in relation to its personnel management. This study therefore analyzes the effectiveness of Kochi Refineries Ltd's Human Resource Systems with HR Audit and evaluates the impact of HR Audit on Kochi Refineries Ltd. For the purpose of the study, data were collected among 250 employees of Kochi Refineries Ltd targeted at human resources, accounting and accounting department. This study therefore demonstrated the effectiveness of the HR system using the Radar Graph with appropriate quotes and assessed the impact of HR Audit on HR performance, HR costs, HR Motivation, HR Development, HR Competency with assistance of Structural Equation Modeling. The study therefore found that conducting HR Audit would enhance the performance of the organization by improving the HR systems of Kochi Refineries Ltd.

8. Limitations of the study

1. The study is based on limited geographical area.
2. When audit is conducted as a fashion or because of some force or as a requirement of someone else and CEO has no way of refusing it

- When results of audit are not taken seriously and they are not implemented
- When HR Audit is used against HR department or to throw away some staff in HR department, it will have negative impact on overall human resource development in the company

- Further variables could be added for the purposes of detail study.

9. Data Analysis

Researcher prepared the questionnaire for respondents and distributed it among them. After receiving the questionnaire researcher analyse the questionnaire.

Table No1
Information of questionnaire

Sr.No	Respondent	Questionnaire distributed	Questionnaire received	Questionnaire rejected (due to incomplete, wrongly filled etc)	Net Sample size for study
1	Private Sector Personnel	200	185	20	165

Testing of Hypothesis

H₀: There is no significant impact of HR Audit on Competency Management

H₁: There is significant impact of HR Audit on Competency Management

Mathematically

Sr No	H ₀	H ₁	χ_{cal}	χ_{table}	p_value	Decision
1	There is no significant impact of HR Audit on Competency Management	There is significant impact of HR Audit on Competency Management	31.95	65.17	2.0346E-04	Reject H ₀ (i.e. There is significant impact of HR Audit on Competency Management)

*Here level of significance is 0.05

Thus, our null hypothesis There is no significant impact of HR Audit on Competency Management is concerned is rejected. Alternatively we accept our alternative hypothesis There is significant impact of HR Audit on Competency Management

10. Findings

- The main benefit of the HR audit is that it takes the HR to the next level – aligned with the company goals, strategy and business results
- The benefits that the company might have from an HR audit are many, but the most important of them

are; Identifies HR department contributions in the company, Makes the HR function business-driven and reveals ways to strengthen its impact on achieving Company results, Provides specific, measurable and verifiable data of the current state of the function, Develops and improves professional image of the HR department.

11. Conclusion

From the above analysis, we can conclude that, HR Audit having very positive impact on the on Competency Management.

References

- A Study of Impact of HR Audit on Competency Management by Sadhana Kumari in International Journal of Business Administration and Management, ISSN 2278-3660 Volume 7, Number 1 (2017)
- Measuring the efficiency of HR system through HR audit in Kochi refineries Ltd by Mufliha S in International Journal of Academic Research and Development, ISSN: 2455-4197, Impact Factor: RJIF 5.22, Volume 1; Issue 12; December 2016; Page No. 24-27
- S. C. Gupta and V.K.Kapoor (2006). Fundamentals of Mathematical Statistics, Sultan Chand & Sons Educational Publishers, New Delhi
- S. C. Gupta and V.K.Kapoor (2006). Fundamentals of Applied Statistics, Sultan Chand & Sons Educational Publishers, New Delhi
- V. Rajgopalan (2006). Selected Statistical Tests, New Age international (P) Limited, Publishers
- B. L. Agrawal (2012). Programmed Statistics, New Age international (P) Limited, Publishers