

Human Resource Audit: A Contemporary Issue

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Abstract

In every organisation human resource plays very Vital role. All the factors of production that is material, machines are obsolete without human resources. The success or failure of an organisation is depends upon efficiency of human resources. So, it is very important to manage human resources in very careful manner. Human resources are an asset of an organisation. That's why it is necessary to evaluate these assets and for that purpose human resource audit is significant.

Keywords: Human Resources, Organisation, Assets.

Introduction

The growth and development of a business organisation is depend upon performance and efficiency of human resources. As a result, the concept of Human Resource Management emerges. Afterwards Touche Ross and Company, a Canadian CPA firm has introduced the concept of Human Resource Accounting. Accounting aims at recording, classifying, and analysing the business transactions. In the same manner human resource accounting aims to record classify and analyse performance of human resources.

Auditing refers to examination of bookkeeping and accounting records. So, after human resource accounting there is a need to examine these records to determine appropriate value of human resources human resource audit is required. Human Resource Audit is not only to measure the performance of human resources but also to bridge the gap between current and prospective human resource functions. It also provides guidelines for improvement. As a financial audit is mandatory, human resource audit is not compulsory but it leads to development of human resource sources and that leads to growth of an organisation.

Review of literature

1. *Osama Shaban (2012)*, concluded in his study that, “Human Resource Audit is very important tool two major personal activities of an organisation.”
2. *Monika Garg (2018)*, concluded that, Human Resource Audit is like an annual health check-up. It plays important role in building confidence in the management.”
3. *Ghazala Ishrat and Jawed Habib (2012)*, concluded in their study that, “Human Resource Audit identifies present strength and weaknesses of Human Resource functions.”

Objectives of the study

1. To understand the concept of Human Resource audit.
2. To know the procedure of Human Resource audit.
3. To know the benefits of Human Resource audit.
4. To understand the problems of Human Resource audit.

Methodology of the study

The study is based on secondary data as the data have been collected from journals, newspapers, and books etc.

Purposes of Human Resource Audit

1. Record Keeping.

For maintaining proper record of performance of human resources HR audit is important.

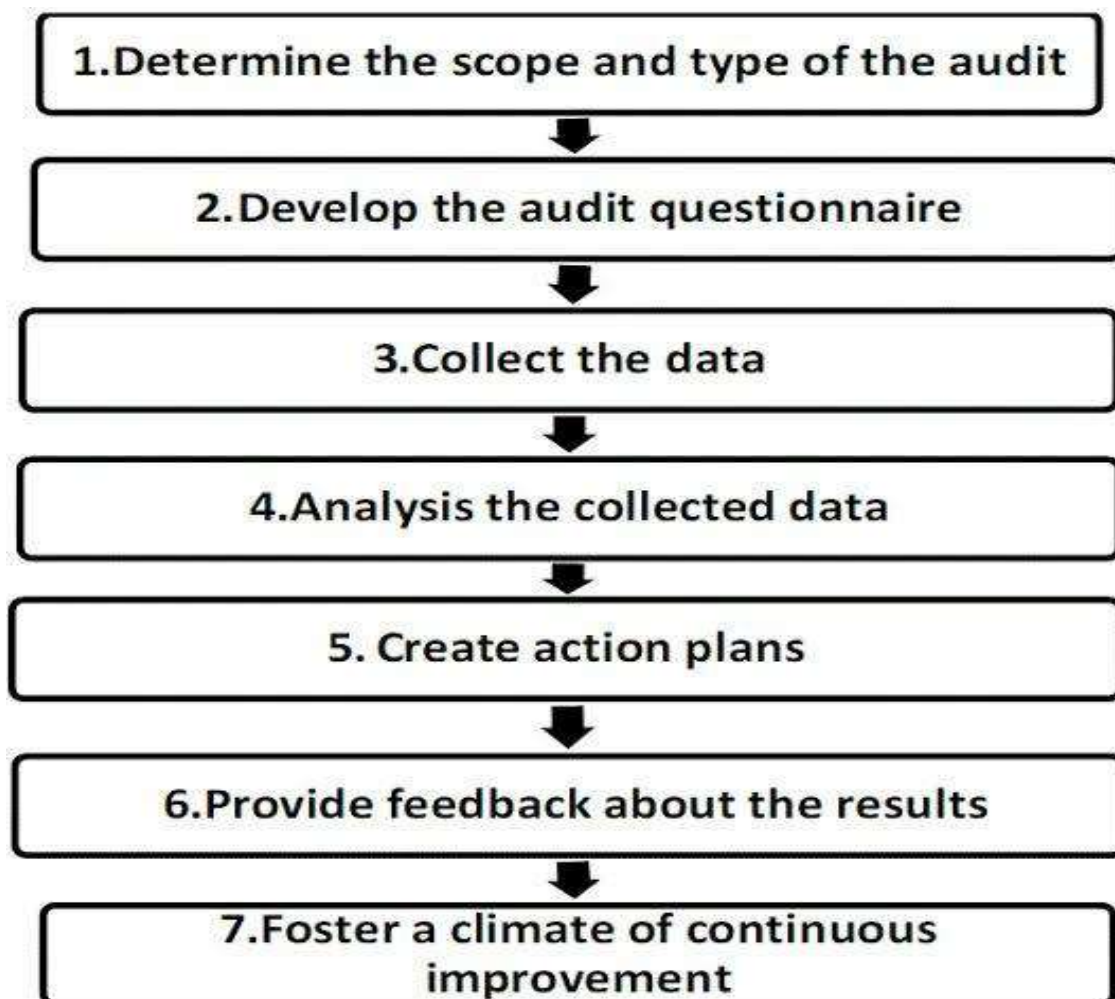
2. Employee Relations.

Human Resource Audit links present and future HR functions. It also analyse the behaviour of superior and subordinates. So, it is important to have HR audit in an organisation to maintain a good relation among different personnel.

3. Policy Framing.

After HR audit top level management can frame various policies related to compensation, termination, health, safety and security on the basis of HR audit report.

Process of Human Resource Audit



Approaches to Human Resource Audit

1. Compliance Approach

Under this approach HR auditor compare management performance with legal requirement and industrial policies.

2. Management by Objectives (MBO) Approach

An auditor may compare performance of management with organisational objectives.

3. Comparative Approach

HR auditor compare the management performance with Rival organisations management.

4. Statistical Approach

As per available information the performance is statistically measured.

5. Outside Authority Approach

An outside consultant set standard as a benchmark. and an auditor compare organisational results with that benchmark.



Benefits of Human Resource Audit

1. The audited figures play an important role in taking various decisions.
2. Helpful to understand true and fair view of performance of human resources.
3. Helpful to attract investors to invest more.
4. Helpful to understand allocation of opportunities among human resources.
5. HR audit provides information about expenditure made on workers.
6. Helpful to reduce the human resource cost through effective planning and implementation.
7. Provide solution to human resource problems.
8. Find out contribution of Human Resource Department to organisation.
9. Helpful to understand new human resource functions.
10. Ensure timely fulfilment of legal requirements.

Drawbacks of Human Resource Audit

1. Lack of expert opinion for human resource valuation.
2. Impossible to determine value of an individuals.
3. No guarantee of Reliability of data.
4. Difficult to collect information about human assets.
5. Difficult to measure the performance in a quantitative form.

Conclusion

As we know, every coin has two sides by the same way HR audit may also have two sides. It includes some advantages on the other hand It may also have some disadvantages. For success of an organisation human resources place very important role. It is necessary to measure the performance of Human Assets. After HR Audit an Organisation can easily find out their limitations and they can convert these weaknesses into their strength that leads to growth of an organisation. Organisation can also use the results of HR audit for promotion and demotion of an employees that leads to increase in confidence and sense of responsibility among employees. So, To survive in this modern world of competition each and every organisation should adopt human resource auditing for proper evaluation and valuation of their Human Assets.

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