



A STUDY ON EFFECTIVENESS OF HR AUDIT WITH REFERENCE TO IT COMPANIES IN COIMBATORE

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Abstract:

A Human Resources Audit is a comprehensive method (or means) to review current human resources policies, procedures, documentation and systems to identify needs for improvement and enhancement of the HR function as well as to assess compliance with ever-changing rules and regulations. An Audit involves systematically reviewing all aspects of human resources, usually in a checklist fashion. The main objective of the study is to study the different sectors of the HR department and to propose a new HR ideology to support the HR functions of IT companies. For this purpose a sample of 150 was collected from the respondents and percentage analysis, chi-square analysis and rank correlation were used as tools to analyse the data and the conclusion it is to know about the strength and weakness of the organizations, also to analyze their employee's standard, reviewing of policies and strategies, recruiting people, retaining the efficient workers, providing training.

Key Words: Audit, Employee & Policy

Introduction to the Study:

HRM includes different functions like HRP, job analysis and design, recruitment, selection, induction, performance appraisal, safety and health, welfare, industrial relations and many more. These functions are performed in furtherance of certain social, functional and personal objectives. The Human Resources (HR) Audit is a process of examining policies, procedures, documentation, systems, and practices with respect to an organization's HR functions. The purpose of the audit is to reveal the strengths and weaknesses in the nonprofit's human resources system, and any issues needing resolution. The audit works best when the focus is on analyzing and improving the HR function in the organizations. The audit itself is a diagnostic tool, not a prescriptive instrument. It will help you identify what you are missing or need to improve, but it can't tell you what you need to do to address these issues. It is most useful when an organizations is ready to act on the findings, and to evolve its HR function to a level where it's full potential to support the organization's mission and objectives can be realized.

Objectives:

Primary Objective:

- ✓ To study the different sectors of the HR department.
- ✓ To collect data of the employees in IT companies.
- ✓ To analyze the various functional attributes of the HR department
- ✓ To propose a new HR ideology to support the HR functions of IT companies.

Secondary Objective:

- ✓ To suggest the changes to me made immediately for an effective HR department

Scope of the Study:

- ✓ The study was conducted only with the employees of IT companies.
- ✓ Since the project was done on the limited samples from the bounded circumstances there will be lot of trust with regard to IT companies.
- ✓ The data collected will help IT companies at the maximum and the suggestions will give them new ideas of dealing with the employees.
- ✓ The employees are very open to the questions framed by us. So the top level management of IT companies will have a great access to the data to analyze and interpret.

Need for the Study:

- ✓ The companies should analyze the HR policies frequently and after analyzing the factors the updating should be made regularly
- ✓ Auditing carries a great importance to IT companies because the productivity of IT companies gets affected because of the psychological behavior of each and every employee.
- ✓ HR audit is an important tool to be used by IT companies to get the fresh blood to flow in.

Limitation of the Study:

- ✓ The scope of study is limited to the respondents are selected from in and around Coimbatore.
- ✓ The project is carried out for the period of 45 days only.
- ✓ The sample unit was also 150 respondents so the data may go wrong.

Research Methodology:

Sampling Techniques:

Sampling Plan:

One of the main elements in the research design is sampling plan which is further divided into sampling unit, sampling size, sampling type.

Sampling Unit:

Sampling unit can be defined as the basic unit containing the HR audit towards IT companies.

Sampling Size:

In this research, the sample size amount to one hundred and fifty, which are surveyed from employees of IT companies.

Sampling Type:

Convenience sampling I adapted in this research. It is a non-probability sampling and it is refers to selecting a sample based on convenience. And also, the stastical tools are applied viz. (a) chi-square test (b) Percentage analysis and c) Rank correlation.

Tertiary Data: The data were collected from the various literatures which are related to the subject of HR audit.

Research Tool: Structures self administered questionnaire had been used as a research tool for collecting

Primary Data: The questionnaire from is designed in the multi choice pattern and has the following technique.

Direct Questions: In this type, the respondents were asked to answer directly to their questions.

Data analysis and Interpretation:

	Particulars	Number of Respondents	Percentage
Gender	Male	91	60.7
	Female	59	39.3
	Total	150	100
Age	20-25 years	35	23.3
	26-30 years	46	30.7
	31-35years	30	20
	36-40 years	24	16
	above 41 years	15	10
	Total	150	100
Educational qualification	12th	45	30
	UG	54	36
	PG	27	18
	Others	24	16
	Total	150	100
Opinion on employees achieving goals and targets	Strongly agree	60	40
	Agree	35	23.3
	Neutral	21	14
	Disagree	19	12.7
	Strongly disagree	15	10
Opinion on investing more on employee education and training	Strongly agree	46	30.7
	Agree	42	28
	Neutral	26	17.3
	Disagree	18	12
	Strongly disagree	18	12
	Total	150	100
Opinion on strategic audit will reduce employee turnover	Strongly agree	35	23.3
	Agree	46	30.7
	Neutral	30	20
	Disagree	24	16
	Strongly disagree	15	10
	Total	150	100
Opinion on time frame of conducting training program	Once in a month	55	36.7
	Quarterly	46	30.7
	Half yearly	26	17.3

	Annually	23	15.3
	Total	150	100
Opinion on satisfaction level on safety measure	Highly satisfied	58	38.7
	Satisfied	46	30.7
	Neutral	26	17.3
	Dissatisfied	12	8
	Highly Dissatisfied	8	5.3
	Total	150	100
	Opinion on mode of recruitment process involved in the organisation	Through agencies	40
Through employee reference		35	23.3
Through advertisement		45	30
Through colleges		30	20
Total		150	100
Opinion on companies adapting to internal factors	Transfer	64	42.7
	Promotion	55	36.7
	Demotion	24	16
	Others	7	4.7
	Total	150	100
Opinion on companies source with external factors	Campus interviews	55	36.7
	Lateral applicants	29	19.3
	Good academic track	27	18
	Advertisement	22	14.7
	Labour unions	17	11.3
	Total	150	100
Opinion on culture followed by the companies	Formal	69	46
	Informal	60	40
	Both	21	14
	Total	150	100
Person in strategic hr audit	General manager	46	30.7
	Production manager	38	25.3
	HR manager	58	38.7
	Auditors	8	5.3
	Total	150	100
Incentives and allowances procedure in the organisation	Productivity linked	55	36.7
	Performance based pay	29	19.3
	Profit incentives	27	18
	Stock opinion	22	14.7
	Retirement benefit	17	11.3
	Total	150	100
Non financial allowances followed by the companies	Status	59	39.3
	Responsibility	33	22
	Job security	23	15.3
	Promotion	20	13.3
	Team spirit	15	10
	Total	150	100

Interpretation:

Among 150 respondents nearly 60.7% of the respondents are male and remaining 39.3% are female. 23.3% of the respondents belongs to the age group 20-25 years, 30.7% belongs to 26-30 years of age, 20% belongs to 31-35 years of age, 16% of them belongs to 36-40 years of age and 10% of them belongs to above 41 years of age category. 30% of the respondents studied 12th standard, 36% of them completed UG degree, 18% of them completed PG degree and 16% of them belongs to others category. 28.7% of the respondents belongs to spinning department, 30% of them belongs to knitting department, 20.7% of them belongs to dyeing department and 20.7% of them belongs to packing department. 40% of respondents say strongly agree, 23.3% of them agree, 14% of them gave neutral as their response, 12.7% of them disagree and 10% of them strongly disagree about opinion on employees achieving goals. 30.7% and 28% of them strongly agree and agree the statement that investment can be done on employee education and training, 17.3% give neutral as their response, 12% of the respondents disagree and 12% strongly disagree towards acceptance on investing more on employees

education and training. 23.3% and 30.7% of the respondents strongly agree and agree the statement that strategic audit will reduce employee turnover, 20% of them say neutral as their response, 16% and 10% of the respondents disagree and strongly disagree about strategic audit reducing employees turnover. 36.7% of the respondents say once in a month, 30.7% of them say quarterly, 17.3% of them say half yearly, and 15.3% of them say annually for opinion on timeframe of conducting training program. 38.7% and 30.7% of the respondents highly satisfied and satisfied with the safety measures adopted by the organizations, 17.3% of them neither satisfied nor dissatisfied, 8% and 5.3% of them dissatisfied and highly dissatisfied towards opinion on satisfaction level on safety measure. 25.3% of them say production manager, 38.7% say HR manager and 5.3% them say auditors for the person in strategic hr audit

Chi Square Analysis:

Age of the respondents * opinion on strategic audit will reduce employee turnover

H0: There is no significant relationship between age of the respondents and opinion on strategic audit will reduce employee turnover

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	6.000E2 ^a	16	.000

Interpretation:

The above table shows about the relationship between age of the respondents and opinion on strategic audit will reduce employee turnover were the level of significance is at 0.000 which is lesser than 0.05. It shows that there is a significant relationship between age of the respondents and opinion on strategic audit will reduce employee turnover.

Regression:

Comparison between age of the respondents and Opinion towards various factors related to HR audit

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.244 ^a	.059	.040	1.255	.059	3.074	3	146	.030
a. Predictors: (Constant), Opinion on companies source with external factors, opinion on satisfaction level selection process involved, opinion on companies adopting to internal factors									
b. Dependent Variable: Age of the respondents									

The R column represents the value of R, the multiple correlation coefficients. R can be considered to be one measure of the quality of the prediction of the dependent variable, in this Age of the respondents is a dependent variable. A value of 0.244 indicates a low level of prediction.

The "R Square" column represents the R² value, from the value of 0.059 the independent variables explain 5.9 Per cent of the variability of the dependent age of the respondents.

Rank Correlation:

Ranking on Companies and Scheme:

S.No	Companies and Scheme	X	Y	R1	R2	D	D ²
1	Financial incentives	4	6	6	6.5	-0.5	0.25
2	Financial allowances	3	6	7	6.5	0.5	0.25
3	Job rotation	8	11	5	5	0	0.00
4	Job enrichment	26	31	2	2	0	0.00
5	Job security	49	62	1	1	0	0.00
6	Performance appraisal	11	28	4	3	1	1.00
7	Job control	29	17	3	4	-1	1.00
							2.50
N	7					1-R	0.04
						R	0.96

Interpretation:

The above table shows about the rank correlation for the factors related to Strategic HR Audit were the correlation is at 0.96 which shows that the ranks given are highly correlated and the priority was given to Job security and that factor can be given more importance by the companies.

Findings:

- ✓ Most 60.7% of the respondents are male and remaining 39.3% are female.
- ✓ Most 30.7% are between 26-30 years of age.

- ✓ Maximum 36% of them completed UG degree.
- ✓ Maximum 40% works in dyeing and packing department.
- ✓ Majority 40% of respondents strongly agree the statement that employees achieving goals and targets.
- ✓ Nearly half of the respondents agree that investment can be done on employee education and training.
- ✓ Nearly 30.7% of the respondents agree the statement that strategic audit will reduce employee turnover.
- ✓ Majority 36.7% of the respondents say timeframe of conducting training program is once in a month.
- ✓ Maximum 38.7% of the respondents highly satisfied with the safety measures of the organizations.
- ✓ Most 30% of them say through advertisement.
- ✓ Majority 38.7% of the respondents highly satisfied with the selection process.
- ✓ Among 150 respondents 42.7% of them say transfer is adopted as internal factors.
- ✓ Majority 36.7% of them say recruitment through campus interview.
- ✓ Most 46% says formal culture is being followed in the organizations.
- ✓ Majority 60.7% of the respondents says initial training should be given to workers.
- ✓ 68% of the respondents say job rotation and job enrichment is present.
- ✓ Majority 39.3% of them strongly agree and agree that training helps to increase employee morale and efficiency.
- ✓ The variables Opinion on satisfaction level selection process involved, Opinion on companies adopting to internal factors and opinion on companies source with external factors are inversely proportional to Opinion towards various factors related to HR audit.
- ✓ The factor opinion on companies source with external factors is directly proportional to educational qualification of the respondents.
- ✓ The factors Opinion on companies adopting to internal factors is directly proportional to department.

Suggestions:

The organizations should not hesitate in spending for providing training for the employees because training helps them to contribute more for the welfare of the organizations and also to enhance their skills together. More number of meetings can be conducted through which views of the employees should be respected because the employee's satisfaction is essential for the growth of the organizations. The recruitment process should be strengthen for acquiring right candidates for the right job, the recruitment can be done through campus interviews which helps the organizations to reduce their cost of recruitment. The incentives can be given to the employees based on both productivity and their performance only then the organizations will also be equally benefited. If the organizations go for strategic audit it should educate the employees about its need and if any new strategies or policies adopted it should be clearly communicated to the employees. It is advisable to go for such kind of audit immediately when it is necessary.

Conclusion:

HR audit plays an inevitable role in the organizations. Here in this study on HR audit we conclude that the organizations to be competitive in both internal and external environment auditing them becomes most important. The conclusion it is to know about the strength and weakness of the organizations, also to analyze their employee's standard, reviewing of policies and strategies, recruiting people, retaining the efficient workers, providing training etc.

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