

AN ANALYTICAL STUDY ON HUMAN RESOURCE AUDIT ON EMPLOYERS IN ORGANIZATION IN SELECTED SMES

Gadarap Reshma

Research scholar

Career point University, kota, Rajasthan.

Dr. N. Ramanjaneyulu,

Professor and Head Department of MBA,

Malla reddy Engineering College(Autonomous)Hyderabad

Abstract

Every contemporary economy should have as its major focus the expansion of what are known as small and medium businesses (SME). It is a difficult problem that involves a large number of parties that are immediately affected in each and every area of the state and the economy. The growth of private ownership and entrepreneurial spirit is encouraged by SMEs. Their adaptability to shifting levels of supply and demand on the market is one of their defining characteristics, as is the ease with which they can make these adjustments. At the same time, they create opportunities for a rise in the number of jobs available, encourage the diversification of economic activities, provide support for long-term growth, make a substantial contribution to export and trade, and boost the overall competitiveness of the economy as a whole. There is no question about the significance of SMEs for the economy. The purpose of this work is to investigate human resource elements and the most effective business practises in small and medium-sized companies (SMEs). The purpose of this study was to investigate the impact that human resource audits have on the number of staff members who leave tertiary institutions in Uganda. A total of 97 individuals were chosen as the study's sample, and the data were analysed using the SPSS statistical tool. The selection procedures utilised included both purposive and simple random sampling procedures. According to the findings of the study, human resource audit is not the only function that can be blamed for the high rate of employee turnover in India Colleges of Commerce. According to the findings of the study, larger salaries are effective in luring away employees who have the perception of possessing abilities that are in high demand.

keywords: human resource, employers, audit, SMEs

Introduction

In today's uncertain employment market, firms are required to attract, manage, and keep exceptional employees while avoiding legal liabilities based on employment practises (Harris, 2002). This places a significant burden on human resource professionals. According to the findings of the SABPP HR AUDIT UNIT (2016), the majority of company executives recognise that efficient people management practises result in higher performance and give the organisation with a lasting competitive advantage. According to Jha (2013), in order for organisations to remain competitive in today's rapidly evolving employment landscape, they need to regularly upgrade their human resources. According to Minhajul (2015), the human resource audit enables an organisation to assess and critically analyse the efficient performance of its personnel as well as the functions of the human resource department. There is a widespread belief, according to Usha (2015), that human resource has not lived up to the expectations of either the top management or the line managers, despite the enormous expenditures that

some organisations have made into their human resource departments. In addition, failure to comply with employment regulations, insufficient compensation and benefit plan design, failure to maintain acceptable levels, and inadequate recording are all issues that are related with human resource management (Kelli, 2008). According to Agata (2015), businesses that don't use contemporary professional approaches for their people functions are unable to attract and motivate the greatest experts, as well as build a reputation for being effective employers and credible partners. According to Gupta (2004), the bleeding of human resources will go directly to an organization's bottom line if the organisation does not take real actions to understand and act on what causes people to stay or quit.

HR AUDIT

The audit of the human resources (HR) is an essential component of the management of the human resources. HR professionals are now paying a lot of attention to it as a result of recent developments. An HR audit is a technique that is used to examine the efficiency of the practises that are employed in human resources. It is a method for analysing the activities that an organization's staff are responsible for. Not only does it provide input to operating managers about HR tasks, but it also provides feedback to the HR department on how successfully operating managers are completing their HR responsibilities. In a nutshell, an audit is an overall quality control review and evaluation of the ways in which HR operations in a public company complement overall organisational strategy. The aims of the organisation and management may also be made more clear through HR auditing. HR audit provides techniques for reviewing goals and objectives, which is necessary given that the suitability of organisational goals and objectives established to be accomplished in connection to the problems being addressed might be questioned. Audits can lead to initiatives to reorganise management practises and goals in response to their findings. It is also possible that it will help to the formulation of new policies and the development of prospective solutions. The purpose of an HR audit is to determine whether a policy choice that was previously selected ought to be replaced with another one or if it ought to be maintained in light of the imperatives of efficiency and economy.

Therefore, a human resources audit is an endeavour to assess the aims and practises of an organisation and enhance the performance of its staff. K. & cited 10 positive outcomes that came about as a result of the HR audit:

1. a description of the benefits that the Human Resources department has brought to the organisation;
2. An enhancement of the professional image of the department of human resources;
3. The instillation of a higher sense of responsibility and professionalism in the personnel of the department of human resources
4. Clarification of the roles and responsibilities held by the Human Resources department;
5. 8. Reduction of HR expenses via more efficient personnel procedures
6. Stimulation of consistency of HR policies and practises
7. Finding solutions to significant personnel problems
8. Ensuring timely compliance with legal requirements
9. Stimulation of uniformity of HR rules and practises
10. the development of a higher level of acceptability within the HR department about the implementation of essential reforms, and
11. A comprehensive analysis of the information system used by the department

The HR audit covers a fairly broad range in both scope and topic areas. It is an example of the so-called "whole man approach," which is based on the presumption that the management of human resources entails a great deal more than the simple process of choosing, training, and dismissing workers. Within the realm of auditing human resources are included:

- (a) Recruitment and selection,
- (b) Training and development,
- (c) Promotion, transfer, and career development,
- (d) Performance appraisal and job evaluation,
- (e) Morale and discipline,
- (f) Salary, rewards and benefits,
- (g) Personnel policies, procedures and programmes,
- (h) Employer – employee relations, and (i) Research.

The HR management audit provides the opportunity to assess the amount to which a company has fundamental HR activities in place and the degree to which they are being carried out effectively. When selecting how to grade the actions, it is necessary to take into consideration the ratings that other managers and employees would give them. The overall scope serves as a roadmap for implementing changes that will result in improved HR operations inside the organisation.

REVIEW OF LITERATURE

Ashen I. Samaranayake, Sajani Nishadya, and Udaya K. Jayasundara (2021) The HR management audit provides the opportunity to assess the amount to which a company has fundamental HR activities in place and the degree to which they are being carried out effectively. When selecting how to grade the actions, it is necessary to take into consideration the ratings that other managers and employees would give them. The overall scope serves as a roadmap for implementing changes that will result in improved HR operations inside the organisation.

Ms. Chitra And Dr. Mallikarjuna N L (2020) It was discovered in their thesis on "Adherence to International Health and Safety standards at workplace in Indian Manufacturing Industry: a study with reference to select manufacturing industries in Bengaluru industrial area" that some workers raised issues and uncertainties regarding the safety of their workplace. There is no mention of workplace insecurity, although employees have reported experiencing a variety of behavioural shifts and attitude alterations. According to the findings of this study, it would be beneficial to install a signing board for the purpose of emergency attention, appoint safety and work health representatives, and ensure that first aid kits have the most recent versions of applicable medications. In conclusion, the authors offer a helpful recommendation by recommending that management and staff assure safety in the workplace by auditing it on a frequent basis.

Shweta Thomas, Dr. Chanchal, and Dr. Bhupinder Kaur (2019) their post on "Healthcare and safety facilities provided to the workers in small scale dyeing units and the working conditions" exhibits that workers are not interested in taking the prevention of unhealthy regions and discussing the issue of paths, drainage inadequate,

and so on. This study reveals that safety measures are not managed in an appropriate manner, and it provides ideas such as employees being required to report harmful circumstances to employers in order for those employers to check on safety preparations.

Mr. R.V. Palanivel and Dr. C. Muthuvelayutham (2016) The authors of this thesis, which is titled "A study on occupational Health and Safety practises in match industries in Virudhunagar district," investigate the workplace injuries that are extremely likely to be major problems despite the fact that potential preventative measures are taken. According to this study's findings, the majority of respondents had a negative assessment of the overall health and safety system, and the researchers recommend that interviews be conducted to ensure employees' safety on the job.

Bruce Mahan, John Morawetz, Ruth Ruttenberg, and Rick Workman (2014) The authors of the study "Workplace Safety and Health Improvements through a Labor/Management Training and Collaboration" highlighted that appropriate training should be required of certain employees and managers at the worksite before such individuals are able to operate safely and healthily. Previous workers have a great deal of knowledge about the problems that might occur at the workplace, and management has the ability to select whether or not new employees will receive training from previous workers. According to the findings of this study, employees may increase their sense of security at work by being more informed about the risks they face to their health and safety on the job.

B. Rajarethinam and A.Elavarasi (2014) In their article titled "Study on safety management of small and medium scale industries in Tamil Nadu," the authors stated that small and medium businesses are unaware of safety concerns and offered a proposal for the SMI safety policy to be followed. According to the findings of this study, fire fighters should be stationed in dangerous places, and employees in industrial settings should ensure that they comply with all safety problems, laws, and regulations. This study also highlights the necessity of verifying workplace safety as another important takeaway from it.

Methods and procedure

Study methodology is a descriptive and analytical approach that one picks according to how relevant it is to study the human resource audit and employee turnover. Data was acquired from 97 respondents in India using a structured questionnaire. The respondents were selected using stratified random selection. Data was collected from all five colleges of commerce in India. Before it was made available to the public, the questionnaire was put through its paces, and the findings revealed a Cronbach's Alpha value. coefficient ($\alpha > .70$) It demonstrates that the items utilised were trustworthy and dependable for the purpose of testing the variables of the study. The data was collected using a Likert scale with five points, ranging from 1 to 5, with 1 representing severe disagreement, 2 representing disagreement, 3 representing uncertainty, 4 representing agreement, and 5 representing strong agreement. In order to determine the nature of the connection between the constructs, a correlation analysis was carried out.

Results

When broken down by gender, the responses showed that 70.1% of respondents were male while 29.9% were female. According to the breakdown of the participants' ages, the age group spanning thirty to thirty-nine years accounted for almost half (49.5%!) of the total number of participants. When asked about their marital status, the majority of participants (63.9% said they were married), while only 20.6% said they were single. Those

respondents (15.5%) who selected "others" as their choice specifically mentioned considerable separation. According to the findings on the level of education, the bulk of the participants (60.8%) had bachelor's degrees, 19.6% held master's degrees, and only one participant disclosed that they were a philosophical doctor. Because of the nature of the institutions that were researched, the majority of the participants, which was 58.8%, belonged to the academic department. Sixty-eight point eight percent of the respondents said that they have worked at their current station for more than one year but for a shorter period of time than five years. This may be a result of the recent appointments and positings of academic and non-academic employees by the education service commission to the institutions that have been targeted. With regard to their place of employment, 45.4% worked for the government, while 54.6% were employed by the governing council. In addition to this, 54.6% of respondents said that they were permanent while 45.4% were on probation. On the other hand, participants did not reply very well to this question since the vast majority of them considered their employer to be part of the government and stated that they worked in a permanent position.

Scale reliability

This was done to determine whether or not the data were consistent and whether or not they were internally stable. Cronbach's Alpha was computed to identify the inter-item consistency and reliability of how items in the data set were positively connected to one another. This was done in order to assess the inter-item consistency and reliability of the data set.

Table 1: Reliability Statistics

Cronbach's Alpha	N of Items
.879	48

According to the results of the study, the Cronbach's Alpha coefficient, which shows that the items that were utilised to evaluate the study variables were trustworthy and credible, was .879. As a result, the data that were acquired for this investigation were regarded as being internally consistent.

Table 2: Correlation tests

		Turnover	Human Resource Audit
Turnover	Pearson Correlation	1	.239(*)
	Sig. (2-tailed)		.018
	N	97	97
Human Resource Audit	Pearson Correlation	.239(*)	1
	Sig. (2-tailed)	.018	
	N	97	97

* Correlation is significant at the 0.05 level (2-tailed).

The results of the correlation tests showed ($r = .239$; p -value less than .05). This indicates that there is a weakly positive link between human resource audits and employee turnover in the institutions that were chosen. This suggests that a change in the amount of human resource audit in these institutions is connected to just a minor variance in the level of turnover that occurs in the institutions that were chosen.

Table 3: Regression test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	2.679	.417		6.427	.000
	Human Resource Audit	.407	.170	.239	2.397	.018
	R	.239				
	R Square	.057				
	Adjusted R square	.047				

a Dependent Variable: Turnover

According to the findings of the study, (Adjusted R square =.047). This suggests that auditing of human resources can only account for 4.7% of the employee turnover rate at the chosen institutions. Because it is difficult to measure human resource audit and turnover using the same unit, an adjusted R square was utilised.

The study indicates a standardized beta coefficient ($\beta = .239$), at light of this, it can be deduced that the percentage of employees who leave their positions throughout the course of a single human resource audit at the institutions that were chosen can vary by up to 23.9%. However, comparing the effectiveness of human resource audits in terms of the frequency with which they are carried out and the amount of personnel turnover in terms of the total number of employees is a variable measure. ($\beta = 2.679$) reveals that in the complete absence of a human resource audit, around three individuals are most likely to abandon their existing positions. This is a very concerning development.

Table 4: Auditing Human Resources Using a Matrix of Components

	1	2	3
1. Assess weakness of employees	.582		
2. Motivate best specialists	.504		
3. Aware of development needs of employees	.440		
4. Invest in human resource building	.435		
5. Periodical review of human resource practices		.558	
6. Update human resource		.424	
7. Quickly fills critical jobs		.420	
8. Ensure staff stay for long time			.605
9. Understands employees			.548
Total	2.640	1.820	1.517
% of variation	13.199	9.101	7.583
Cumulative %	13.199	23.300	29.884

Extraction Method: Principal Component Analysis. a 9 components extracted.

In the policies, procedures, or practises that could improve the efficiency and effectiveness of human resource in the selected institutions, the most common human resource practises that were cited were analysing factor loadings with the largest partial correlation load, assessing the weaknesses of employees (.582), periodic of

review of human practises (.558), and ensuring staff stay for a long time (.605). Other practises that were cited that could improve the efficiency and effectiveness of human resource included assessing the strengths of employees (.605). The components that were determined to have the greatest partial correlation loadings revealed a cumulative variance of 29.8 percent of the total variation of the factors that were used to measure turnover in the institutions that were chosen.

Table 5: Component Matrix for Turnover

	1	2	3
1. Satisfied with current salary	.781		
2. Involvement in decision making	.758		
3. High opportunities for better pay	.755		
4. Recognized for my effort	.726		
5. Satisfied with supervisory practices		.782	
6. Feel pride in my job		.418	
7. Satisfied with recruitment policies		.321	
8. Satisfied with compensation system			.685
Total	7.856	1.302	1.131
% of variation	39.281	6.508	5.654
Cumulative %	39.281	45.789	51.443

Extraction Method: Principal Component Analysis.

a total of five components were isolated. contentment with the existing wage (.781), contentment with the supervisory practises (.782), and satisfaction with the compensation system (.685) are among the measures that have the biggest partial correlation burden. In the selected institutions, the components that were deemed to have the highest partial correlation loadings revealed a cumulative variation equal to 51.4% of the total variance of the factors that were used to measure human resource audit.

Discussion

The results of the research showed that there is a tangentially favourable connection between human resource audits and turnover rates. Although there looked to be a modest association, the correlation was found to be statistically significant. The data provide credence to the hypothesis of Kayuni and Tambulsi (2007), who argued that a high employee turnover rate is an indication that the organisation has various issues with its HRM-related responsibilities. Various functions of HRM, including selection, recruiting, and induction, as well as motivation, commitment, and morale. According to Lee (2014), organisations that lack trust in their leadership, have little space for growth, engage in unfair trade, provide little room for progress, and provide an atmosphere for success suffer significant turnover. According to Chabaya et al. (2014), factors related to human resource functions such work satisfaction, organisational culture, features of the occupations, unreasonable expectations, and greater compensation elsewhere are correlated with employee turnover. According to the findings of the study, there was a vanishingly small number of employees who resigned from their positions when there was no human resource audit at all. Higher remuneration could be enough to sway people to leave an organisation if they believe that the talents they bring to the table are in great demand. (Zhang, 2016) found that employees will move across the labour market between enterprises, between jobs and occupations, and between employment and unemployment. This statistic backs up what Zhang found. The professionals in human resource management refer to this kind of rotation as voluntary turnover. It is a very unexpected form of rotation. According to the findings of the study, human resource audit only accounts for a very tiny fraction of the employee turnover that

is typical in many different types of businesses. The findings provide credence to the assertion made by (Ongori, 2007), according to which dissatisfaction with one's employment is not the sole factor that motivates employees to switch employers. Employees may leave an organisation for a variety of reasons, including being fired, being transferred to another department, retiring, or resigning. The degree of variance that was seen across the criteria that were utilised to analyse turnover was typical. Adler (2008), who emphasised that organisations should look behind and beyond their assertions of sound and proper human resource management practises, is supported by the fact that the responses are not uniform. This is because many human resource practises and assertions do not assist organisations in achieving their objectives and goals.

Conclusion

The high rate of employee turnover at India's colleges of commerce is not just the result of problems with the human resource audit function. Employees who believe they possess abilities that are in great demand might be enticed away by higher compensation, and this can lead to a loss of talent. Even if these institutions do not conduct human resource audits on a regular basis, it is impossible to blame personnel turnover to a lack of human resource audit since the number of employees who leave their present employment for other occupations is too low. Periodic reviews of the human resource practises expose workers' flaws while strengthening management's position to guarantee employees remain longer in the organisation. Even though there wasn't much variety in their comments on the function of human resource audit in organisations, periodic reviews of the human resource practises disclose employees' weaknesses. In addition, the frequency of carrying out audits of human resources does not explain the amount of employees who quit their employment to pursue opportunities elsewhere at any particular moment.

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