

## **A STUDY ON H R AUDIT IN ORGANIZATION SYSTEMS OF BHEL HYDERABAD**

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### **ABSTRACT**

The aim of the study is to measure the maturity level of subsystems in the organization which is a kind of HRD AUDIT. Maturity level of the subsystems indicates the efficiency and effectiveness of the HR sub systems. HRD score card is the instrument used to measure the maturity level of each of the '15' sub systems existing in BHEL. Each subsystem is assessed at a '10' point rating scale. BHEL as one of the leading public sector company has been conducting AUDIT activities

From the analysis it is observed that of all the '15' sub systems job rotation/transfers and career planning systems are found to be at moderate maturity level and welfare management, health management, Industrial Relations systems are at high maturity level. There are no sub systems exist in the organization which are either at high maturity level or at low maturity level.

It is concluded that BHEL has efficient welfare measures, health management, and corporate social responsibility systems existing in the organization. The organization is advised to strategically focus on job rotations and career planning systems as they are at low maturity level compared. Though the HR systems existing in BHEL are at an average maturity level, in future the organization should focus on the systems to improve them to high maturity level.

**KEYWORDS:** HR Audit, BHEL, Hyderabad

### **INTRODUCTION**

Human resource management is a function in organizations designed to maximize employee performance in service of their employer's strategic objectives. HR is primarily concerned with how people are managed within organizations, focusing on policies and systems. HR departments and units in organizations are typically responsible for a number of activities, including employee recruitment, training and development, performance appraisal, and rewarding, retention, industrial relation, welfare measures, health management, corporate social responsibility etc. (Aaron Suresh Fernandez, 100% claimable Training) HR is also concerned with industrial relations, that is, the balancing of organizational practices with regulations arising from collective bargaining and governmental laws. Scope of HRM without a doubt is vast. HRD audit is the process through which all these divisions are evaluated for their efficiency.

HR is a product of the human relations movement of the early 20th century, (Human Resource Management, 2014) when researchers began documenting ways of creating business value through the

strategic management of the workforce. The function was initially dominated by transactional work, such as payroll and benefits administration, but due to globalization, company consolidation, technological advancement, and further research, HR now focuses on strategic initiatives like mergers and acquisitions, talent management, succession planning, industrial and labor relations, and diversity and inclusion.

## **HUMAN RESOURCE AUDIT**

It is mechanism to review the current HR policies, practices and systems to ensure that they fulfill the rules and regulations. The audit also helps in identifying the areas of improvement in the HR function. Nowadays, the audit is done regularly in the organizations.

The HR audit covers various functions of HR like Recruitment, Compensation & Benefits, Performance evaluation, Termination Process and exit interviews etc.

## **TYPE OF AUDITORS**

### **There are Two Types of Auditors**

- **Internal Auditor:** sare employees of a company hired to assess and evaluate its system of internal control. To maintain independence, they present their reports directly to the board of directors or to top management (Rehana Fowzia 2010). They provide functional operation to the concern. Internal auditors are employed by the organization they audit; their familiarity with the organization provides more insight into potential fraud and wrongdoing.
- **External Auditor:** sare independent staff assigned by an auditing firm to assess and evaluate financial statements of their clients or to perform other agreed-upon evaluations. Most external auditors are employed by accounting firms for annual engagements. They are called upon from outside the company.

## **HR AUDITING ATTEMPTS**

- To review the entire system of procuring, developing, allocating and utilizing the human resources in an organization.
- To evaluate the extent of implementation of the human resource policies and practices of an organization.
- To measure the HR department's record of compliance with the statutory provisions regarding hiring, compensation, safety and health, dispute settlement, etc.
- To have an improved control over and check on all internal operations of the organization.
- To evaluate the performance of the staff looking after HRM function.

## **REVIEW OF LITRETURE**

Literature survey is the documentation of a comprehensive review of the published and unpublished work from secondary data in the areas of specific interest to the researcher. The library is a rich storage base for secondary data and researchers used to spend several weeks and sometimes months going through books, journals, newspapers, magazines, conference proceedings, government publications to find information on their research topic.

Dr. F. R. Alexander Pravin Durai, I. Adaikalasamy are Expressed Human Resource effectiveness tools such as HR

audit is concerned with the examination and evaluation of the policies, procedures and practices with reference to the human resource of the organization. It is a periodic review to measure the efficiency and effectiveness of Human Resource Management. Although there is no legal obligation to conduct HR Audit, it is considered important for improving the performance of human resource, controlling the cost of labor and meeting the challenges of the trade union. It is clear that study in the HR Audit sector is very limited. So it is necessary to find out the organizations that have HR Audit practices and to study on HR Audit practices perception of employees. The researcher identified the award winning company of Mando Automotive India Limited. The study was done based on questionnaire with a sample of 452 Operating Engineers (OE) respondents and 200 Staff respondents. Findings reveal that the perfect and rational HR Audit practices perception of employees in Mando Automotive India Limited.

Shiri, Shammy communicated a research paper which illustrates HR function has emerged as a key factor in organizational performance and business success. HR audit helps in taking stock and refining HR policies, procedures and practices aimed at organizational effectiveness. The study indicates that HR audit increases the efficiency of Human Resource function, gives opportunity to align the HR practices with the organizational strategy, identify improvement areas, and fine-tune the HR current practices in sync with organizational strategies.

## METHODOLOGY

The methodology followed for conducting HRD audit requires the use of a number of methods for HRD audit. The methods are used in combination and a good audit requires the use of all the methods. Methodologies that can be generally adopted in HR Audit process are:

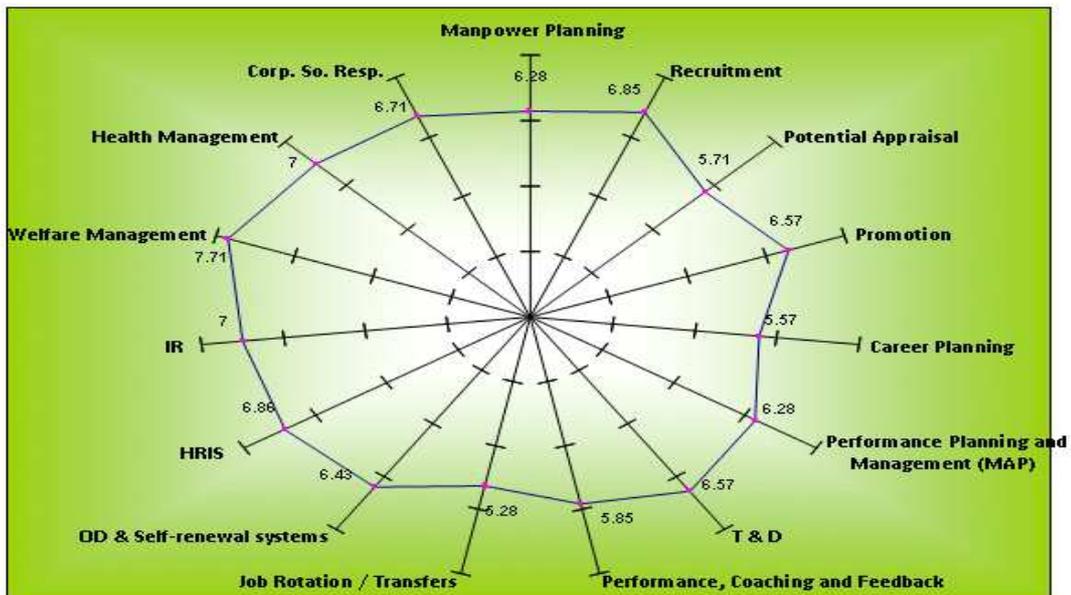
- Interviews
  - Individual and group
  - Top Management
  - Line Managers
  - HRD Staff
  - Workmen and others
- Questionnaires
- Score card
- Observation
- Analysis of records and secondary data

The respondents have been approached with the help of a structured HRD score card and the data has been analyzed with the help of simple statistical tools like percentage, average etc. The sample size consists of 150 executives of BHEL. Of these 70% are HR executives, 10% are Medical executives, 10% are civil executives and the remaining 10% are social & welfare executives.

## OBJECTIVE OF THE STUDY

- To Study the maturity of HR systems and its effectiveness in BHEL
- To Know HR strategies and systems flowing from the corporate level
- To Study the HR Audit in organization system and improve their efficiency and effectiveness.

## DATA ANALYSIS AND INTERPRETATION



### Radar Graph of HR Systems

The above radar graph depicts the efficiency of the subsystems present in BHEL. The analysis is done with the help of the HRD score card, which is given to 150 employees of which 85% responded. The following are the subsystems whose efficiency has been measured:

- Manpower planning
- Recruitment
- Potential appraisal
- Promotion
- Career planning
- Performance planning and management(MAP)
- Training and Development
- Performance coaching and feedback
- Job rotation/Transfers
- OD &self-renewal systems

- HRIS
- Industrial Relations
- Welfare management
- Health management
- Corporate social responsibility.

Of all the subsystems, it is inferred from the above radar graph that, job rotations are very low in BHEL and also career planning is less. Health management, Welfare management, Industrial relations are highly efficient.

**HR Subsystems Efficiency in BHEL**

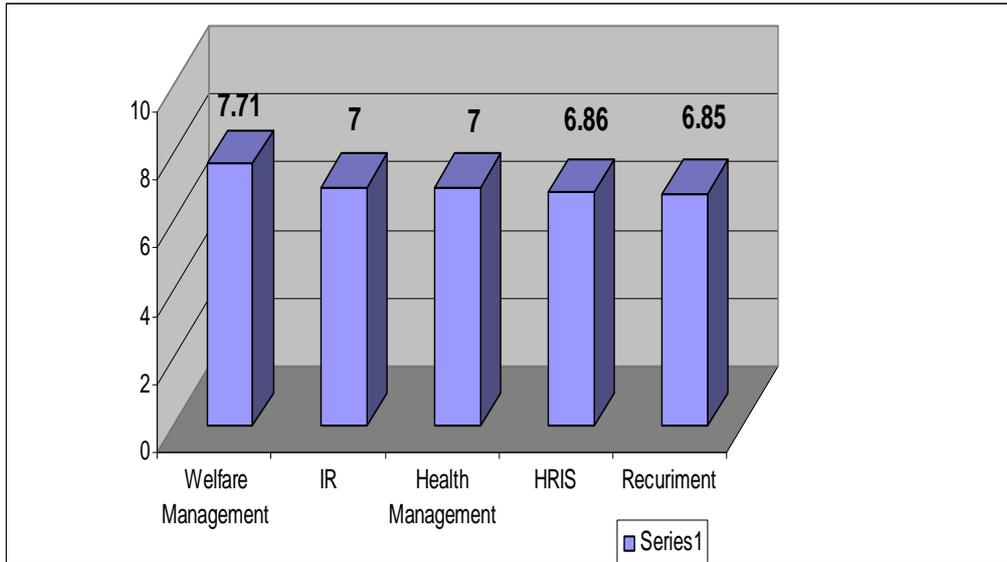
HR Subsystems	Average
Manpower Planning	6.28
Recruitment	6.85
Potential Appraisal	5.71
Promotion	6.57
Career Planning	5.57
Performance Planning and Management (MAP)	6.28
Training & Development	6.57
Performance, Coaching and Feedback	5.85
Job Rotation / Transfers	5.28
OD & Self-renewal systems	6.43
HRIS	6.86
Industrial Relations	7.00
Welfare Management	7.71
Health Management	7.00
Corp. So. Resp.	6.71

**Bar graph of HR Efficiency on range (0-10) scale**



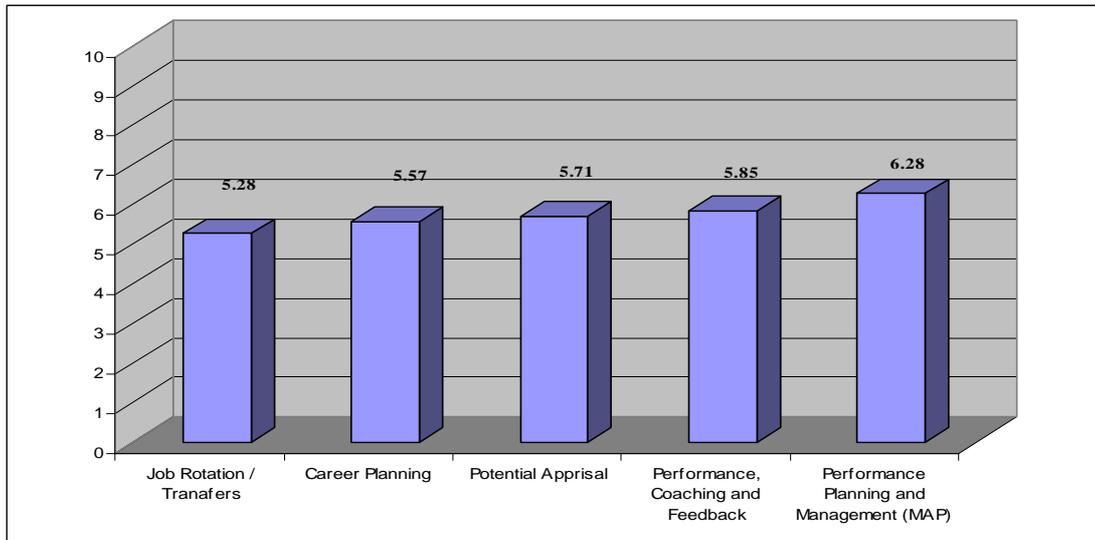
**Top 5 HR Subsystems**

HR Subsystems	Average
Welfare Management	7.71
IR	7
Health Management	7
HRIS	6.86
Recruitment	6.85



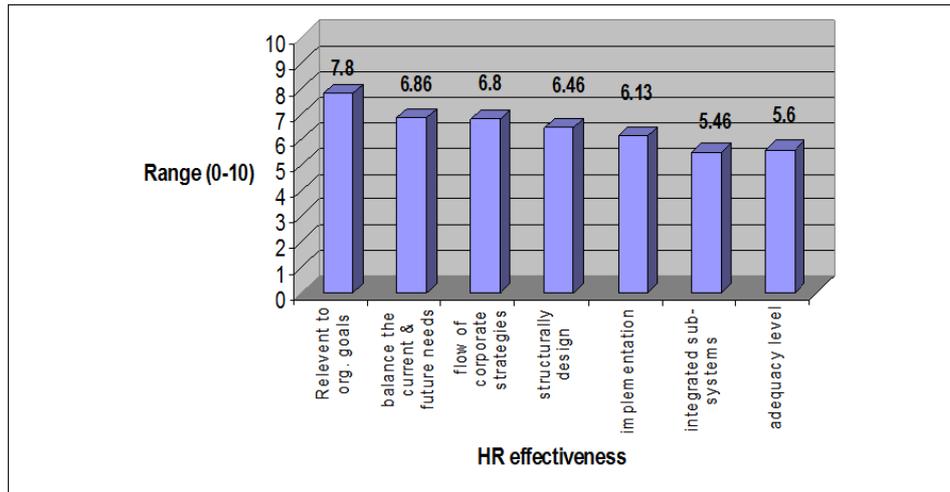
**Bottom 5 HR Subsystems**

HR Subsystems	Average
Job Rotation / Transfers	5.28
Career Planning	5.57
Potential Appraisal	5.71
Performance, Coaching and Feedback	5.85
Performance Planning and Management (MAP)	6.28



**HR Effectiveness in BHEL**

HR Effectiveness	Average
Relevant to organizational goals	7.8
Balance between the current & future needs	6.86
Flow from corporate strategies	6.8
Structural design	6.46
Implementation	6.13
Integration with other subsystems	5.46
Level of adequacy of this subsystem	5.6



The above graph represents the effectiveness of HR subsystems in BHEL with the help of the following seven parameters:

How relevant is it to organizational goals?

How well does it balance the current and future HR needs?

How much does it flow from corporate strategies?

How well is it designed structurally?

How well is it being implemented?

How well is it integrated with other sub-systems?

What is the level of adequacy of this sub-system?

It is inferred from the above graph that the integration between the subsystems is very less and the subsystems are not that adequate.

**FINDINGS IN THE STUDY**

- As BHEL is a big PSU any kind of new policies to be implemented, needs long time.
- The organization has a very good ‘welfare & health management’ to its employees.
- As a PSU it maintains its corporate social responsibility.

- The employees persist the adequacy of the 15 subsystems is not to their expectations.
- Also the subsystems relevance to the organizations is not to their expectations
- The company has a very lengthy recruitment process.
- The MAP programme is important for organization improvement but its in the bottom five of the study.

## SUGGESTIONS

- Organization should focus strategically on job rotations, career planning, Performance management system observed in the study and their implementation.
- The organization should focus on improving the HR systems maturity to high maturity level.
- The organization should have the audit for the improvement of different systems in the organizations and have a understanding whether are they with the organization's mission and objectives
- The organization should realize that job rotations help the employees in learning new things which leads to effective performance of the employees.

## CONCLUSIONS

HR Audit is very much helpful to face the challenges and to increase the potentiality of the HR personnel in the organization. The auditors always prepare and submit an audit report to authority of the organization, which may be clean or qualified. The clean report indicates the appreciative of the department's function, but the latter one represents the gaps in performance and therefore contains remarks and remedial measures. The audit itself is a diagnostic tool, not a prescriptive instrument. It will help to identify what organization is missing or need to improve. Organizations with a high competent HR staff will be able to derive much greater benefit from the audit process, resulting in a higher impact on the effectiveness of the HR functions. In the present study the HR systems are though on an average scale, the management should still work on some areas for future. The organization should mainly focus on job rotations and career planning, because compared to other systems these two are at low maturity level.

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