

HUMAN RESOURCES AUDIT- PRIMARY FUNCTION OF THE RESOURCES MANAGEMENT

LEPADAT ELENA DOINA, TURNEA ADASENSA ICONIA,
FACULTY OF ECONOMICS, "TIBISCUS" UNIVERSITY TIMISOARA,
elena.lepadat@yahoo.com, turneaaadasena@yahoo.com

Abstract:

The ongoing economical changes, low capital investments and insignificant productivity growth both in public and private sector increased the pressure on using human resources. In this respect, the human resources evolved into a complex of activities with a huge influence and power having a direct impact on organisational strategies. The HR audit could be a powerful changing leverage for departments and organisations. As time passes by, the audit enhances through a better definition and a higher level of the expected performances. The approach should be systemic because it is complex comprising all traditional domains of the human resources without neglecting the cultural feature of the company or the local initiatives.

Key words: human resources audit, audit report, human resources practices

JEL classification- M42

Introduction

As an impact of the development and of the crucial importance that human resources provide for the organisation, the keyword *human resources audit* appeared.

The human resources audit is an activity undergone by the professionals in the human resources field from inside or outside the organisation (internal audit / external audit), that collects and evaluates evidence connected with the human resources management within the organisation having the purpose of searching for a dependent opinion about the comparison between the noticed and default aspects reported to the observance and application of a quality criterion previously established.

The concepts regarding the audit in general and the human resources audit in particular form a coherent and unitary ensemble of elements having the purpose of determining and providing the highlight of the proving material and formulating the most important results about the studied entity and with the help of other methods and specific techniques to be able to express the qualified opinion, conclusions and recommendations of the auditor.

The human resources audit is "a system of consulting, an analytic evaluation and an independent expertise of the human potential of the organisation". In 2000 the French author Ingalens suggests that "human resources audit is a judgement about the quality of the human resources of an organisation". Through the appreciation of the human resources quality we refer to the ability of the human resources to answer the organisation needs, needs that can of quantitative and quality rank.

In his work, Bill Coy says that "the human resources audit is a process of policies, procedures, documentations, systems and searching practices about the function of the human resource in the organisation."

Stettler and Collins say that "a human resources audit means a review and a meeting, or an audition before analysing and evaluating an appreciation".

Materials and methods

The methodology of a human resources audit needs many sources of information that must be verified, as: policies and procedures, the employers files, job descriptions, duties, job specifications, internal reports, individual and collective work contracts, the relations with the unions, relations with the local public administration, statistics of

professional accidents, interviews with the employers and with the personnel of the human resources department.

A human resources audit evaluates the human resources activities undergone in an organization. The team that leads the audit should use a variety of approaches, methods and instruments to evaluate the human resources activities. With the internal comparisons, the audit team should compare the efforts of the organization with those of the other companies or with standards developed by the authorities and internal statistics.

The data come from interviews, questionnaires, checking the internal documents, external sources, experiments or target groups. Using these data, the audit team will succeed to write an audit report. It provides a feedback for the superior management, executive managers, for specialists in human resources and for the manager of the human resources. Having these data the manager can elaborate plans that can provide a better contribution of the human resources activities for fulfilling the organizational objectives.

In the work, *Using accounting information in insurance management*, Nagy C M, states that: „ At the basis of the management functions there are three basic elements: ideas, things and people. Planning deals with ideas, organization in charge of things and human resource management, management and control dealing with people. To manage an insurance company are very important: leadership, control and management of human resources because the activity of insurance is a business oriented toward people. However, management of such companies must strive in the sense of maintaining a fair balance between the five functions of management, so as to ensure the success of the company on the market” .

Results and discussion

The purpose of the human resources audit is to plan the type and number of audits, to identify and provide the necessary resources to do it. In this material I will present a few approaches in the development of the human resources audit.

The comparative approach- the audit team compare the checked organization with the other one, to identify the inefficient zones by comparing the results. This method is usually used to compare some specific personnel activities or of some specific programmes. It is useful for identifying the areas that need improvements.

Inviting the external experts- the audit team uses the consultant's expertise and the research published results as standard models for comparing with the department actions of the human resources or any other programmes. The external consultant or the research results can be useful in diagnosing the problems' causes.

Statistic approach- using the reports existing in the organization the team formulates the statistic standards. With the help of these standards can be evaluated the actions and the programmes from human resources area. Using these mathematical standards, the audit team can determine and find the mistakes in an incipient age.

Conformity – realising the selection of the elements of the informational human resources system, the audit team search for the deviations of the staff policy or procedures from respecting the legal rules. This way the team can check the compatibility of the company's policy with the law.

MBO approach – when within the organization is being used the management by objectives (MBO) the audit team can compare the actually results with the diagnosed ones. Thus can be identified the inefficient areas. The purpose of the programme of the human resources audit is to plan the type and number of the audits, to identify and provide the necessary resources to realise it.

PDCA cycle – known as the **Deming cycle** – was given this name for the first time in 1930s by Walter Shewhart, who talked about this concept in his book “Statistical Method from the Viewpoint of Quality Control”. This model offers framework for improving a process or a system. It can be used as a guiding instrument throughout the improving process or for developing specific processes when there have been identified the fields that need improvements. PDCA cycle assumes:

PLAN – planning. An opportunity is being recognized and a change is planned. In this stage must be previously analysed what can be improved, checking for those areas that present changing opportunities. The planning must be guided. The failure of the planning and preventing problems leads to human resource loss, materials, technology and time. This failure is going to rise the cost of the system without adding value. More than that, the client is not always available to pay for this loss. The result will be the loss of market share.

DO - doing. After the change has been planned, we move to action, achieving it. It is preferred in these situations when this is possible, to be done at a lower scale to be able to prevent and correct the possible inaccuracies.

CHECK – checking the results. What has been realised by this change? What has not functioned? Here are two of the questions that could be asked in this crucial stage of PDCA. After the change was introduced for a period of time, it is important to be determined how well functions. Has the introduced change lead to what was meant? The most important is to determine which of the system’s parameters have to be measured and how often to do that to correctly monitor the level of change.

ACT – to fully adopt the change, to abandon or retake the cycle. Along with the change planning that was implemented and monitored, the decision of continuing it must be taken. If it took too much time, it was hard and difficult to implement in the system or did not lead to the wanted improvement, it is possible to take the decision to give up on it and to reconsider a new one.

Analysing the opinions of the authors involved, published in the field literature, we conclude that there are four main stages of realising the human resources audit: gathering the quantitative and qualitative information; evaluating the gathered information; analysing the results; planning the action. The audit must be seen as a managerial assistance instrument that offers getting correct information about an internal life reality of an organization, as a whole or on default structures and processes using adequate work techniques.

Conclusions

The human resources audit is guided to provide the employer a systematic way of determining if it is compatible with the laws of the state, and the legal ones, regulations and ordinances about work relations, offers a clear and objective analysis of functioning the human resources component, giving solutions, determine the human resources professionals guidance, a more active and accurate contribution to the organizational success and is an important tool in the process of organizational change.

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