

# THE MAIN PARAMETERS AND LEVELS OF HUMAN RESOURCES AUDIT

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*Human resources audit is an expertise which is carried out periodically to the administration system of human resources, including monitoring and collecting information, their analysis and assessment on this basis of the efficiency the organization uses human resources with. The main goal is to improve the employees' performance and job satisfaction*

*The purpose of human resources audit is to emphasize the strengths and weaknesses in the nonprofit system of human resources and managing the possible issues and the auditor is the landmark in the correct and legal carrying out of the audit.*

*The human resources audit domain is much more comprehensive than the mere personal activity control. Human resources audit requires **the study of the human resources system** within the organization on different hierarchical levels..*

*Key words: parameters , levels, human, resources, audit*

## The main parameters and levels of human resources audit

The objective of **Human resources audit** is to check the compliance of the obligations by the firm but also the degree of adequacy of commands in order to ensure, for example, a continuous and effective development and the improvement of the individual's knowledge, a fact leading to the employer's profit, first and foremost.

Human resources audit could be seen from the technical and organizational point of view, socio-psychologically and economically.

From the **technical and organizational** point of view – human resources audit is a means of verifying the documentation and an indicators analysis, which demonstrates the efficiency of the activities in an organization.

In the western practice, human resources audit consists in the analysis of data and staff turnover indicators, the human resources attitude towards job and the degree of personnel satisfaction.

**Socio-psychologically**, human resources audit represents an assessment of work relationships in the company in order to outline the essential factors of motivation and to identify the resources of maximizing the activity of the firm from the subjective point of view of personnel.

The **economic side** of human resources audit consists of:

1. Establishing the competitiveness of the company in human resources area, which can be done by comparing the social and economical indicators of company activity to the work regulations mentioned in the laws or to the best results from other companies in the same line of business;
2. Settling the functioning effectiveness of the Human Resources Department, ascertaining the role it has in increasing the competitive power;
3. Establishing the economic effectiveness of audit itself by comparing the audit costs to the effects of auditing.

An efficient analysis is that which presents thorough and accurate information on personnel administration and development programs application results, as a strategic resource of the organization.

The main parameters of human resources audit as distributed on the personnel subsystem functions are presented in table 1.<sup>73</sup>

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<sup>73</sup> I.G Odegov, T.V. Niconova, Auditul Personalului, Editura „Examen”, Moscova, 2004.

The main parameters of human resources audit

<b>The Functions of Human Resources Subsystem</b>	<b>The Content of Human Resources Audit</b>
<b>Formation of personnel policy in the organization</b>	The assessment of the current situation of personnel policies, the degree of compliance to the development strategy of the firm; the evaluation of relationships among the personnel policy, the features of the organization and the internal conditions
<b>Planning the human resources</b>	The assessment of existing resources, targets and development prospects, future personnel request; analysis of planning plan and staff turnover planning analysis
<b>Utilization of human resources</b>	Degree of personnel occupation analysis; personnel stability analysis.
<b>Recruitment and selection of human resources</b>	Assessment of methods and procedures used in recruiting personnel; recruitment costs; recruitment efficiency in filling in the vacant positions; filling in possible positions in the future; efficiency of selection procedures.
<b>Professional assessment of human resources</b>	The analysis of methods used in the personnel assessment, their effectiveness; assessment of results and effects of the personnel evaluation process.
<b>Human resources adaptation</b>	Analysis of the methods used for personnel adaptation, their efficiency, identification and diagnose of issues which appeared in the adaptation process.
<b>Human resources training</b>	Analysis of targets and forms of training, their compliance to the purposes of the organization; study of the training program; assessment of personnel after completing training, the efficiency and results of the training program.
<b>Professional career development of human resources</b>	Analysis of development system of personnel in the organization; job analysis, analysis of the plan for personnel development, the efficiency of methods used.
<b>Organization and progress of the working process</b>	Analysis of work environment, security techniques; analysis of work standardization process; evaluation of work productivity; analysis of investments in this area and results.
<b>Human resources' motivation and stimulation</b>	Analysis of motivation forms, their relationship with personnel motivation; analysis of the level and structure of payment forms; assessment of compliance between the motivation forms and the targets of the organization.
<b>Development of teamwork spirit</b>	Diagnose of socio-psychological climate, assessment of the relationship strains between employees, hostility towards changes; organizational culture diagnose; the type of leadership practiced.

Human resources system requires analysis of human resources on three levels: **strategic, functional and medium**. Taking this into consideration, we could formulate **three levels of accomplishing the human resources audit**, namely <sup>74</sup>

### ***The Strategic Level***

On the **strategic level**, the human resources audit is carried out from the point of view of the organization's strategy, which requires a checking of the integration of administration practice of human resources in strategic planning within the organization, and the relationship between the human resources department and the other departments, referring to the formation of utilization of human potential within the organization. The auditors study the organization strategy by interviewing staff, studying strategic plans, systemizing external and internal factors of the firm and establishing the dynamics of changes. The general strategy in the firm usually targets a most competitive position in the market. Staff searches and identifies means of occupying the best possible position in the market through the assessment of opportunities and threats in the environment and through the analysis of strengths and weaknesses within the firm.

Development of competitive skills of personnel can be done with:

- Clearance of flaws within the organization structure which hinders the growth of the work potential. In order to maintain an equilibrium in the organization it's essential to keep the quality of human resources, without whom the organization losses any chance of strengthening its position in the market and to eliminate further inauspicious events. This may be done through reorganization, elimination of structural subdivisions and removing the employees who can't integrate in the change strategy.
- Identification of the organization's unique features which represent the administration system of human resources in each organization. Even in the conditions of perfect agreement among the profile, structure and objectives of the organization there can't be similar human resources which compose these organizations and finalize these purposes in the same manner.

The features of the human resources in the firm and the utility level of every individual's possibilities anticipate all the results and all the competitive possibilities.

The study of strategy has a major impact on planning the personnel policies, motivation system, work relationships and other aspects in the human resources field.

The competitive strength in the work market is the organization's capacity to be chosen for a workplace, i.e. the sum of all the work conditions offered by the employer, which makes the difference between the organization and others within the same line of business.

Among the indicators which can be used in the assessment of the firm's situation there are:

- - The level of personnel satisfaction;
- - The level of personnel stability.

The study of the firm's global strategy influences the importance of the audit activity information.

### ***The Functional Level***

**The functional level** requires checking the effectiveness of functional departments' activity within the organization's human resources system.

On this level, the auditor is required answers to three questions:

- Do the results meet the established targets?
- Is it possible to have these results with the lowest costs?
- Is it possible to simplify and improve the personnel procedures?

### **The Medium Level**

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<sup>74</sup> Employment Practices – HR Audit Results, [www.peoplehelpers.net](http://www.peoplehelpers.net).

**The medium** (management) **level** requires checking the accuracy of the middle-managers 'application of personnel policy.

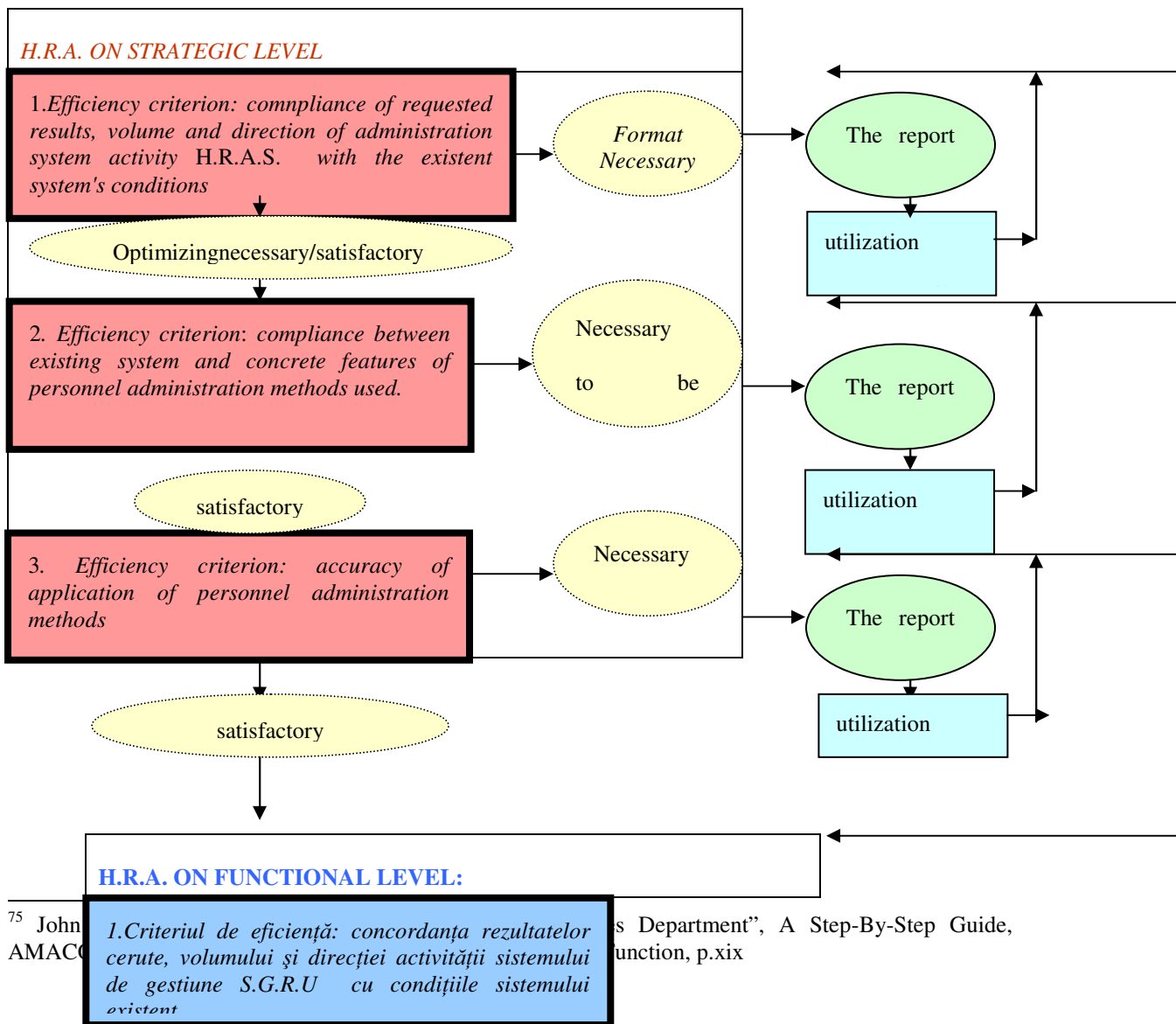
In this mission the auditor uses information from:

- Union representatives;
- Employees;
- Human resources administrations and departments;
- External resources (social organizations, shareholders, city services).

With the achievement of the audit procedures in this area, the middle-managers' esteem for the functional activity of human resources department rises. Also, human resources audit kindly appreciates line managers who take care of the firm's personnel policy. If the managers ignore or disrespect the laws at work, then the audit has to uncover these faults in order to take the necessary measures. It's very important to obey the laws as otherwise, for example in the case of disobeying the human rights, security techniques, rewards or work laws, the image of the firm is hit directly. Human resources audit can improve the image of the human resources department and its role in the company. An efficient human resources department achieves the company's targets but also the personnel's requirements.

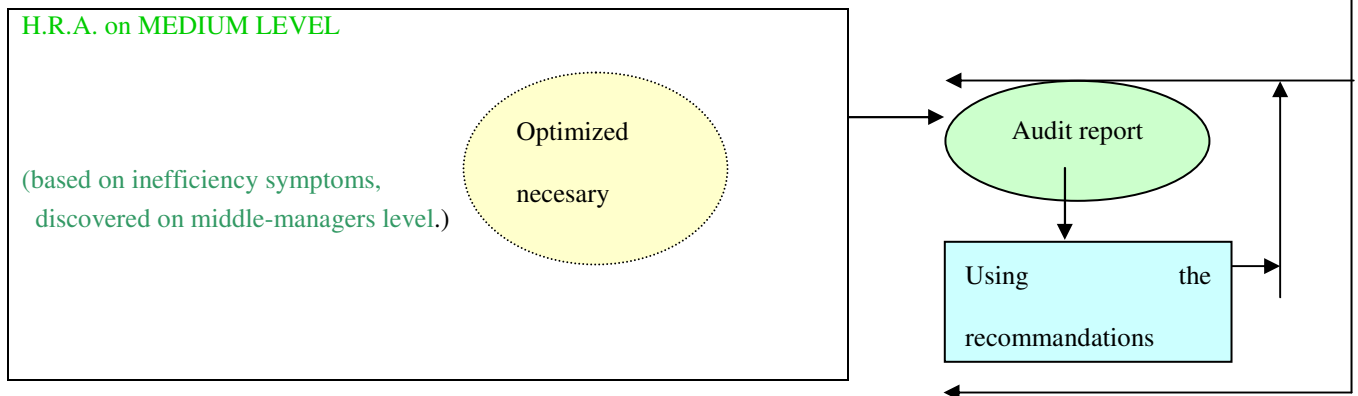
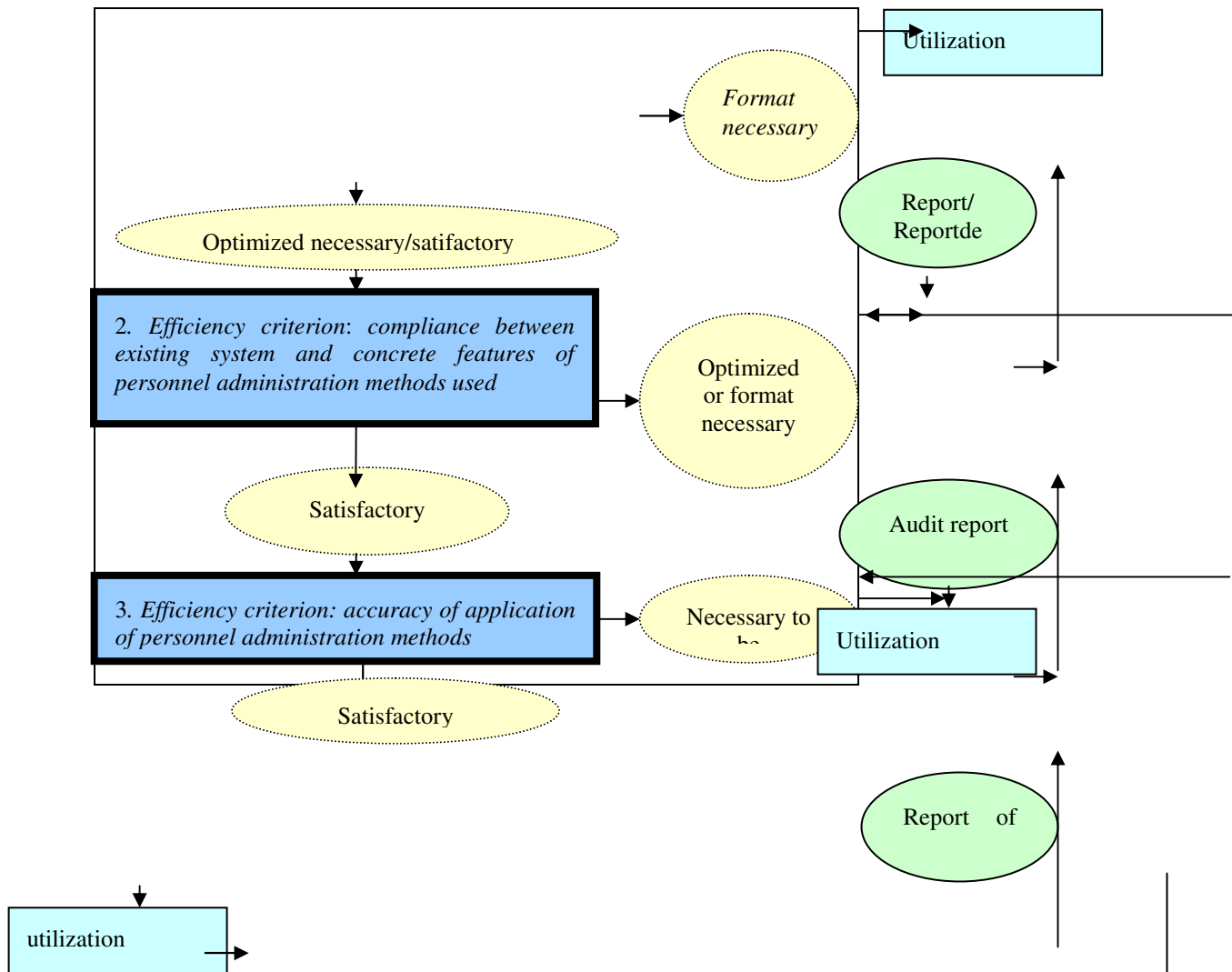
**Diagram no.1**

**Diagnose Operations Algorithm of H.R.A.** <sup>75</sup>



<sup>75</sup> John AMAC

s Department", A Step-By-Step Guide, function, p.xix



In practice, an audit reaches every subject which is developed in human resources management if we are to consider the most appropriate approach – the holistic approach. Although we do not intend to diminish the importance of all the variables presented herein, we emphasize that in a human resources audit a system of

elements concerning on the one hand qualitative human resources ensurance and on the other hand their utilization is of an utmost importance.

The diversity of human resources audit and the work relationships within an organization enables the approach of this procedure as a complex process worthy of individual study

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