IMPACT OF HR AUDIT SYSTEM IN IT INDUSTRIES IN TAMILNADU IN ORDER TO GAIN INSIGHT INTO THE PRESENT SCENARIO

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ABSTRACT

With the increasing effect of globalization and technology, organizations have started to use audit systems in various functions and departments in the last decades. Human resources management is one of the departments that mostly use audit systems. HR audit systems support activities such as identifying potential employees, maintaining complete records of existing employees and creating programs to develop employees' talents' and skills. HR audit systems help senior management to identify the manpower requirements in order to meet the organization's long term business plans and strategic goals. Middle management uses human resources audit systems to monitor and analyze the recruitment, allocation and compensation of employees. HR Audit Systems can also support various HR practices such as workforce planning, staffing, compensation programs, salary forecasts, pay budgets and employee relations. In this research, HR Audit System perception and HR Audit System satisfaction questionnaires were applied to the employees of IT industries in order to assess the opinion, effectiveness and use of the HR Audit System in organizations. 21 questionnaires were received from the employees.

1. *Working in different IT sectors. The results of the research give valuable insights about the success and effectiveness of the HR Audit System in organizations. Also the results of the study are discussed in the context of the theoretical and empirical background of the HR Audit System and Management Information System.*

Key word: HR Audit System, Management Information system,

INTRODUCTION

Human Resource Audit is a systematic assessment of the strengths, weakness and developmental need of its existing HR in the context of organizational performance.

Human Resource Audit also called Personnel Management Audit is well Practiced in Western developed countries. In India there is no full audit like a financial audit of the Personnel or Human Resource activities in an organization.

An audit is an evaluation, an examination, review and verification of completed activities, to see whether they represent a true state of affairs of the activities in the department audited. Human Resource audit refers to an examination and an evaluation of Policies, Practices, Procedures to determine the effectiveness and efficiency of the Human Resource management and to verify whether the Mission, Objectives, Policies, Procedures, Programs have been followed, and expected results were achieved. The audit also gives guidance for future improvement as a result of the measurement of past activities.

HR Audit Function

This involves audit of all HR activities. The auditors must
1. Determine the objective of each activity
2. Identify who is responsible for its performance
3. Review the performance
4. Develop an audit plan to correct deviations, if any, between results and goals, and
5. Follow up action plan.

HR Audit which is of great help to HR managers'. Evaluation of HR Function is useful to justify the existence of the department and the expenses incurred on it.

OBJECTIVES OF THE STUDY
1. To Study the effectiveness of the HR Audit system in IT industries in Tamilnadu.
2. To know the employee opinion towards an HR Audit system in IT industries in Tamilnadu.
3. To Study the employees' expectations over HR Audit system in IT industries in Tamilnad

REVIEW OF LITERATURE
Kanyamon Wittayapoom stated in his article that "the findings reported in this article form part of HR Audit structure adopting an organization includes promotion of varying degrees of structures among the audit methodology. They particularly achieved their organization by improving the education of employees to be in line with professional and the new audit standard. The audit structure examines task and analyzability variables, how factors such as time pressure affect task performance. The audit structure formulation is very important. In this context, formalization refers to the degree with which rule and procedure support work and practice. In Audit firms, Formulation and task analyzability such as work under audit planning and time pressure are useful for auditors to successfully complete their job. The auditors must be able to obtain both guidance and good feelings from their job. The computer guidance and communication is increasing the auditors' perception through role stress to job satisfaction. Motivation such as reward is important for working, especially in the audit field because of their specific and professional job. The audit jobs differ from other types of jobs because of the nature of the professional and experience position. Consequently, substitutes for audit structure examined within the perception of auditors and concern about the environment and motivation may not be appropriate for the boundary spanning role with each other.

K. Vijayaragavan and Y. P. Singh stated in his article that "the findings reported in this article form part of Managing human resources within extension that describes the HR Audit is Proper planning and management of human resources within extension organizations is essential to increase the capabilities, motivation, and overall effectiveness of extension personnel. Keeping this in view, this chapter discusses the various dimensions of human resource management as applicable to extension organizations: human resource planning for extension, job analysis, recruitment and training of extension personnel, performance appraisal, supervision, management of rewards and incentives, improvement of the quality of work life, and organizational development for extension. Extension organizations have to cope with changes within and outside the organization, such as changes in farm technology, communication methods, needs of farmers, rural situations, export and import of farm produce, and market economy. Organizational development allows for planned changes in the organization's tasks, techniques, structure, and people. Attitudes, values, and practices of the organization are changed so that it can cope with changing situations. The employees also gain greater skills to deal with new problems. The proper planning and implementation of the human resource system will result in overall development of extension personnel. This will also enable extension organizations to adapt to the rapid changes occurring in the extension environment of developing countries.

Kelli W. Vito stated in his article that "the findings reported in this article form part of " The HR Audit: adding HR to the regular audit cycle can help ensure major risks that describes the HR audit includes the main functional areas of workforce planning, employee development, compensation and benefits, employee and labour relations, and risk management. Risk associated with employee counseling and discipline. Auditors should verify that management documents performance problems and take action, including acknowledgement that the employee was made aware of the problem. A reward system should help support the organization's strategic mission, motivate employees, and reward performance. The HR administration deals with the processes related to managing employees throughout their careers with the organisation. Auditors' review of the organization's safety and health program should focus on whether the work-site analyses to identify hazards and potential hazards,

stringent prevention and controls measures and thorough training are provided to minimize risk, including succession planning, adequate severance and outplacement services and internal employee surveys.

RESEARCH MODEL:

Employees'Effectiveness

Employees' Opinion

Employees' expectation

HR Audit System
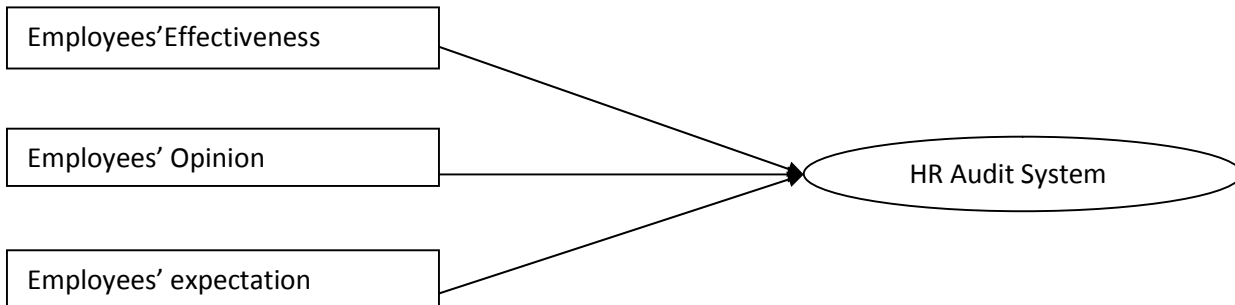
RESEARCH METHODOLOGY
The Research Methodology generally refers to the systematic procedure carried out in any project or research study. Methodology gives a clear picture of the objectives, scope, need, design and limitations of the study and describes the nature of design, data collection and analysis procedure.

Research Design
 The Research design is the arrangement of the condition and analysis of data in a manner that aims to combine relevance to the research.
Research design constitutes the blue print for the collection, measurement and analysis of data.In this study, the researcher has adopted "Descriptive Research" for the analysis.

Descriptive Research Design
Descriptive Research includes surveys and fact-finding inquiries. The major purpose of descriptive research is a description of the state of affairs as it exists at present study.
Sampling Technique
In this study, the researcher used Judgement sampling, because the judgement sampling design is used when a limited number or category of people have the information that is sought. Judgement sampling calls for special efforts to locate and gain access to the individuals who do have the requisite information. As already stated this sampling design may be the only useful one for answering certain types of research questions.
Sampling Unit
The Researcher considered the permanent employees of IT Industries in Tamilnadu as the sampling unit for this study.
Sample Size
The Sample Size for this study is 200.
Sources of data
The Study conducted by using both primary and secondary data; however the study relied on the primary data for the analysis.
Data Collection
The Main source of data collection is Primary.

RESULT AND DISCUSSION
Scale Reliability
After identifying the dimension underlying a factor, a researcher may prepare a scale of those dimensions to measure the factor. Such a scale has to be tested for validity and reliability. Proper validity and reliability testing can be done using CFA. However, researcher commonly uses the Cronbach alpha coefficient for establishing scale reliability. The Cronbach alpha coefficient is an indicator of internal consistency of the scale. A high value

of the cronbach alpha coefficient suggests that the item that make up the scale "hang together" and measure the same underlying construct. A value of Cronbach alpha above 0.07 can be used as a reasonable test of scale reliability.

Cronbach's Alpha	N of Items
.631	20

The alpha values were calculated to assess the internal consistency reliabilities of the variables. For scale variables, the value of .843 indicated adequate reliability (Nunnally, 1978).

Cronbach's   (alpha) is a statistics used in this study. It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. Cronbach's alpha will generally increase as the intercorrelations among test items increase, and is thus known as an internal consistency estimate of reliability of test scores, because intercorrelations among test items are maximized when all items measure the same construct, Cronbach's alpha is widely believed to indirectly indicate the degree to which a set of items measures a single unidimensional latent construct. Demographic and Rational profile of consumers analyzed using frequency analysis (i.e.) percentage analysis in this study.

Frequency Analysis

DEMOGRAPHIC VARIABLES	CATEGORIES	NUMBER OF RESPONDENTS
Gender	Male	105
	Female	95
Age	Below 20years	34
	21-30years	61
	31-40years	93
	Above 40	12
Educational Qualification	Up to 10	26
	Up to +2	24
	UG	56
	PG	22
	Diploma	72
Marital Status	Married	138
	Unmarried	62
Income Level	Below Rs.10000	6
	Rs.10000-20000	26
	Rs.20000-30000	40
	Rs.30000-50000	94
	Above Rs.50000	34
Opinion about HR Audit	Good	134
	Moderate	66
	Poor	Nil
Opinion Regarding duration of HR Audit system	Once in Year	200
	Twice in Year	Nil
	Every Quarter	Nil

DEMOGRAPHIC VARIABLES	CATEGORIES	NUMBER OF RESPONDENTS
Opinion towards Planning System in HR Audit system	Highly Satisfied	64
	Satisfied	92
	Moderate	44
	Dissatisfied	Nil
	Highly Dissatisfied	Nil
Satisfaction level towards Compensation System	High	72
	Medium	110
	Low	18
Opinion towards Safety and Healthy Measures in HR Audit System	Highly Satisfied	64
	Satisfied	96
	Moderate	34
	Dissatisfied	6
	Highly Dissatisfied	Nil
Opinion towards Personnel Policy in HR Audit System	Highly Satisfied	54
	Satisfied	88
	Moderate	40
	Dissatisfied	18
	Highly Dissatisfied	Nil
Trust level of the HR Audit System	High	25
	Medium	112
	Low	63
Expectation level of HR Audit system	High	65
	Medium	118
	Low	17

Weighted Average Ranking Method

Respondents' Opinion towards HR Training and Development

S. No	Factors	Highly satisfied	Satisfied	Moderate	Dissatisfied	Highly dissatisfied	Total	Average
1	Training methods	400	336	108	-	-	844	4.22
2	Feedback about training	280	384	108	24	-	796	3.98
3	Recognition	410	312	120	-	-	842	4.21
4	Training effectiveness	380	432	48	-	-	860	4.3
5	HRD activities	410	304	126	-	-	840	4.2

Formula:

$$\text{Total} = \sum_{i=0}^{5} \text{value} * \text{weightage}$$

Average = Total **/** Total no. of Respondents

Inference:

From among the various factors regarding the training and development, the respondents are highly satisfied with the Training effectiveness.

Respondents' Opinion towards Motivation

S.No	Factors	Highly satisfied	Satisfied	Moderate	Dissatisfied	Highly dissatisfied	Total	Average
1	Incentives	220	192	312	8	-	732	3.66
2	Suggestion System	130	200	354	12	-	696	3.48
3	Motivation Techniques	190	160	348	12	-	710	3.55

Formula:

$$Total = \sum_{i=0}^{5} value * weightage$$

Average = Total / Total no. of Respondents

Inference

From among the various factors regarding the motivation, the respondents are highly satisfied with the incentive schemes.

Respondents' Opinion towards Recruitment and selection

S.No	Factors	Highly satisfied	Satisfied	Moderate	Dissatisfied	Highly dissatisfied	Total	Average
1	Company's current Recruitment Policy	210	296	240	8	-	754	3.77
2	Staff's involvement	110	232	246	68	4	660	3.3
3	Selection Procedure and decision	180	232	282	24	-	718	3.59
4	Interview method	170	232	282	28	-	712	3.56

Formula:

$$Total = \sum_{i=0}^{5} value * weightage$$

Average = Total / Total no. of Respondents

Inference

From among the various factors regarding the Recruitment and Selection, the respondents are highly satisfied with the Company's current Recruitment policy.

Respondents' opinion towards welfare facilities

S.No	Factors	Highly satisfied	Satisfied	Moderate	Dissatisfied	Highly dissatisfied	Total	Average
1	Medical Facilities	290	472	72	-	-	834	4.17
2	Canteen	170	480	120	12	-	782	3.91
3	Rest room	130	424	180	16	-	750	3.75
4	Recreation facilities	190	496	114	-	-	800	4
5	Provident fund	220	496	96	-	-	812	4.06
6	ESI	240	480	96	-	-	816	4.08

Formula

$$\text{Total} = \sum_{i=0}^{5} \text{value} * \text{weightage}$$

Average = Total / Total no. of Respondents

Inference:

From among the various welfare facilities, the respondents are highly satisfied with the medical facilities.

Respondents' opinion towards Industrial Relations

S.No	Factors	Highly satisfied	Satisfied	Moderate	Dissatisfied	Highly dissatisfied	Total	Average
1	Union's operation	95	440	185	32	-	752	3.76
2	Schemes of Participation	75	260	210	100	-	645	3.23
3	Employees Grievance Redressal System	45	216	171	140	10	582	2.91

Formula:

$$\text{Total} = \sum_{i=0}^{5} \text{value} * \text{weightage}$$

Average = Total / Total no. of Respondents

Inference:

From among the various factors regarding the Industrial Relation, the respondents are highly satisfied with the Union's operation.

CONCLUSION

The main function of HR Audit System facilitates to take specific actions that will help in minimizing employee turnover, effective orientation and training, better working condition, remuneration, benefits and opportunities for future advancement. Hence an attempt is made in this study about the HR Audit System in IT industries Tamilnadu. The HR Audit System is very much helpful to face the challenges and to increase the potentiality of the employees in the organization.

MANAGERIAL IMPLICATIONS
1. The organization may concentrate on employees' grievance Redressal system in order to solve their problem in an effective manner.
2. The organization may revise their employee incentive scheme, because this is the main motivating factor for better result.
3. The organization may concentrate on rest room facilities to their employees, because it is one of the main amenities of employees' welfare facilities
4. The organization may create better awareness among employees regarding HR Audit system which leads to their involvement.
5. The organization may conduct HR Audit system twice in a year, which leads to further improvement in the organizational growth.

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