

**AN ASSESSMENT OF THE EFFECTIVENESS OF HUMAN RESOURCE
AUDIT IN LOCAL GOVERNMENT COUNCILS IN MALAWI: THE CASE
OF SELECTED CITY AND DISTRICT COUNCILS**

MASTER OF ARTS (PUBLIC ADMINISTRATION)

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UNIVERSITY OF MALAWI

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MA (PUBLIC ADMINISTRATION)

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Submitted to the Political and Administrative Studies Department in fulfilment
of the requirements for the degree of Master of Arts (Public Administration)

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DECLARATION

I, the undersigned, hereby declare that this is my original work and it has not been submitted to any other institution for similar purposes. Where other people's work has been used, acknowledgements have been duly given. I bear responsibility for the contents of this paper.

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Full Legal Name



Signature

21 August 2023

Date

CERTIFICATE OF APPROVAL

The undersigned certify that this thesis represents the student's own work and effort and has been submitted with our approval.

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DEDICATION

I dedicate my thesis work to my family who have supported me throughout the process. A special feeling of gratitude to my loving kids, Zubeda, Yasmeen, Iqbal and Farzana who understood and endured my absence from home during my time of study.

I also dedicate this thesis to my employer Malawi Relief Fund UK for being there for me throughout the entire program. Permitting me to have study leave as well as supporting me financially. I will always appreciate all they have done.

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ABSTRACT

The study explored the effectiveness of Human Resources Audit on Blantyre, Mzuzu City Councils and Chiradzulu and Dowa district councils. The study adopted a qualitative study design. The study had several objectives. The first objective was to identify types of Human Resources Audit that were conducted at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district council. The second objective was to understand how the Human Resources Audit was conducted at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils. The third objective was to identify challenges that Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils are facing in perpetuating HR audit process. The fourth objective was to evaluate the effectiveness of Human Resources Audit at Mzuzu, Blantyre, Dowa and Chiradzulu district councils. The study population encompassed employees of four district councils, namely: Mzuzu, Chiradzulu, Blantyre and Dowa district council. These councils were chosen because they normally have HR audit process every year. To come up with the sample, the researcher basically used convenient sampling. This was because not all people have the knowledge of HR audit. The study had a sample size of 40 respondents. Out of the 40, the researcher got 10 respondents from each district council. In terms of data collection, the researcher used key informant interviews, in-depth interviews and document review. In terms of data analysis, the researcher used thematic data analysis. The study found that the Human Resources Audit process is very effective in the four district councils because it helps the councils to improve the quality of Human Resources work output. This finding implies that councils that do not use HR Audit are failing to achieve competitive advantage.

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ABBREVIATIONS

DHRMD	Department of Human Resources Management and Development
HRA	Human Resources Audit
HRM	Human Resources Management
HRIS	Human Resources Information System
MBO	Management By Objectives
PAS	Political and Administrative Studies

CHAPTER ONE

INTRODUCTION

1.1 Background

This study assessed the effectiveness of Human Resources Audit in local councils: the case of Mzuzu and Blantyre city councils and Dowa and Chiradzulu district councils. It is very important to note that local government councils are very important in the lives of many people. Local councils interact directly with the people. They provide social services at the local level. These social services include security, health and education, just to mention a few. In the second place, local councils provide free public goods to the people at local level. In the third place, local governments promote democracy and democratic institutions in the country at local level (Curtis,2016). Councils are therefore important players in national development. They provide valuable social services to the people at regional and district levels. The social services offered health services, education services and many other essential services.

Since local councils have significant roles to play at the local level, they must be effective. They ought to provide good social services in a timely manner. They need to provide better public goods in a timely manner. They do many activities to develop and protect democratic institutions at local levels (Curtis,2016). Councils are important in translating national policies and implement them at the local levels. It is vital to note that national policies can only be implemented very well when they are adopted and implemented by local councils. Local councils are government at the local levels. This therefore means that local councils are very instrumental in bringing development to the grassroots.

It must be noted that several studies have been done that have shown that most local councils in Malawi are ineffective and inefficient. Simbowe (2009), in his study on local governments, postulated that most local governments in Malawi are poorly performing due to inefficiencies in service delivery and poor governance. Phiri (2008)

stated that poor performance of local governments in Malawi is basically a function of corruption and poor governance structures. Mwanyongo and Bayasi (2008) in their study asserted that most local governments in Malawi are inefficient and ineffective. This is because there is a lot of corruption, poor leadership and political interference. Hau and Mereka (2011) in their study attributed inefficiencies in local councils to the poor quality of human resources that have low quality qualifications, skills and knowledge. In addition, they also attributed the poor performance of the local councils to poor remuneration and incentives employees get and poorly done recruitment and selection processes that always end up hiring the wrong people. This basically has hugely affected the service delivery in local councils.

Human Resources Audit was adopted and implemented as one of the ways to deal with inefficiencies and ineffectiveness in local councils. Mzuzu city council and Blantyre city council as well as Dowa district council and Chiradzulu district council adopted HR audit to improve efficiency in its service delivery. The same is applicable to the way HR audit was adopted and applied. However, it must be noted that there has not been any deliberate effort to check whether HR audit is effective or not at Mzuzu city council and Blantyre city council as well as Dowa district council and Chiradzulu district council. This is why this study has been designed to assess whether the implemented HR audit programme is effective or not.

An HR audit is an objective examination of your business's HR policies, practices, and procedures. Human Resources Audit is the process of checking or reviewing Human Resources work. In addition, it also involves also reviewing Human Resources documents, processes, policies and procedures. The goal is to look for trouble spots and/or identify ways you can improve (Nicks, 2009). The organization can hire an outside company to perform the audit, or can instruct its HR department to perform an internal audit. There are multiple types of HR audits with differing goals. The two main types are risk mitigation and value creation. While the company can conduct both types of audits simultaneously, they will focus on different aspects of your HR processes and policies. Risk mitigation will mainly look for areas where the company can get into legal trouble or are leaving yourself open to employment-related lawsuits. Value creation will mainly look for areas where the firm processes and policies can be improved to maximize the value of the employees or attract better employees.

Human resource audits can help identify whether an HR department's specific practice areas or processes are adequate, legal and effective (Nicks, 2009). The results obtained from this review can help identify gaps in HR practices, and HR can then prioritize these gaps in an effort to minimize lawsuits or regulatory violations, as well as to achieve and maintain world-class competitiveness in key HR practice areas.

Human resource audits are a vital means of avoiding legal and regulatory liability that may arise from an organization's HR policies and practices (Nicks, 2009). In addition to identifying areas of legal risk, audits are often designed to provide a company with information about the competitiveness of its HR strategies by looking at the best practices of other employers in its industry. In essence, an HR audit involves identifying issues and finding solutions to problems before they become unmanageable. It is an opportunity to assess what an organization is doing right, as well as how things might be done differently, more efficiently or at a reduced cost.

In today's competitive climate, organizations operate within the confines of a heavily regulated employee environment. This challenge includes dealing with myriad complex laws and regulations. The scope of the HR function includes establishing and administering a host of policies and practices—many of which involve compliance implications—that significantly influence the productivity and profitability of the enterprise.

Given that many HR departments are both understaffed and overworked, only in retrospect do many organizations become aware of the monetary costs of ignoring HR-related legal hot buttons (Nicks, 2009). Noncompliance with applicable laws and regulations involves significant financial risk. To minimize the risk, many organizations purchase employment practices liability insurance. Though this is a sound strategy, organizations can take other proactive measures. Chief among these is a voluntary HR compliance audit.

1.2 Problem statement

Scullion (2013) postulated that Human Resources Audit is a very important tool in that helps organizations to have an effective Human Resources infrastructure that helps the company to achieve organization goals. According to this scholar, there is a direct relationship between Human Resources Audit and organization effectiveness. On the other hand, Shepard (2002) argued that Human Resources Audit does not have a clear impact on organization effectiveness. From the views of the two thinkers above, it is very clear that there are contradicting views when it comes to explaining the relationship between Human Resources Audit and organization effectiveness. This is the gap in literature that this study strove to bridge.

Mbewe and Daimoni (2009) in their paper argued that public service delivery in many types of council is very inefficient. Many local types of council are not functioning on top of the game. The provision of services and public goods at local councils leave a lot to be desired. Theu (2008) agreed with Mbewe and Daimoni (2009) by arguing that local councils are not very effective in their operations.

Public service delivery has been very problematic for so many years at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils. Both internal and external stakeholders have been complaining about the poor delivery of services by these councils. The declining performance is an area of major concern for these councils. It is very important to note that, in light of the problem above, management at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district council decided to conduct several strategies to improve efficiency and effectiveness. One of the strategies is conducting Human Resources management audit. The Human Resources audit was done in October 2020 at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu District council, respectively. So far, no effort has been done to find out whether the implemented Human Resources audit has any impact or not. This is the reason why this study has been designed to determine whether Human Resources audit is being effective or not at councils. The following indicators will be used to measure effectiveness of HR service delivery: benefit satisfaction, failure rate of new hires, training effectiveness, performance of new hires, number of staff complaints per month, and rate of absenteeism.

1.3 Objectives of the study

Research objectives are very critical. They guide the study. They give focus and direction to the study. The study will be guided by both main and specific objectives.

1.3.1 Main objective of the study

The main objective of the study was to determine the effects of Human Resources Audit on organization performance at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district council.

1.3.2 Specific objectives of the study

The following specific objectives were used:

- a) To identify types of Human Resources Audit were conducted at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district council
- b) To compare how the Human Resources Audit was conducted at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils.
- c) To analyze challenges that Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils are facing in perpetuating HR audit process.
- d) To evaluate the effectiveness of Human Resources Audit at Mzuzu, Blantyre, Dowa and Chiradzulu district councils.

1.3.3 Main research question

The main research question was: how does Human Resources Audit affect organization Performance at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils

1.3.4 Specific research questions

The following were the research questions for the study:

- a) Which types of Human Resources Audit were conducted at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils?
- b) How was the Human Resources Audit conducted at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils
- c) What challenges are Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils facing in perpetuating HR audit process?

- d) How effective is Human Resources Audit at Mzuzu, Blantyre, Dowa and Chiladzulu District Councils?

1.4 Significance of the study

The study would be significant or beneficial to the students studying Human Resources management. It would also benefit students doing studies in public administration and Business Administration. The study would also add more information to the already existing body of knowledge in the realm of Human Resources Management.

1.5 Justification of the study

Increasing organization performance is one of the strategic goals of every organization in both private and public sector. So, it was very important that this study must be carried out because it sheds more light on how organizations can increase performance by using the Human Resources Audit strategy

1.6 Chapter conclusion

The chapter focused on several aspects. It highlighted the background of the study. Furthermore, the chapter looked at the main objectives and specific objectives underpinning the study. It also looked at the main and specific questions underlying the study. The study also focused on significance of the study and the justification of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Chapter introduction

The chapter focuses on literature review. The chapter firstly highlights the theoretical review of the study. In addition, the study also highlights the conceptual framework of the study. The chapter also accentuated the study. The chapter also presents the empirical review of this study.

2.2 HR Audit defined

An HR audit is a way to assess the effectiveness of your human resources department. It can be an annual event or done on-demand when there are problems in the department. The goal is to find ways that can improve your team and make sure you have a healthy work culture that supports employees at all levels. Human Resources Audit is part of the major or organization wide audit process. It is vital instrument in improving the quality and contribution of Human Resources Management in organizations. This therefore means that without auditing Human Resources work, the quality and contribution of HR work cannot improve. An HR audit is an objective examination of your business's HR policies, practices, and procedures. The goal is to look for trouble spots and/or identify ways the company can improve. The company can hire an outside company to perform the audit or the company can instruct their HR department to perform an internal audit. The Human Resources Audit is the process of evaluating the performance of Human Resource Department and its activities undertaken, and the policies followed towards the accomplishment of organizational goals.

Human resources or HRD audit is a systematic survey and analysis of different HRD functions with a summarized statement of findings and recommendations for correction of deficiencies. It examines and evaluates policies, procedures and practices to determine the effectiveness of HRD function in an organization. HRD audit ensures that sound and cost-effective policies are implemented. Human resource audit refers to the checking of the performance of the enterprise in its management of human

resources. A human resource audit reveals how the management is doing in getting things done through the efforts of its people. It undertakes systematic research on the effectiveness of the human resource programme. It evaluates the personnel activities of an organization. It acts as overall quality control, and checks on human resource function. During the conduct of the audit, if any deficiency is discovered, steps are taken to remove it. It reviews the effectiveness of management relating to the: measurement of the effectiveness of human resource programmes and activities and the determination of what should or should not be done in the future as a result of such measurement.

The HR Audit is conducted to identify the lapses, shortcomings, gaps in the implementation of HR functions and suggesting the remedial actions, if any. HR audit can be partial or comprehensive. In the former type of Audit, few areas of HR are monitored, whereas in the latter a complete Human Resource check-up is carried out such as admin, employee details, handbook, performance management, training programmes, termination procedures, etc.

Human Resource Audit is a comprehensive method of objective and systematic verification of current practices, documentation, policies and procedures prevalent in the HR system of the organization. An effective HR audit helps in identifying the need for improvement and enhancement of the HR function. It also guides the organization in maintaining compliance with ever-changing rules and regulations. HR audit, thus, helps in analyzing the gap between ‘what is the current HR function’ and ‘what should be/could be the best possible HR function’ in the organization.

Though HR auditing is not mandatory like financial auditing, yet, organizations these days are opting for regular HR audits in order to examine the existing HR system in line with the organizations policies, strategies and objectives, and legal requirements. HR auditor can be internal or external to the organization. Generally, HR consulting firms render the service of external HR auditors.

It is necessary for the top management to establish the terms and scope of the audit clearly before the external firm to make the audit successful. This includes defining the exact purpose of audit, viz. examining compliance with legal requirements and

organization's policies, identifying problem areas to avoid crisis situation with appropriate planning, analyzing ways to better serve the needs of relevant parties – employees, partners or society, measuring the work processes, seeking HR related opportunities available within the organization, dealing with situation of merger and acquisitions, etc.

HR audits are reviews of documentation, HR policies, and practices through which organizations can identify gaps in HR compliance and address them before they become problematic or even unsafe for staff members. The process not only evaluates how compliant companies are but also ensures they're giving employees all that satisfaction required while being sensitive to cultural differences and religious beliefs— leading to collective growth.

An audit helps an organization to assess its current position. It helps estimate what needs to be achieved to improve the HR function. The process involves a systematic review of all aspects of the HR function, typically with a checklist, in order to ensure that regulations and corporate policies are adhered to. The aim is to learn in the process or discover, but not to test. The basic premise is that there is always scope for improvement (Aaronson, 2001). An HRD audit process will provide certain advantages to the organization, such as linking the HR strategy, re-engineering the systems and processes, and improving the competency and functional efficiency of HR systems. The term audit is normally associated with financial accounting and refers to the official examination and verification of a company's financial and accounting records. HR audit is a similar concept in the field of Human Resource Management. HR audit involves examining and reviewing the organization's existing policies, procedures and practices regarding recruitment and selection, orientation and placement, training and development, job analysis and design, job evaluation, compensation, morale and motivation, employee health and safety, social welfare, industrial relations, etc. Human Resource Audit is a systematic assessment of the strengths, limitations, and developmental needs of its existing human resources in the context of organizational performance. Normally, in an organization, not all HR policies are formal and written; there are many informal policies, not officially documented. The HR audit involves the review of all the HR policies, procedures and practices currently adopted by the organization, irrespective of whether they are formal or informal (Gallagher, 2009). The

audit also helps to check that the company complies with the legal requirements and regulations regarding employees as laid down by the government of the country. By means of an audit, the company can determine its strengths and weaknesses in the area of HRM and plan accordingly to improve its processes and procedures related to the human resource function. Human Resource Audit also called Personnel Management Audit is well practiced in Western developed countries. Audit is evaluation, 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 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 achieved. The audit also makes suggestions for future improvement as a result of the measurement of past activities. A Human Resources Audit is a comprehensive method (or means) to review current human resources policies, procedures, documentation, and systems to identify needs for improvement and enhancement of the HR function as well as to ensure compliance with ever-changing rules and regulations.

Human resource auditing is the process of evaluating various human resource programs and practices in order to determine whether or not they serve their intended purposes. This process is extremely thorough and usually involves multiple individuals and assessments. The audit will typically investigate company compliance with laws and procedures, and identify areas where improvement is needed. If the company does comply with the rules and procedures set forth by government regulations and company policy, the human resource audit will determine whether or not they are being implemented properly. Companies that schedule periodic human resource audits will gain in-depth knowledge about the structure of the company and the behavior of its employees. The audit will also determine the amount of human capital the company currently has access to.

Human resource management audit is the systematic examination and evaluation of policies, procedures, and practices to determine the effectiveness of human resource management. The meaning of audit in accounting term is well known where it is defined

as the verification of accounting data for determining the accuracy and reliability of accounting statements and reports. From accounting, this concept has been used in management audit and social audit.

2.3 Scope of HR Audit

The HR audit shall include evaluating the following aspects: job Analysis, recruitment and selection, performance management, performance appraisals, Performance feedbacks, competency mapping, training process, compensation and rewards management, benefits management, employee relations, workplace safety, best practices, managerial performance, supervisory performance, leadership at various levels, HR Business Partner Role and Legal HR issues (Finn,2005).

According to Fuller (2019), Human Resources Audit encompasses many areas. These include the following aspects: Policies and Procedure, Human Resources planning, training and development, motivation and morale, internal communication, performance management, compensation administration, promotions and transfers, job satisfaction, stress management, stress management and attrition.

In terms of Human Resources policies and procedures, the scope of HR auditor compasses HR polices and procedure. It also includes checking mission statement pertaining to HRM. It also has to do with checking the relevance of policies and procedures to the needs of 'organization. It also has to do with the process of verification of all HR related transactions in conformity with HR policies and procedures. In addition, it also has to do with the periodic preview of HR policies and procedure.

In terms of Human Resources planning, the Human Resources Auditor focuses on period of HR plan, linkage between HR plan and business plan, examination of forces determining HR planning Recruitment, Selection and Placement, the extent of observance of HR policies in recruitment, the verification of procedures pursued in the matter of selection, procedures followed in placement of employees selected and examination of irregularities, if any, in the entire process of employee hiring exercise.

In terms of training and development, Human Resources Auditors focus on: examining the adequacy of in-service training of employees, probing the modalities of ascertaining training needs, looking into the method of identification of employees for training, cost benefit analysis of training and ascertaining the training effectiveness in the post training period.

On promotion and transfer, Human Resources auditors focus on the following: adherence to promotion policies, basis of promotion policy, examining transfer policies, observance of rules prescribed for transfer and analysing the grievance of employees in the matter of transfer.

Human Resources Audit also focuses on performance management. In this area Human Resources audit focuses on: examining the methods of merit rating, finding out the discrimination practiced in performance rating and how communication of results of appraisal to employees is done. It is also looking at methods of motivation of high performing employees. It also highlights measures initiated to tone up the performance of slow and under performers.

Human Resources audit also focuses on compensation administration. It focuses on verifying any irregularity in pay fixation. In addition, it also places focus on wage disbursement practices. It concentrates on violations, if any, in legal provisions in the matter of pay fixation and salary disbursement. It also looks at authorized deductions.

Another area for Human Resources Audit is the aspect of internal communication system. Human Resources Audit involves the aspect of measuring the knowledge of the employees with regard to organizational policies, procedure, vision, mission, goals, etc. It also includes proper flow of communication in all directions. It also has to do with the methods in place for communication of important matters to employees. It also has to do with measures in place to update the knowledge of employees. It also has to do with organization's communication with outsiders and the functioning of various fora in employees' communication.

In the realm of motivation and morale, Human Resources audit focuses on the following: monetary and non-monetary motivations practised, positive and negative

motivations applied, measures in place to cater to higher level needs of employees, measurement of level of morale and measures adopted to upgrade morale of employees.

On job satisfaction, Human Resources Auditors focus on the following: measuring the level of job satisfaction, examining the functioning of grievance system and initiatives taken to heighten job satisfaction.

Human Resources Audit also focuses on stress management. It concentrates on the following: analysing the factors causing stress, initiatives taken to identify stress and Appraisal of management of organizational stress by employees.

Human Resources Audit also focuses on the aspect of staff attrition. Human Resources auditor also focuses on measuring the level of attrition, steps taken to control attrition. Some more scopes of human resource audit are that HR audit should cover all aspects of the working of the HR department. Audit should start with the objective prescribed for manpower management. It can, for example, be broken up into five main areas:(a) Manpower planning (b) Organizing the manpower resource(c) Staffing(d) Motivating the personnel, and (e) Controlling.

In planning manpower requirements, audit can be made by the effectiveness of past forecasting and scheduling to ascertain how the needs were identified in time. If forecasting was not accurate, ways should be found to improve them in future.

Job description usually needs a revision in the light of changed conditions. New sources of recruitment have to be found, hi finding and training manpower, the HR department may gauge its performance. Need may be felt to make the personnel department itself more aware of the requirements of line departments. Psychological tests may be evaluated from time-to-time to check their usefulness.

Staffing is one area where the working of HR department is given the responsibility of selection; much depends on its expertise which can make the selection. Motivation is the most important aspect of management. HR department will have to test moral on all counts that go into high motivation, compare them with previous records and records

in the industry. Facilities such as: lighting, ventilation, sanitation, recreation, maintenance of canteens, etc., must be evaluated in terms of their effectiveness.

2.3.1 Main parts of HR Audit

An HR compliance audit generally consists of two main parts: the first part is an evaluation of the organization's operational HR policies, practices and processes with a focus on key HR department delivery areas (e.g., recruiting—both internal and external, employee retention, compensation, employee benefits, performance management, employee relations, training and development).

The second part is a review of current HR indicators (e.g., number of unfilled positions, the time it takes to fill a new position, turnover, employee satisfaction, internal grievances filed, number of legal complaints, absenteeism rates) (Gonzalez, 2020).

HR usually conducts an audit by using a questionnaire that asks for the evaluation of specific practice areas. This document helps guide the audit team in scrutinizing all critical areas of an organization's HR practices. The audit may also include interviewing or using questionnaires to solicit feedback from selected HR employees and other department managers to learn whether certain policies and procedures are understood, practiced and accepted.

2.4 Objectives of HR Audit

HR audit is a comprehensive analysis of HR functions, systems, policies and procedures of an organization. The major objectives of HR audit are as follows: first, HR audit aims to conduct an independent, objective, systematic and critical examination of HR functions of an organization. Another objective is to assess the general environment and performance efficiency in HR department. In the second place, HR audit aims to check for any deviations from standards and devise appropriate strategies and corrective actions in HR related areas (Beckley and Milford, 2003). Third, HR audit aims to check for alignment of HR functions and organization's overall practices and procedures. In the fourth place, HR audit aims to measure statutory compliances of HR activities as per law and other relevant agencies. It also aims to explore the areas for saving personnel costs and expenses. HR audit also aims to provide feedback on better areas of performance and areas that needs improvement. HR audit also seeks to identify HR

areas that requires research and development inputs. HR audit also aims to recognize better performance of HR personnel through rewards.

According to Cantrell (2012), Human Resources Audit has several objectives that include the following: in the first place, Human Resources Audit is aimed at reviewing the whole organizational system of human resource practices, i.e., acquiring, developing, allocating and utilizing human resources in the organisation. In the second place, the Human Resource Audit process is aimed at analyzing the factors involved in HRD and develop a statement of findings with recommendations for correcting deviations, if any, on the following issues. In the third place, the Human Resources Audit process aims to determine the extent of deviation from HRD policies. In addition, Human Resources Audit is aimed at to determine the extent to which objectives are spelt out. In addition, it is aimed to decide the extent to which performance standards have been established. It also aims to seek explanations and information and answers to all such questions as – What happened? Why did it happen? In addition, it is also aimed to evaluate the effectiveness of various personnel policies and practices. Furthermore, it also aims to evaluate the extent of implementation of policies by line managers and the operational problems faced by them in implementing HRD policies. In addition, it also aims to evaluate the personnel staff and employees. Knowing how the various units are functioning and how they have been able to meet the policies and guidelines, which were agreed upon. In addition, Human Resources audit aims to study the current manpower inventory and identify shortfall or excess, if any. It also aims to modify the existing human resource practices to meet the challenges of personnel/human resource management. It also aims to assist the rest of the organization by identifying the gap between objectives and results Finally it also aims to formulate plans for correcting deviations if any.

According to Johannes (2019), the specific objectives of HR Audit are numerous. In the first place it aims to assess the effectiveness of various HR policies and programmes. It also aims to review the efficiency of HR subsystem in attracting, maintaining, developing and motivating the required HR. In the third place, it aims to analyze the functioning of the HR subsystem in assisting in the achievement of the organizational objectives, and knowing how various functioning units are

implementing various personnel/HR policies. In addition, Human Resources Audit aims to provide information on deviations from plans for the continuity or modification of the plans. When the organisation has specific goals, norms or basis for comparison with other firm, it can use goal oriented, normative or comparative audit systems. Compliance audit can also be used to know how and to what extent the organisation is complying with the legal requirements, union agreements and with policies, principles and many more.

According to Covington (2015), HR audit looks after the effective functioning of the HR department of the organization. It evaluates the systematic implementation of policies and procedures in the human resource department and also evaluates its working environment. According to Covington (2015), Human Resources Audit aims to achieve several objectives. In the first place, HR audit rectifies the mistakes done by human resources while performing their tasks and provides suitable corrective measures as soon as possible. In the second place, it also aims to check whether the HR functions are carried-out as per the set policies and procedures of the organisation or not. In addition, Human Resources Audit aims at measuring the errors as well as positive aspects of the HR department. It ensures whether the HR department is following the policies regarding the recruitment, training, placement, promotion, workplace environment, employee grievances, etc., according to the organizational rules and regulations or not. It is the responsibility of the HR audit to assess all the functions of the corporation and search out for those functional areas and activities which require cost-cutting. These functions include staffing of new employees, selection, training, holding-on of potential employees, separation of human resource, etc. HR audit also helps in maintaining discipline among the employees by evaluating their behaviour and actions frequently and making them realize their responsibility towards the benefit of the organisation.

2.5 Importance of HR Audit

In modern times, personnel and industrial relations audits have been widely accepted as tools with which managers can control the programs and practices of the personnel and industrial relations department.

The importance of personnel audit has increased in recent years because of the following reasons: firstly, it must be noted that change in managerial philosophy and theory, as a result of which a management now feels that employees' participation in the activities of an organization, and their identification with it, have a tremendous influence on the working of that organization (Gonzalez, 2020). Secondly, another reason is the changing role of the government, which intervenes more often and more extensively now, to control manpower management by an organization with a view to protecting the interests of the employees, providing them with better working conditions and ensuring their economic security. In addition, the third reason is the increasing role played by trade unions and their strength, as a result of which they often question managerial competence in industrial relations. Fourth, the rising wages, changes in the skills of technical and professional workers, and the increasing expenditure incurred on the industrial relations department also affects HR audit.

According to Kellis (2017), Human Recourses audit is very important for any organization. Some of its noteworthy roles are as follows: First, it is important in that it promotes critical business plans: Every organization follows certain strategic plans in order to achieve organizational goals. HR auditor's responsibility is to convince management to disclose these plans to employees of the organization so that they can participate comfortably in the decision-making process of the company. The aim is for employees to contribute their point of view about these plans and involve themselves completely.

The other importance of Human Resources Audit is role clarity of HR Functions. People working in HR department must be very clear about their roles and responsibilities. They should have a clear understanding that their priority should be in the interest of the organization says HR audit. The role transparency function is performed by HR audit to ensure they understand their role.

The other importance is that it helps to improve organizational competency. An HR audit helps in identifying the strength and weaknesses of the present administrative system. If there is any drawback in the functioning of the system, the HR audit tries to develop techniques by which productivity can be increased. These positive impacts are also visible in HRIS, working procedures, delegation and clarification of roles and

responsibilities. The other importance of Human Resources Audit is the analysis of HR Functions. An HR audit plays a very crucial role in analyzing the functioning of the HR department. It helps in evaluating the performance of the employees and developing their leadership qualities. If necessary, the HR audit also helps in re-designing the development system of the HR department.

HR audits provide the following benefits to organisations: They explore the effective use of human resources. They ensure alignment of human resource management with the overall business. They can identify ways to streamline work processes. They offer measuring of continuous improvement. They can instill a sense of confidence in the HR department. They can maintain or enhance the organisation's reputation in the community. By carrying regular HR audits, it can be ensured that the organisation's human resource practices are healthy and carried out at its best; reducing general organizational liability and increasing performance effectiveness.

As human resources are becoming the most important factor in an organisation, being the source of innovation and a driver for productivity, profitability, business success and sustainability, it is evident why HR audits are such an important tool. The results of an HR audit professionally carried-out by experienced, external consultants help determine the actions that need to be taken, how the changes will affect the business bottom line and how to prioritize problem areas in order of importance.

2.6 Process of HR Audit

HR audit process is very systematic process. It involves several steps. The first step is determining the scope and type of audit. Since HR is a very wide field, the company may either choose to conduct a comprehensive review of all HR functions or it may decide to review a few specific areas as it deems necessary. For example, a company may choose to review only the policies and procedures related to recruitment, selection and orientation policies (Roland and Roland, 2009). The second step is determining the audit method, HR audits are usually conducted by using a questionnaire that elicits information about the relevant HR areas. The audit may also be conducted by interviewing managers and employees of the HR department to analyze how well they have understood the company's policies and how efficiently these policies are being implemented. When using a questionnaire, care should be taken to design it in such a

way that it elicits all necessary information regarding the areas to be audited. The third step is data collection. This step includes the actual process of collecting data about the organization and its HR practices. Information is collected by using the questionnaire and by interviewing relevant HR personnel about the HR procedures and policies being used in the company. The fourth step is setting the standards. To assess the efficiency of HR functions, the information collected has to be compared with some pre-determined standards. These standards have to be pre-set and any acceptable level of discrepancies should be specified clearly (Schafer et.al, 2020). Comparing the actual results with the standards will give an idea about the efficiency with which the HR functions are being performed. The next step is providing feedback about the results. After collecting information and comparing the results, the audit team summarizes the findings and provides feedback to the company's HR personnel and senior management in the form of an audit report. The results of the audit should be discussed with the employees of the HR department so that they are made aware of the present condition of the HR functions in the company. Discussion with employees will also throw up new ideas for improving the policies and procedures in future. The other step is developing action plans. Once the results of the audit are out, this information should be used for improving the working of the HR department. The findings of the audit should be categorized according to order of importance: high, medium, and low. The organization should examine the areas of weaknesses as revealed by the audit and find ways to overcome them. Conducting HR audit would serve no practical purpose if no actions are taken.

The entire process of HR auditing is broadly segmented in following phases: pre-audit information, on-site review, records review, and audit report. The first three phases involve extensive collection of quantitative as well as qualitative information. The method for collection of information depends upon the size of the target audience, availability of time and type of data to be collected. The pre-audit information phase includes a review of the organization's policies, HR manuals, employee handbooks, reports, etc. which form the basis of working in the organization. The next phase of on-site review, involves questionnaires, interviews, observation, informal discussions, surveys, or a combination of such methods to get the necessary inputs from the members of the organization. The records review phase requires detailed scanning

of current HR records, employees' files, employee absenteeism and turnover statistics, notices, compensation claims, performance assessments, etc.

Utilizing the data so collected, the HR checklist is completed which is the widely used method for carrying out HR audit. In the checklist method, a list of all the system particulars under audit, viz. the policies, procedures, or practices, is created in a sequential manner. Against each particular item, the actual practice as followed by the organization is mentioned. The defined practice and the actual practice are then compared to determine compliance between the two as well as analyzing the deviation from compliance. On the basis of this analysis, the final audit report is compiled with appropriate conclusions and recommendations highlighting the strengths and weaknesses of the HR function along with the necessary improvements as required.

HR audit, thus, contributes towards the best possible use of internal resources and maximizing the effectiveness of human capital in the organization. At the same time, it is useful in streamlining the HR processes and practices with the industry best practices and standards.

According to Howells (2011), though the process would vary from organization to organization, generally it involves the following steps: the first step is briefing and orientation. This is a preparatory meeting of key staff members to: discuss particular issues considered to be significant, chart out audit procedures, and develop plans and programme of audit.

Scanning material information is another step in this process. This involves scrutiny of all available information pertaining to the personnel, personnel handbooks and manuals, guides, appraisal forms, material on recruitment, computer capabilities and all such other information considered material.

Surveying employees is the third step in this process. Surveying employees involves interview with key managers, functional executives, top functionaries in the organisation, and even employees' representatives, if necessary. The purpose is to pinpoint issues of concern, present strengths, anticipated needs and managerial philosophies on human resources.

Conducting interviews is also another important aspect of the process. What questions to ask? The direction which audit must follow is based on issues developed through the scanning of information gathered for the purpose. However, the audit efforts will get impetus if clarity is obtained as to the key factors of human resource management selected for audit and the related questions that need to be examined.

The following model depicts the various key factors on which information needs during human resource audit need to be focused. It is developed from the interview guide used in an electronics company. It covers a wide range of topics of profound interest relating to human resource management practices in the organisation. The questions to be asked on these topics need to be framed very carefully.

According to Kumar and Sadphar (2010), the general process of conducting an audit includes seven key steps, each of which is discussed in greater detail below: determining the scope and type of audit, developing the audit questionnaire, collecting the data, benchmark the findings, providing feedback about the results, creating action plans and fostering a climate of continuous improvement.

Determine the scope and type of the audit involves uncovering the needed information, the audit team must determine exactly which areas to target for review. If the organization has never audited its HR function, or if significant organizational or legal changes have recently occurred, the audit team may want to conduct a comprehensive review of all HR practice areas. On the other hand, if concerns are limited to the adequacy of a specific process or policy, the audit team can focus its review on that particular area.

Develop the audit questionnaire is also crucial. Whether conducting a comprehensive audit or an audit of a specific practice, the audit team should invest sufficient time in developing a comprehensive document that elicits information on all the subjects of the inquiry. HR must develop a list of specific questions to ensure that the questionnaire is complete. Collecting the data is also imperative. The next phase includes the actual process of reviewing specific areas to collect the data about the organization and its HR practices. Audit team members will use the audit questionnaire as a road map to review the specific areas identified within the scope of the audit.

Benchmark the findings is also very important. To fully assess the audit findings, the team must compare them with HR benchmarks. This comparison will offer insight into how the audit results compare against other similarly sized firms, national standards or internal organizational data. Typical information that might be internally benchmarked includes the organization's ratio of total employees to HR professionals, ratio of dollars spent on HR function relative to total sales, general and administrative costs, and cost per new employee hired. National standard benchmarking might include the number of days to fill a position, average cost of annual employee benefits and absenteeism rates.

Providing feedback about the results is also important. At the conclusion of the audit process, the audit team must summarize the data and provide feedback to the organization's HR professionals and senior management team in the form of findings and recommendations. Findings are typically reduced to a written report with recommendations prioritized based on the risk level assigned to each item (e.g., high, medium and low). From this final analysis, the audit team can develop a timeline for action that will help determine the order in which to address the issues raised. In addition to a formal report, the audit team should discuss the results of the audit with employees in the HR department, as well as with the senior management team, so that everyone is aware of necessary changes and that approvals can be obtained quickly.

Creating action plan is also very important. It is critical that the organization actually do something with the information identified as a result of an audit. The organization must create action plans for implementing the changes suggested by the audit, with the findings separated by order of importance: high, medium and low. Conducting an audit and then failing to act on the results actually increases legal risk.

Fostering a climate of continuous improvement is also a crucial process in the process. At the conclusion of the audit, HR leaders must engage in constant observation and continuous improvement of the organization's policies, procedures and practices so that the organization never ceases to keep improving. This will ensure that the company achieves and retains its competitive advantage. One way to do this is to continuously monitor HR systems to ensure that they are up-to-date and to have follow-up mechanisms built into every one of them.

One approach is to designate someone on staff (or an outside consultant) to monitor legal developments to ensure that HR policies and practices are kept current. Likewise, organizations should keep track of the audit findings and changes made, turnover, complaints filed, hotline issues, and employee survey results to identify trends in the organization's employment-related issues. Identifying problematic issues, growth areas or declining problem spots can help in the decision of where to allocate time, money and preventive training resources in the future.

2.7 Types and frequency of HR Audit

It is a common practice to have an annual evaluation or audit. At the end of each calendar or fiscal year, a report is presented, covering statistical information on the activities performed the results – achieved, the costs and expenditure involved, and comparisons of objectives and accomplishments. By a perusal of this report, a great deal of useful information can be had about personnel activities. In some organizations, however, this personnel audit is conducted periodically, generally in accordance with the needs of each organization. For example, attitude or morale surveys on particular subjects or topics may be conducted, or special reports may be prepared on such issues as grievances, the working of seniority rules or the effects of overtime practices and collective bargaining agreements (Finn, 2005).

Two practices are generally followed while conducting a personnel audit. In some cases, the audit is conducted by those employed in the organization itself – generally by auditors or accountants. In other cases, the services of outside experts are engaged. The former is known as internal audit, while the latter is designated external audit. The advantages of having an outside auditor are that- (a) he has a background of knowledge of what others are doing in similar situations; (b) he has a professional attitude toward his work; and (c) he is objective in that he personally will not become a party to recommended changes.

According to Shitkan and Ravjan (2017), there are several types of Human Resources Audit. An HR audit can be structured to be either comprehensive or specifically focused, within the constraints of time, budgets and staff. There are several types of audits, and each is designed to accomplish different objectives. Some of the more common types are compliance audit, best practices audit, strategic audit and function-

specific audit. Compliance audit focuses on how well the organization is complying with current federal, state, and local laws and regulations. Best practices audit helps the organization maintain or improve a competitive advantage by comparing its practices with those of companies identified as having exceptional HR practices. Strategic audit focuses on strengths and weaknesses of systems and processes to determine whether they align with the HR departments and the organization's strategic plan. Function-specific audit focuses on a specific area in the HR function (e.g., payroll, performance management, records retention).

2.7.1 Approaches in human resources audit

There are several approaches to Human Resources Audit. The following approaches are adopted for purpose of evaluation: comparative approach, outside authority approach, statistical approach, compliance approach and Management by objectives (MBO) approach.

Comparative approach is a crucial Human Resources audit approach that is used in many organizations. This is very important as it helps organizations to identify gaps. It is a forms of gap analysis. It is a form of matching and mismatching several aspects of Human Resources management in order to identify gaps. In this, the auditors identify competitor company as the model. The results of their organization are compared with that company/ industry. This comparison helps the company to identify gaps that must be filled.

Outside authority approach is the second approach to Human Resources Audit. The auditors use standards set by an outside consultant as benchmark for comparison of own results. This is a form of Human Resources audit where the consultant plays the critical role. The consultant provides a service at a fee. The consultant acts as subject matter expert.

Statistical approach is another important approach in Human Resources Audit. In this, Statistical measures are performance is developed considering the company's existing information. Performance standards are put in place. These standards are used as a benchmark in evaluating or checking HR policies, practices and processes.

Compliance approach is also another approach to Human Resources Audit. In this approach, auditors review past actions to calculate whether those activities comply with legal requirements and industry policies and procedures. Lack of compliance means there should be some improvements. This helps to ensure that there is HR policies and practices are following legal instruments in a country.

Management by objectives (MBO) approach is also a great approach in Human Resources Audit. This approach creates specific goals, against which performance can be measured, to arrive at final decision about organization's actual performance with the set objectives.

2.8 Empirical review of studies on HR Audit

Ghulam and other scholars in Pakistan carried out a study on the impact of Human Resources Audit on organization effectiveness. According to this study, there is a positive correlation between Human Resources Audit and organization effectiveness (Ghulam *et al.*, 2006). This study was a quantitative study. Rani and other scholars in India carried out a study on auditing Human Resources functions and competencies (Ghulam *et al.*, 2006). This was a qualitative study. The study found that Human Resources audit helps to enhance employee competencies and it also enhances employee performance and overall organization performance. Singh carried his study in Pakistan. The quantitative study was on impact of Human Resources Audit on employee efficiency and affectivity. The study showed that Human Resources Audit increases employee efficiency and effectiveness. Oza, an Indian scholar, carried out a study on impact of human resources audit on the performance of employees (Oza, 2020). The study was quantitative in nature. The study revealed that Human Resources audit improves employee performance.

It is quite clear that in the studies above, it is very obvious that all studies were quantitative. No qualitative study was carried out. It is also very clear that no mixed study was carried on Human Resources Audit among all the studies highlighted above. It is also very important to note that all the studies highlighted above focused on impact of Human Resources audit on organization effectiveness or employee performance. The researcher thinks that it would have been better if there could also be qualitative studies or mixed studies on Human Resources audit. The researcher is of the view that

studies on Human Resources Audit should have been diverse and not only focused on organization effectiveness or performance. The studies should have also focused on impact of Human resources audit on staff motivation or job satisfaction or employee engagement, just to mention a few.

It must be noted that some scholars regard the findings above not true. These scholars feel the researchers were not exhaustive in their approach According to Weiss (2001), Human Resources Audit only helps Human Resources professionals to know the status of Human Resources work in the organization, but it does not on its own improve employee and organization performance. The same view is highlighted by Turner (2010) who argued that Human Resources Audit does not have a direct relation to organization performance. These views seem to be contradicting the findings in the studies above. This is a gap that this study would like to fill. The study wanted to find out the reality whether Human Resources audit increases employee and organization performance.

2.9 Responsibility of Human Resources Audit

Human Resources Audit is done by external and internal Human Resources Auditors. An external audit is an examination that is conducted by an independent accountant. This type of audit is most commonly done internal Human Resources Consultants (Scullion,2013). External Human Resources Audits are done by Human Resources consultants. When the company intends to conduct an audit, an organization or company can choose to have the process done by someone in house or via an external auditor. There are pros and cons to each type of HR audit, and a company or organization can choose the option that best suits their needs.

Internal audits are cheaper, as they are done by an employee who already works for the business. However, someone working internally has a certain level of bias that can affect the accuracy of the results (Franz,2011). These employees are not specialists in the field and therefore do not deliver clean reporting and may not want to deliver results favoring the organization out of fear for their position.

Companies generally prefer external auditing, as it delivers judgment without favor or prejudice. Businesses hire external auditors for their expertise in the field and their lack

of connection with the organization. This option is typically costly but delivers results that give a true picture of the HR department within an organization or company.

The cost of hiring an external auditor is quite expensive hence most companies go for internal auditors to save on operational costs. Internal auditors have a history of delivering biased HR judgment. Though they are not specialists, they do not deliver a clean report since they fear for their positions at the organization (Scullion,2013). External auditing is the most preferred as it delivers judgment without favor or prejudice. They give a true picture of the HR department.

The frequency of the audit depends on the company's choice. External auditing is normally sophisticated thus it's carried it out after every twelve months. Internal auditing, on the other hand, can be done continuously and regularly, like in a monthly routine. Stakeholders and the government insist on working with external auditors as their data are used to evaluate growth (Scullion, 2013).

External HR Audits provide fresh and capable review of internal policies and procedures with objectivity and credibility. External audits can be an important tool to enhance a company's reputation and address public perception. Not only does an external audit serve as a check on a company's adherence to legal compliance and ethics, but regular annual audits can help the public track a company's success and corporate responsibility approach therefore building public confidence. It can also provide the public with the information necessary to identify situations where companies or government entities are exposed to legal risks which will threaten the public image, brand and credibility. A quality audit should also include any applicable recommendations to improve policies, procedures or training.

2.10 Theoretical Framework

There are mainly five models in the study of Human Resource Audit. They are as follows: the comparative model, the outside consultant model, the statistical approach, the compliance approach, and the management by objectives-MBO approach (Aaronson, 2001).

It is important to note that in the comparative model, the auditors can collect and analyze data of their own company and also compare the data of different firm or

company. After comparing the data of different companies, then the auditors choose the best one, which, is most suitable for the organization. Thus, comparative approach helps the auditors to get best data. This process helps the organization to draw gaps that must be filled in order to improve Human Resources strategies, policies, procedures and practices.

The second model is the consultant model. According to this model, the organization performance can improve only by an outside consultant. Consultant approach gives different types of ideas to the auditors which is most essential for comparative purposes in the organization. This approach is important in that it brings a fresh perspective on how Human resources work is done in an organization. In addition, it is more objective than using internal agents or consultants. On the other hand, the process is costly. It takes more money to bring the external consultant into the organization. In addition, the success of the consultant is largely hinged on the support he or she gets from the employees and managers in the client organization.

The statistical model is the third model for HR audit. In the statistical approach, certain statistical measures of performance are developed based on the company's existing data. For examples, absenteeism and accident rates may be made as measures. These data help the auditors in assessing the positive and negative aspects of company's performance.

Compliance Approach model is also another important model. In the compliance approach, auditors review the past results and actions of the company's policies and procedures. The auditors seek to find out if company policies and actions are complying with labor laws and national legislations. This process has both pros and cons. It has both advantages and disadvantages. One of its advantages is that it helps the organization to know areas where it can make improvements in order to comply with set standards and legal instruments. It makes the company act ethically and competitively. On the flip side, process is very rigorous. In addition, it is time consuming. It is also very complex process. It requires discipline and focus.

Management by Objectives (MBO) is the final model used to explain HR audit. The management by objectives approach deals with the specifications of goals against

which performance is assessed. In this approach, managers set objective in their specific areas of responsibility. The methods for evaluating and disseminating data take the form of (a) comparison between time periods and (b) Comparison of organizations (c) Trend lines, frequency distributions and statistical co-relations (d) Ratio analysis voluntary turnover rate (e) Classification of data; and (j) Graphical or pictorial display. The process helps to involve employees in the Human Resources audit process. However, it must be noted that the process is time demanding and energy draining.

Aswathappa (2010) provided his approaches to Human Resources Audit. These include relative approach, outside authority approach, statistical approach, compliance approach and strategic approach. Relative approach is the first approach according to this scholar. In this, the auditors identify Competitor Company as the model. The results of their organization are compared with that Company/ industry. Under this approach the effectiveness of HR functions of Company A is compared with company B in which company B should be a competitor of company A. That is, they should be in the same industry. Say we want to review talent retention strategies for company A then we have to compare the labour turnover statistics of Company A to company B. This approach focuses only on the need to be above the competitor. This approach enables the organization to stay ahead of its competitors thus giving it a competitive advantage. But it doesn't look into compliance and strategic relevance of the HR functions. In the same vein being a leader of poor performers doesn't make you a better performer.

Outside authority approach is the second approach. In this, the auditors use standards set by an outside consultant as benchmark for comparison of own results. The company allows an independent consultant to establish the barometer to assess the efficiency of the organization's HR functions.

Statistical approach is the other important approach. In this, Statistical measures of performance is developed considering the company's existing information. This approach glorifies the use of HR Data and analytics. It encompasses a lot of data collection. It is only feasible only in a set up that use HR Metrics in the HR functions reporting and management.

Compliance approach is the next approach. In this, auditors review past actions to calculate whether those activities comply with legal requirements and industry policies and procedures, such as reviewing the organizational recruitment standard operating procedure and see if it is in line with the legislation such as discrimination. It simply involves putting the organizational to litmus test and assess the compliance of the HR practices to the statutes.

Strategic Approach is the final approach. Other scholars liken this to management by objective approach as it creates specific goals, against which performance can be measured, to arrive at final decision about organization's actual performance with the set objectives. It also involves assessing the relevance or the impact of HR practices to the organizational goals, such as, an organization can have a recruitment policy which says that it prioritise external recruitment as opposed to internal recruitment. So, if the organization's strategy is culture conservation then it means the recruitment policy is not consistent.

2.10.1 Limitations of Human Resources Audit

The following are some of the limitations of HR auditing: In the first place, managers consider audits to be a threat. In some organizations, managers may have a feeling of fear about the HR audit. This is because managers think that they will be caught for doing wrong acts, if they have done any, and will definitely be punished for the wrong acts. An HR audit is used by some unethical managers to induce obedience in employees.

Organizations reduce this fear of audit by not considering audit scores to directly assess any manager's performance. Manager's assessment should be done considering the execution of corrective measures to reduce the wrong acts found during the HR audit. No punishment should be given, in any case, as a consequence of the HR audit.

The other challenge is the absence of Established Metrics. It is rare for HR audits to be evaluated based on established metrics or other performance standards in most organizations. This is one of the major problems for the organization. Therefore, senior managers are advised not to conduct audits without appropriate metrics and

performance standards. Measures and performance standards can be established by b) framing a meaningful audit process.

Another challenge is lack of Objectivity. It has to be noted that objectivity and other necessary skills are essential for managers who are doing audits so that the interpretation of the data collected can be done properly. The absence of objectivity hampers the audit. Many companies, on the other hand, hire outside auditors with HR auditing knowledge and skills.

Generally, experts themselves conduct an audit of the HR function. While auditing, the senior audit expert should be familiar with some of the common errors of interpretation, which may crop up while analyzing the outcome of employee opinion.

These include the following: first making a single observation based on the report, second, it involves assuming consensus based on the opinions of a limited group of individuals. It also involves rejecting observations without conducting more study. It has also to do with interpreting reports as valuable without examining their implications; and it also involves complicating situations based on majority viewpoints while disregarding minority opinions. For example, just 51% of people utilize the performance appraisal form; this suggests that the majority of people use it, but nearly half of them do not.

2.11 concept of organization effectiveness

There are multiple definitions of organization effectiveness. Organization effectiveness is the extent to which the organization achieves its goals. In this definition, it is clear that organization effectiveness is about achieving goals. According to Hubbard (2013), organization effectiveness is the degree to which an organization achieves the goals it has set out.

There are so many factors that affect the ability of the organization to achieve effectiveness. The first one is resources. It is important to note that high quality resources help the organization achieve its goals. It is also clear that availability of resources also helps to achieve organization effectiveness. In the second place, internal

processes and procedures also help an organization to achieve effectiveness. In addition, strategies also assist in helping the organization achieve its goals. It is also vital to note that culture can inhibit or help an organization achieve its effectiveness (Shepard, 2003). Finally, leadership is also important in helping to achieve organization effectiveness.

2.12 Theories of human resources auditing

There are several main theories of Human Resources Audit. The first one is the policeman theory. The theory states that the auditor is responsible for searching, discovering and preventing any fraudulent activities. The role of the auditor is to provide reasonable assurance and an independent, true and fair view of the work that has been done. The next theory is the credibility theory. This theory says that adding credibility to work done is an integral part of the Human Resources Audit. The theory argues that auditing makes Human Resources work credible to users and internal customers. Theory of inspired confidence is the next theory. This theory focuses on both demand and supply of auditing. The theory states that auditing increases confidence of stakeholders in the work that has been done. The agency theory is the next one. This theory states that auditing is most carried out by agents on behalf of clients who are organizations.

This study adopted the agency theory because it really or truly reflects how auditing is done in city and district councils in Malawi. It is vital to note that in district and city councils Human Resources auditing is done by agencies, external auditor from the Department of Human Resources Management and Development (DHRMD).

2.13 Conceptual Framework

Out of the five models, the study would adopt the compliance model. The model or approach would help us in understanding how Human Resources Audit is done at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils. This model was chosen because it reflects the main reason why most HR audits are done in Malawi city and district councils. At all councils, HR professionals guided by consultants engage in the rigorous process of checking compliance of HR work with various legal frameworks. Based on the information above, the conceptual framework in figure 1 guided the study.

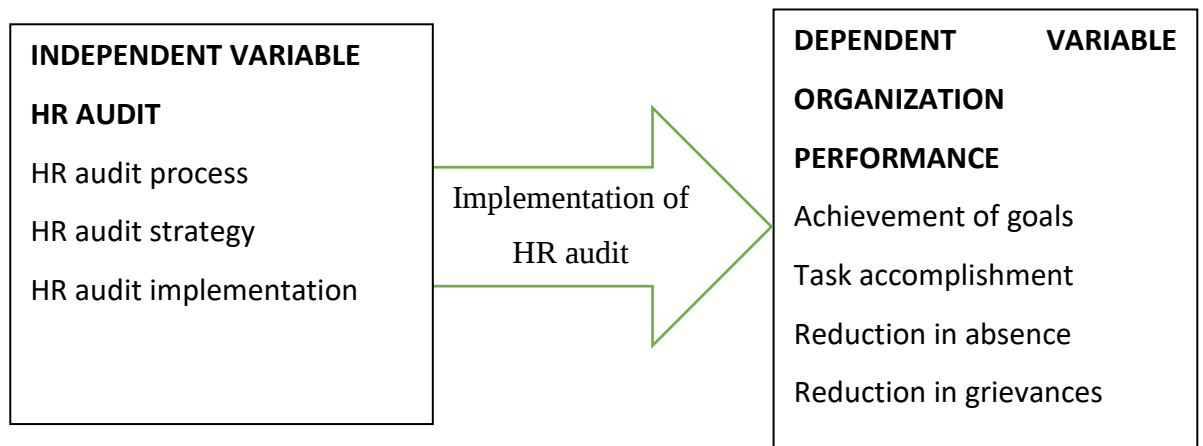


Figure 1: Conceptual Framework

2.14 Chapter conclusion

The chapter focused on review of literature on Human Resources Audit. Here, the chapter has provided the study with empirical foundation by reviewing empirical studies on Human Resources audit. The study also looked at the theoretical and conceptual framework underpinning the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology adopted by the researcher in order to carry out this study. Research methodology is the blue print that outlines how the researcher would carry out a study (Miguel, 2007). The chapter provides the study approach and study design. It also provides the study population and sample size. It also highlights the data collection and data analysis and presentation of the findings.

3.1.1 Study approach

The study also adopted the qualitative approach. This was chosen because the researcher would be looking at the effects of Human Resources audit on organization performance. In addition, by using this design, the study also focused on the experiences, views, and attitudes of the respondents. Qualitative design is based on comments and experiences of the respondents (Miguel, 2007). The research focused on the narratives and experiences of the respondents.

3.1.2 Study strategy

Study strategy is approach that the researcher takes to collect and analyze data (Miguel, 2007). There are several study strategies. These include exploratory, explanatory and descriptive study designs. The study adopted the descriptive research design or strategy. The study aimed at describing how Human Resources Auditing is done in local councils. In addition, the study also adopted the cross sectional approach. The researcher only interacted once with the respondents. This was the case because of the limited time that the researcher had in line with university requirements.

3.2 Study Population

A study population is a group considered for a study or statistical reasoning. The study population is not limited to the human population only. It is a set of aspects that have something in common (Miguel, 2007). They can be objects, animals, measurements, etc., with many characteristics within a group. The study focused on the employees of

Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils. Mzuzu city council right now has employees and Blantyre city council has employees, Dowa district council has employees and Chiradzulu District council has employees. These employees work in different departments. It must be noted that these departments include: Administration, Human Resources, Finance, Engineering, Agriculture, Health, Education and Forest.

3.3 Sample and sampling techniques

A sample is a subset of individuals from a larger population. Sampling means selecting the group that the researcher will actually collect data from in his or her research (Miguel,2007). For example, if you are researching the opinions of students in your university, you could survey a sample of 100 students. To come up with the sample, the researcher basically used convenient sampling. This was because not all people have the knowledge of HR audit. The researcher only dealt with employees who had knowledge of HR audit. According to Miguel (2007), convenient sampling involves the researcher interacting directly with the respondents who have specialized knowledge about the subject matter.

3.3.1 Sample size

Sample size refers to the number of participants or observations included in a study. This number is usually represented by n . The size of a sample influences two statistical properties: 1) the precision of our estimates and 2) the power of the study to draw conclusions. The study sample was 10 employees from each council which are direct in the department of Human Resource, in total having 40 respondents. To come up with the sample, the researcher used the views of Hubbard (2005) who stated that saturation point is what determines the sample size of qualitative study. Half of the sampled population were females and another half were males. This was done so as to come up with a balanced sample. It must be noted that these individuals were from the Human Resources section and administration departments. These individuals were chosen because they were conversant with the process of Human Resources Audit. By doing this, the researcher was fully convinced that she would come up with valid and reliable findings.

3.4 Data collection

To systematically collect information for this study, the researcher basically used the following tools: key informant survey, in-depth interviews and document review. According to Hubbard (2005), key informant interviews are used with subject matter experts. The researcher actually used this to get information from HR professionals who have expert knowledge on HR audit. In addition, the researcher also conducted in-depth interviews. The researcher would meet the respondents at Mzuzu City Council, Dowa District Council, Chiradzulu district council and Blantyre City Council to get information. According to Roode (2007), interviews involve a face-to-face interaction between the researcher and the respondent. It may also involve a phone call interaction or a video conferencing interaction between the researcher and the respondent. Interviews can either be structured or unstructured. In-depth interview involves preset questions that are put asked to the respondents. In-depth interviews help the researcher to get accurate information from the respondent (Hindermann, 2001). Document review involves analyzing different written materials available in different databanks in order to collect information and use if for research. Here, the researcher would analyze documents on HR audit at both councils in order to collect the needed data. It must be noted that desk research also analyzed the past documents on Human Resources Audits in the councils.

3.5 Data analysis

Data analysis is the most crucial part of any research. Data analysis summarizes collected data. It involves the interpretation of data gathered through the use of analytical and logical reasoning to determine patterns, relationships or trends. Data Analysis is the process of systematically applying statistical and/or logical techniques to describe and illustrate, condense and recap, and evaluate data. According to Shamoo and Resnik (2003) various analytic procedures “provide a way of drawing inductive inferences from data and distinguishing the signal (the phenomenon of interest) from the noise (statistical fluctuations) present in the data”.

While data analysis in qualitative research can include statistical procedures, many times analysis becomes an ongoing iterative process where data is continuously collected and analyzed almost simultaneously. Indeed, researchers generally analyze for patterns in observations through the entire data collection phase (Savenye,

Robinson, 2004). The form of the analysis is determined by the specific qualitative approach taken (field study, ethnography content analysis, oral history, biography, unobtrusive research) and the form of the data (field notes, documents, audiotape, and videotape).

An essential component of ensuring data integrity is the accurate and appropriate analysis of research findings. Improper statistical analyses distort scientific findings, mislead casual readers (Shepard, 2002), and may negatively influence the public perception of research. Integrity issues are just as relevant to analysis of non-statistical data as well.

To analyze data systematically, the researcher basically used thematic data analysis. According to Hindermann (2001), thematic data analysis is a tool that is used to analyze data in the social sciences. It is a tool that helps to reduce bias in data analysis. It provides a good basis for data interpretation. According to Fedler and Lawson (2003), thematic data analysis is important in grouping or categorizing data. This is important as it helps to provide a basis for systematic data interpretation. It is the conviction of this researcher that using thematic data analysis, she will get cross validated and credible data.

3.6 Data interpretation and presentation

After data is collected and analyzed, the researcher actually interpreted the data and compiled the findings in a well- articulated report. This report was submitted to the University of Malawi, Chancellor College at the department of Political and Administrative Studies (PAS) as part of fulfilling the requirements for an award for a master's degree in public administration.

3.7 Ethical considerations

In order to do this work professionally, the researcher actually adhered to the following ethical principles. First, the researcher basically ensured privacy and confidentiality. Secondly, the researcher also ensured that respondents are treated with dignity and no harm happened to them.

3.8 Chapter conclusion

This chapter focused on the research approaches that the researcher used in conducting the study. The chapter also basically focused on data collection methods that the researcher adopted to conduct the study. It also highlighted the data analysis methods that the researcher took to do the study. The study also looked at the ethical principles that the researcher followed in order to undertake the study.

CHAPTER 4

PRESENTATION AND DISCUSSION OF THE STUDY FINDINGS

4.1 Introduction

This chapter provides the findings of the study. The findings are in line with the objectives of this study that include:

- a) To identify types of Human Resources Audit were conducted at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district council
- b) To describe how the Human Resources Audit was conducted at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils.
- c) To identify challenges that Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils are facing in perpetuating HR audit process.
- d) To evaluate the effectiveness of Human Resources Audit at Mzuzu, Blantyre, Dowa and Chiradzulu district councils.

The chapter relates the findings with existing literature. According to Flounders (2008), discussion of the findings is a key component of the study as it relates findings with important prevailing empirical studies. It creates a requisite linkage between the findings and the empirical literature. The discussion of the findings is done using the objectives of the study.

4.2 Types of HR Audit conducted in the District Councils

The study established that several types of Human Resources Audit occur in the district councils. There were many viewpoints on the types of Human Resources Audits that occur in district councils. One of the respondents at Mzuzu Council said: *‘There are several types of Human Resources audits that happen in our district council. The common ones are personnel audit and 1-9 audits. These are major audits that I have seen in my years of working here’*. Another respondent from Blantyre district council stated, *‘We have several types of Human Resources audit. These are personnel audit, policy audit, legal compliance audit, process audit and many others. Another respondent claim, ‘There are multiple Human Resources Management audits that*

happen at our council. These are done every year. The aim is to improve the effectiveness of Human Resources Management work in the organization'. Another respondent claimed, 'In the public service in Malawi, many Human Resources Audits take place. They are carried out depending on the needs of a particular organization'. From these comments, it is true that in all district councils in Malawi, there are multiple Human Resources Management audits that are conducted. These are done periodically every year. Another officer from the Chiladzulu District Council stated, 'I have seen several Human Resources Audit happening at our council. These include personnel audit and HR process audit'. Another respondent from Dowa District council stated, 'We have several Human Resources audits that happen in this council. These audits happen from time to time based on the needs of the council'.

The study has basically highlighted that there are several types of Human Resources Audit that take place at Mzuzu, Blantyre, and Dowa and Chiradzulu district councils. These include the following: personnel audit, 1-9 Audit, functional audit, records audit and policy audit. This agrees with the views of Gullick (2012) who argued that common Human Resources Audit in many organizations include personnel audit, employment forms audit, functional audit, records and policy audit, among other types of Human Resources Audit. This also agrees with the views of Nichols (2012) who stated that organizations have different types of Human Resources Audit. These audits vary from one organization to the other. This is done based on the needs of the organizations. Human Resources professionals in these organizations can do this process on their own. In other organizations, these different types of Human Resources Audit are done by external consultants who closely work with Human Resources practitioners. Sometimes, they work with members of the Human Resources committee of the organization. The same views are highlighted by Straus (2012) who stated that Human Resources committees are very important in helping external consultants do the process of Human resources Audit. It is vital to note that the Human Resources committee is composed of line managers and Human Resources professionals, Chief Executive Officers and Chief Finance Officers. The committee is responsible for core Human Resources management work such as Human Resources planning, Human Resources Audit, Performance management, Career management and Human Resources Planning. The Human Resources Committee in most cases makes critical Human Resources decisions. These decisions are implemented by the Human Resources office.

The researcher established that personnel audit is aimed at knowing the current head count at the district council. one respondent claimed, '*Personnel audits are basically there to help understand the head count of an organization. This type of audit takes many days to finish. It requires rigor and discipline*'. Another respondent stated, '*Personnel audit aim to check personnel details. It aims to find verify the information in the personnel file*'. This type of audit is important because it helps to identify ghost workers and real workers. This finding resonates with the views of Hollander (2015) who stated boldly that personnel audit, also called head count audit, aims to flush out false or ghost workers in the workforce. As such, it is one of the most important aspects of Human Resources Audit. The same point is highlighted by Osen (2011) who asserted that personnel or head count audit is very important because it helps the organization save costs or money that is lost through the existence of ghost workers. The same point is highlighted by Norman (2015) who stated that personnel audit is very important in helping businesses to identify and remove ghost workers. It also helps organizations to know whether they have excessive baggage or not. In addition, personnel audit help organizations to conduct an effective Human Resources planning process. This process is critical because it helps organizations to strategize on how to acquire, deploy and develop their talent. The same point is emphasized by Mc Kinny (2010) who stated that personnel audit is vital because it helps the organization to carry out demand forecasting and supply forecasting. These two aspects are important in Human Resources Planning. Demand forecasting predicts the number of people the organization would want to have. On the other hand, supply forecasting predicts the number of employees inside or outside the organization available for selection. Once this is done, forecasting requirements can be carried out. This is the process whereby demand and supply forecasts are matched and analyzed to derive staffing scenarios. It is vital to note that in the staffing scenarios may include labour shortages, labour equilibrium and labour surplus. Labour shortage is called labour deficit. Labour surplus is called excess labour or excess baggage.

The findings of this study are also in agreement with the views of Cateska and Vovka (2017) who stated that there are various types of Human Resources audits which can be classified on the basis of following factors: time period, conduct and purpose. This is also emphasized by Huss (2018) who argued that Human Resources Audit is categorized based on different aspects such as time, conduct and purpose. The purpose

of Human Resources Audit may differ from one organization to the other. In the same way, the way Human Resources Audit is conducted from one organization to the other may also be differentiated. The time period for conducting the Human Resources Audit may also vary from one organization to the other.

In terms of time period, most of the organizations follow an irregular audit, i.e., the time period is not fixed for auditing; it can take place once in a year or may be once in three years. One of the respondents at Dowa District Council stated, *'There is no set time period for the process of Human Resources Audit at our council'*. Another respondent stated, *'We do not have a specific time for this process. All we see is that they just communicate to us that they are coming to audit our Human Resources system. Then, they specify their focus. This helps us to know the type of audit that will be used at our council.'* One of the respondents at Zomba District Council also asserted that the process of Human Resources Audit is not regularly carried out at their council. Carrell (2016) stated that it is best Human Resources practice that Human Resources audits should take place on fixed time-period and regularly so that constant check can be kept on the functioning of the employees. But it must be highlighted that in some organizations, Human Resources Audit is done.

In terms of conduct, Human Resources audit can be carried out by any of the following: Internal Audit and external audit. This agrees with the view of Scullion (2013) who stated that there are two approaches for conducting Human Resources Audit. These approaches are external Human Resources Audit and internal Human Resources Audit. Internal audit is a type of audit that takes place within the organization and is performed by internal management in order to assess and control the working of the HR department. The external audit may take place within the organization premises or even outside it. It is carried-out by external professionals who are specially hired for this purpose. Unlike internal audit, the outcome of evaluation from the external audit is always unbiased.

As per the purpose required, audits can be divided into the following: compliance audit, best practice organization audit, strategic audit and job specific audit. A compliance audit checks whether all the departments are following the rules and regulations of the organisation or not. In best practice audit, the tasks executed by HR department are

compared with the 'best practices' of the other organization. Efforts should be made to make their practices to be the "best practices among all other similar organizations. Strategic audit evaluates the contribution of HR practices in achieving strategic goals of the organisation. It also checks the improvements made in the performance of the employees by providing them proper working condition. Job specific audit focuses on specific function performed by the HR department. These functions include recruitment, raining, salary, promotion, etc.

4.3 Responsibility for conducting HR Audit

All respondents in the study highlighted the fact that HR audit is conducted by the Department of Human Resources Management and Development (DHRMD). One respondent said, *'The process of Human Resources Audit is basically the responsibility of the Department of Human Resources Management. This department sends personnel to conduct this exercise in all the councils. It is an exercise that is done concurrently'*. This is a government department that is fully responsible for all Human Resources Management work in government. The respondents in all the councils that the researcher went to stated that the department deploys officers to each district to conduct the exercise at the district council. This means that the department head office coordinates the whole process. This finding agrees with the views of Osen (2011) who stated that the responsibility of Human Resources Audit is the domain of Human Resources specialists or experts. These are professionals who know this process inside out. One respondent stated, *'The responsibility of Human Resources Audit is for Human Resources experts'*.

4.4 The process of HR Audit in district councils

HR officers that were interviewed agreed on the process that is used to carry out the HR audit in the district councils. The study basically revealed that the process of Human Resources Audit is done systematically at Mzuzu, Blantyre, Dowa and Chiladzulu District Councils. This is supported by Sisson (2020) who argued that HR audit is a systematic process which is aimed at helping organizations achieve effectiveness. One respondent asserted, *'Human Resources Audit is a systematic process that involves logically connected steps. This process must be done with rigor and total discipline'*. Another respondent claimed, *'Human Resources Audit is a critical process that involves multiple steps. It has to be done with much more focus and diligence. It must*

not be done with recklessness. It has to be done with utmost care and focuses. One respondent asserted, 'The process is done rigorously. It is done systematically. It is also done by experts from DHRMD'. Another respondent stated the following: 'Human Resources Audit process is done very procedurally. The experts follow laid down procedures. It is done very systematically'.

From the findings it is very clear that the process begins with Department of Human Resources Management and Development (DHRMD) notifying district councils of the intention to carry out Human Resources Audit in their councils. This is followed by a briefing of the directors. The officials from the Department of Human Resources Management and Development brief the directors in the council of how the process would be carried out. In the third place, employees at the council are also told how the process would be done. Then, the process is implemented. After the process is carried out, the directors are briefed. Recommendations are made. A report is written and submitted to the directors at the council. Another report is sent to the DHRMD.

This study agrees with the views of Heslop (2016) who stated that Human Resources audit is a systematic process which has logical steps. This means that Human Resources Auditors follow specific steps to ensure that appropriate assessment is made. The first step in Human Resources Audit is the aspect of identifying the objectives of HR Audit. This means that Human Resources Auditors decide the objectives of the Human Resources Audit. This is critical because it brings focus to the Human Resources Audit process.

Setting up of definite objectives is the first task carried-out in an organisation. But before setting up the objectives, HR audit assesses the functions and activities to be carried-out under the HR department, compliance of law and order undertaken to guide their principles and actions and ensuring that these HR strategies are in line with the, corporate strategies. For the proper evaluation, it is necessary that the organization's aim, schedule and the planning made by HR audit should move on the same track.

The next step is developing a rough audit plan. The Human Resources auditor before implementing auditing process should have an idea about the following things: what he has to do, which policies should be preferred, which areas are to be focused more, what

are the best means by which relevant information can be gathered, etc. Thus, an assessor prepares framework of his audit plan so that he can have a rough idea about the manpower required, expected cost incurred and the tools and equipment required for the entire audit procedure.

The other step is collecting background data. An auditor must have appropriate information about the internal as well as the external factors that may influence the HR auditing process. This information is known as background data. External factors include the competency level of the particular organisation, the legal environment and the entire summary of the organisation. Internal factors include the set objectives, the policies followed by the organisation for achievement of these objectives and the performance of the human resource in different divisions of the organisation.

The other step is determining the technique of data compilation. In this step, information is gathered by HR auditors from various sources using different techniques. Some of the techniques used for data collection are interview method, questionnaire method, task force method, observation method, etc. Auditor can opt for one or more than one technique at a time. Besides this, time required and cost of assessment is also decided in advance so that auditing process can take place effortlessly and effectively.

The other step is finalizing the audit plan. In case there is a requirement of any improvement in the rough audit plan prepared by the auditor, changes can be made at Dis stage before finalizing it. Background data and knowledge gained can also be useful in upgrading he pre-planned auditing plan. It is the sole responsibility of the assessor to have a clear-cut understanding about e goals to be achieved, techniques to be used, areas to he covered and time and cost required for entire auditing process and then finalizing the audit Plan.

The other step is collecting complete audit data: In this process the assessor gathers all the significant information from various sources and combines them together to analyze the virtues as well as the shortcomings of the HR department. Once HR auditor receives all the data regarding the working of the human resource management, this data is then compared with the final audit plan. The assessor should keep in his mind that till this

stage, he should have to collect complete data in order to perform auditing function smoothly.

The other step is developing an audit Report. This must be submitted in good time. After gathering entire data regarding the HR functioning, an assessment programme is conducted within different areas of HR department. These areas cover the, recruitment training, advancement, rewards, retention, transfers and retirement functions of the HR department. Along with this, working atmosphere, functioning of employees, the objectives of the HR unit, policies and strategies undertaken by HR audit and HRIS are also included during the evaluation. After this, a detailed audit report is prepared by the auditor after covering the entire valuation procedure.

The final step is to make decision based on the audit report. This is the concluding stage in which the organisation makes appropriate decisions after seeing the final audit report. Management even asks for auditors recommendations so that decision making process becomes easier for them. In case some changes are required in setting the objectives of HR department or in the strategies or in the performance of the employees, HR auditor's suggestions can prove to be very constructive for the authority.

4.5 The challenges facing the process of conducting HR Audit in district councils

The study revealed that there are multiple challenges affecting the process of conducting Human Resources Audit in district councils. One of the respondents from Chiradzulu District council stated, *'There are multiple challenges we face at council when it comes to Human Resources audit. The most common one is missing of documents.'* Another respondent also claimed that the process of Human Resources Audit faces multiple challenges at his council. Another respondent also claimed that the process of Human Resources Audit is characterized by many challenges. The respondent said, *'Many challenges face the process of auditing Human Resources work in district councils. Human Resources managers have a great job to identify and resolve these challenges if Human Resources Audit process has to be very successful.'*

According to the study, there are several challenges that affect the implementation of Human Resources Audits in district councils. This concurs with the views of Ducell (2017) who argued that the process of Human Resources Audit is sometimes riddled

with multiple challenges. The effectiveness of Human Resources Audit can be greatly and negatively affected by these challenges.

First challenge in this process is the unavailability of academic qualifications on the part of some employees at the council. This shows illegal recruitment at the councils. The second challenge is that personnel files are in most cases not submitted to DHRMD officials. The other challenge is that there are different and incompatible details. Furthermore, the other challenge is that there are very few people on audit team. As such, the whole process takes more time and it becomes difficult. The other challenge affecting implementation of Human Resources Audit is the lack of sufficient funds for HR audit. This aspect affects the frequency at which this process is done in district councils. It also affects the quality and manner in which this process is done. The other challenge is that the councils in most cases have missing documentations. The other challenge is that of lack of audit independence. Directors of the council tend to interfere with Human Resources Auditors in their work. This makes Human Resources Audit biased and not objective. Finally, another important challenge is that of time constraints. Time is not enough for this exercise.

4.6 Importance of HR Audit in district councils

The study also indicated that HR audit is very important. In the first place, it exposes gaps. In the second place, it helps to streamline personnel management process. One of the respondents from Blantyre district council stated, *'Human Resources Audit is important. It helps to streamline the personnel management process at this council'* in the third place, it helps to prepare outgoing staff. It also helps to identify ghost workers. It also helps to improve recruitment and selection process. In addition, it helps to make HR work in the councils very effective and this helps to improve HR processes. One respondent from Dowa district council said, *'Human Resources audit is important as it helps the Human Resources work to be very effective at the council'*. This finding is in line views of Ducell (2017) who stated that Human Resources audit is very important. It helps to make Human Resources practices and policies effective.

4.7 Effectiveness of the HR Audit in district councils

Most respondents claimed that HR audit is effective in district councils. The majority of the respondents claimed that HR audit is very effective in district councils. One of

the respondents from Dowa district council states, *'I feel that Human Resources Audit is very effective at our council.'* It is vital to note that one respondent also claimed that Human Resources Audit is very effective in district councils. One respondent said, *'I totally believe that Human Resources Audit work is very effective in our organization. We think it is helping this organization a lot. It is making Human Resources work add more values to the council's goals and objectives.'* On the other hand, some respondents asserted that HR audit is not effective in district councils. One of the respondents at Blantyre district council said, *'I do not see any effectiveness of Human Resources Audit at our workplace. Everything remains the same'.*

4.8 How effective is the HR Audit in district councils

The researcher used process efficiency to measure the effectiveness of Human Resources Audit in the district councils. The study showed that HR audit is very effective in that it improves process efficiency in HR work in district councils. It makes HR work effective. One of the respondents at Blantyre district council said, *'I think that the process of Human Resources audit is very effective because it improves the quality of HR work at our council'*. The graph below depicts the views of the respondents about the effectiveness of the HR audit process in district councils. According to Zetter (2012), Human Resources Audit process can be very effective if it is implemented very systematically. This depends on the ability of line managers and Human Resources practitioners who are the key drivers of this process. Adwell (2017) stated that Human Resources Audit can only be effective if it is implemented professionally and obstacles facing this process are eliminated before the process is implemented. In addition, the process requires adequate availability of resources.

The study has basically showed us that the process of Human Resources Audit is very effective at Mzuzu, Blantyre, Dowa and Chiradzulu district councils. This agrees with the point highlighted by Powell (2018) who observed that Human Resources Audit as a process is very effective if it is implemented systematically by trained HR audit experts. The same point is echoed by Richardson (2014) who observed that the effectiveness of Human Resources Audit process depends largely on how it is being implemented by those that have been tasked to implement it.

It is vital to note that most respondents in the study claimed that HR audit is effective in district councils. This was based on the fact these respondents claimed that Human Resources Audit process helps to improve process efficiency in the district councils. Human Resources Audit helps to streamline Human Resources work in the organization. About 78% of the respondents claimed that HR audit is very effective in district councils. On the other hand, about 22 respondents asserted that HR audit is not effective in district councils. These statistics are depicted in the pie chart below. It is also salient to appreciate that the study showed that HR audit is very effective in that it improves HR work in district councils. It makes HR work effective. The facts above depict the views of the respondents that justify the fact that HR audit process in district councils is highly effective.

4.9 Human Resources Audit report

Theoretically, Human Resources Audit report is written by internal and external HR auditors. Practically, in most council it is done by the Department of Human Resources Management and Development, who are external auditors. It is vital to note that the Human Resources Audit report contents are the basic structure of the audit report which needs to be clear, providing sufficient evidence providing the justification about the opinion of the auditors and includes title of report, addressee details, opening paragraph, scope paragraph, opinion paragraph, signature, place of signature, and date of the report. An audit report is an opinion on the financial statements of the company given by the Auditors after conducting the financial audit of the company. The Auditor's report is published with the Annual report of the company. Auditors report is read by investors, analysts, Company's management, lenders while analyzing the company's performance and ascertaining that the financial reports are as per the generally accepted accounting standards.

4.10 Chapter conclusion

This chapter has provided the findings of the study. Firstly, it provided the demographical facts of the study. Demographically, the chapter provided facts on gender, age, marital statuses, education and departments of the respondents. Then, it also provided the actual findings based on objectives of this study. Each finding was discussed in great depth. This chapter discussed the findings of the study. The chapter also related the findings with existing literature. According to Flounders (2008),

discussion of the findings was a key component of the study as it relates findings with important prevailing empirical studies. It also created a requisite linkage between the findings and the empirical literature. The discussion of the findings was done using the objectives of the study.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study was anchored by several objectives. These guided the researcher in data collection and data analysis. The chapter summarizes finding per objective. The chapter will also make recommendations based on these conclusions.

5.2 Objectives of the study

The following specific objectives were used:

- a) To identify types of Human Resources Audit were conducted at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district council
- b) To understand how the Human Resources Audit was conducted at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils.
- c) To identify challenges that Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils are facing in perpetuating HR audit process.
- d) To determine the effectiveness of Human Resources Audit at Mzuzu, Blantyre, Dowa and Chiladzulu district councils.

5.3 Identification of types of Human Resources Audits conducted at the district councils

The first objective of the study was to identify types of Human Resources Audit were conducted at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district council Audits that happen at the four district councils. The study concludes that the following are the major types of Human Resources Audits in the councils: 1-9 audits, functional audit, policy audit, employment forms audit, personnel audit and records audit. This is support by the study by Howells (2014) who stated that there are different types of Human resources audits that happen both in the public sector and private sector organizations.

5.4 The process of Human Resources Audits at the district councils

The second objective of the study was to understand how the Human Resources Audit was conducted at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils. On this objective, the study concludes that the process of Human Resources Audit is done systematically in all four district councils. This concurs with the views of Reece and Mackerely (2016) who posted the point that the process of Human Resources Audit is very effective if it is done professionally and systematically. This implies that the same process cannot be effective if it is not done professionally and systematically.

5.5 Challenges facing Human Resources Audits in the district councils

The third objective of this study was to identify challenges that Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils are facing in perpetuating HR audit process. On this objective, the study concludes that there are multiple challenges that affect the process of Human Resources Audit in the four district councils that were studied by the researcher. This agrees with the views of Reece and Mackerely (2016) who stated that the process of Human Resources Audit is characterized by several challenges. It is the job of the HR professionals to find ways to overcome these challenges. This means the experts who come to district councils to conduct Human Resources Audits must be strategic and must find ways to deal with anticipated and realized problems.

5.6 The effectiveness of Human Resources Audit in the district councils

The last objective of the study was to determine the effectiveness of Human Resources Audit at Mzuzu, Blantyre, Dowa and Chiladzulu District councils. On this objective, the study concludes that the process of Human Resources Audit is very effective in all the district councils that were researched on. This is the case because the Human Resources Audit helps to improve Human Resources Audit work in the councils. The process makes Human Resources policies and procedures very effective in the councils. This conclusion concurs with the view by Thurman (2017) who asserted that Human Resources Audit aims to improve HR work in an organization. It makes Human Resources work very effective.

5.7 Challenges facing Human Resources Audit in the four district councils

The study identified several challenges facing Human Resources Audit in the four district councils. The first challenge in this process is the unavailability of academic qualifications on the part of some employees at the council. This shows illegal recruitment at the councils. The second challenge is that personnel files are in most cases not submitted to DHRMD officials. The other challenge is that there are different and incompatible details. Furthermore, the other challenge is that there are very few people on audit team. As such, the whole process takes more time and it becomes difficult. The other challenge affecting implementation of Human Resources Audit is the lack of sufficient funds for HR audit. This aspect affects the frequency at which this process is done in district councils. It also affects the quality and manner in which this process is done. The other challenge is that the councils in most cases have missing documentations. The other challenge is that of lack of audit independence. Directors of the council tend to interfere with Human Resources Auditors in their work. This makes Human Resources Audit biased and not objective. Finally, another important challenge is that of time constraints. Time is not enough for this exercise.

5.8 Recommendations

Based on the challenges above, the study makes the following recommendations: firstly, the team carrying out Human Resources Audit must ensure that all employees present their genuine academic qualifications. In the second place, the council authorities must submit all the personnel files to the DHRMD officials for auditing. In the third place, the audit team must have ample team members. This will quicken the whole process. In addition, councils must ensure that there are no missing documents before the audit starts. What is more, the directors in the councils must not interfere with the audit work. This will help to ensure audit independence. Finally, Human Resources Audit work must be given enough time.

5.9 Areas for further studies

In addition, the researcher recommends for other researchers to conduct a study on the same research topic but the location must be in the private sector organizations. This will help to see if the findings in this study will be echoed in the findings that will be realized in the private sector environment.

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APPENDICES

APPENDIX 1 FOCUS GROUP DISCUSSION INTERVIEW GUIDE

DATE : _____
MODERATOR : _____
VENUE : _____

DEFINITION OF HUMAN RESOURCES AUDIT

Human Resources Audit is the process of periodically evaluating or assessing Human Resources processes , systems , strategies , procedures and practices in order to improve service delivery in an organization (Finn,2005).

QUESTIONS

- (a) Which types of Human Resources Audit were conducted at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils? Mention and explain them.

- (b) How was the Human Resources Audit conducted at Mzuzu and Blantyre city council as well as Dowa and Chiradzulu district councils? Please explain.

(c) What challenges are Mzuzu and Blantyre city council as well as Dowa and Chiradzulu district council facing in perpetuating HR audit process? Mention the challenges and explain them in depth.

(d) What was the impact of the HR audit process that was implemented previously?

THE END

APPENDIX 2: INDEPTH INTERVIEW GUIDE

PREAMBLE

My name is Munira Bakali. I am a final year student at University of Malawi pursuing a Master's degree in public administration.

This in-depth interview guide has been designed to collect information on the topic: assessment of the effectiveness of Human Resources Audit on local councils-the case of Mzuzu and Blantyre City Council and Dowa and Chiradzulu District Councils. Your candid opinion on the subject matter will be most welcome.

The guide has two sections. Section A seeks to get demographic information of the respondent. Section B seeks to get information about effectiveness Human Resources Audit.

SECTION A

DEMOGRAPHIC FACTORS

Gender of the respondent	Male
Age of the respondent	43
Department of the respondent	Admin
Experience of the respondent	13 years plus
Marital status of the respondent	Married
Position of the respondent	CEO

SECTION B- HR AUDIT

(e) Which types of Human Resources Audit were conducted at Mzuzu and Blantyre city councils as well as Dowa and Chiradzulu district councils? Mention and explain them.

_____ *Internal audit by the way of head count done annually. We look at list of staff establishment and positions filled, last pay roll and do the physical verification in their respective duty stations. The purpose is to establish availability and functionality of the personnel in fulfilling council's objectives.*

workers_____

(f) How was the Human Resources Audit conducted at Mzuzu and Blantyre city council as well as Dowa and Chiradzulu district councils? Please explain.

_____ Internal Audit along with HR officer do visit every department then section by section. Mobilize staff together and

_____ pay roll, position, with personal id, employment number, National ID.(DOB, date of joining, qualifications -

(g) What challenges are Mzuzu and Blantyre city council as well as Dowa and Chiradzulu district council facing **in perpetuating HR audit process**? Mention the challenges and explain them in depth.

-
- inadequate personnel at audit office and HR to adequately undertake the exercise against other needs. The council lacks qualified HR personnel in audit and/or lack of systems internal audit personnel.
 - Overreliance on manual auditing which is prone to abuse.
 - Partial or incomplete auditing as we largely focus on numbers and not quality in fulfilling organizational goals. It is not largely linked to performance management.

