



THE ROLE OF AUDIT OF HUMAN RESOURCE MANAGEMENT PRACTICES IN ORGANIZATIONS

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ABSTRACT

The study assessed the role of audit of human resource management practices at Volta River Authority (VRA) with the following objectives: to assess whether human resource audit is incorporated into the long term strategic plan of VRA, the importance VRA attaches to human resource audit and to determine the relationship between human resource audit and the achievement of corporate objectives of the company. A semi structured interview and questionnaire were used to access data from managers and human resource staff. The study revealed that the company recognizes the human resource activities as necessary for its operations. It was also gathered that most of the respondents saw the importance of HR audit to the organization as being high. The responses gathered further revealed that the company had put in place some structures to achieve its corporate objectives and that human resource planning is an integral component of the strategic business planning cycle of the company since it is incorporated into the company's long-term strategic plans to ensure a strategic and coherent approach to the management of the organization's employees. It was also revealed that more than half of the respondents felt that the company had developed a strategy to utilize modern HR practices to help the organization achieve its objectives in future by providing for competent, well-motivated employees and also that human resource forecasts provide the basis for recruitment planning. Finally, that realistic timetable for completing the Audit process were not really established and adhered to by the company. It was recommended that VRA should institutionalize an annual HR audit process as part of its annual planning cycle in order to proactively identify weakness for continuous improvement. The company should also adopt the use of IT-based system in determining the need and strategies for recruitment, training, distribution and placement of Human resources. There was also the need for management to develop an appropriate communication strategy and institutionalize participatory leadership and team approaches for involving the various internal stakeholders in decision making to ensure ownership and commitment in achieving the organization goals.

KEYWORD: Human Resource Management Practices (HRMP), Human Resource Strategy, Audit, Ghana



INTRODUCTION

Human resources audit is an expertise which is carried out periodically to the administration system of human resources, including monitoring and collecting information, their analysis and assessment on this basis of the efficiency the organization uses human resources with. The main goal is to improve the employees' performance and job satisfaction (Costel, 2004). Human resources audit requires the study of the human resources system within the organization on different hierarchical levels. Human Resource practices and functions have a far reaching impact on the employees' morale and performance, which in turn, affects the overall performance of the organization. This is why they are claimed to be closely related to a business's 'balance scorecard' through productivity, people, and processes (Gupta 2008). Given its criticality, a regular assessment of the HR function, like that of finance function, becomes essential for sustaining organizational health and growth. The need for such assessment is even greater in today's dynamic and, at times, turbulent, environment, where human resource management needs continuous up-gradation and re-alignment.

Like any audit, the human resource audit is also a systematic formal process, which is designed to examine the strategies, policies, procedures, documentation, structure, systems and practices with respect to the organization's human resource management. It systematically and scientifically assesses the strengths, limitations, and developmental needs of the existing human resources from the larger point of view of enhancing organizational performance. According to Yadav and Dabhade (2014), the human resource audit is based on the premise that human resource processes are dynamic and must continually be redirected and revitalized to remain responsive to the ever changing needs. Human resource audits are not routine practices aimed at problem solving. Instead of directly solving problems, HR audits, like financial audits, help in providing insights into possible causes for current and future problems. According to Ingalens (2004), the purpose of conducting a human resource audit is to support the overall business plan of the organization. Employees have a significant impact on the bottom line, so an audit of the HR function would be favorable.

Audits can be limited in scope focusing on specific areas that may need attention such as hiring practices, compensation and/or benefits, or they may be more extensive looking at the HR function as a

whole. Higgins (2007) indicated that the process has three parts: to identify and prioritize management issues relating to human resources; identify gaps between the current practices and policies with that of the business objective; and to identify any legal difference and potential exposure. He emphasized that most companies who perform an audit only focus on compliance and miss those items that could really make a difference in one's business over the long term. In order to maintain an equilibrium in the organization, it is essential to keep the quality of human resources, without whom the organization loses any chance of strengthening its position in the market and to eliminate further inauspicious events. This may be done through reorganization, elimination of structural subdivisions and removing the employees who cannot integrate in the change strategy (McConnell, 2003).

Organizational Profile of Volta River Authority:-

The Volta River Authority (VRA) was established on April 26, 1961 under the Volta River Development Act, Act 46 of the Republic of Ghana, with the core business to generate and supply electrical energy for industrial, commercial and domestic use in Ghana. VRA started with the development of the hydroelectric potentials of the Volta River and the construction and maintenance of a nation-wide grid transmission system. Today, it has expanded into distribution of electricity in the northern sector of Ghana, and thermal generation to complement inadequate capacity for hydro generation.

In 2005, following the promulgation of a major amendment to the VRA Act in the context of the Ghana Government Power Sector Reforms, the VRA's mandate has now been largely restricted to generation of electricity. The transmission function has been hived off into a separate entity, designated Ghana Grid Company Ltd. (GRIDCo) to perform the transmission activities. The amendment is expected to attract independent power producers onto the Ghana energy market. VRA's distribution agency has been operationalized into a subsidiary company, the Northern Electricity Distribution Company (NEDCo)

The vision of VRA is setting the standard for public sector excellence in Africa with the mission as to power economies and raise the living standards of the people of Ghana and West Africa. We supply reliable electricity in a safe manner, to add financial, economic and social values to our operations and assets, to satisfy customers and meet stakeholders' expectations.

The VRA core values are: Commitment, Integrity, Trust, Teamwork and Accountability

The VRA's major bulk customer is the Electricity Company of Ghana (ECG). Power sold to ECG caters mainly for domestic, industrial and commercial concerns. Bulk sales are also made to a number of mining companies, including AngloGold Ashanti, Newmont Ghana Gold Ltd., Goldfields Ghana Ltd. and Golden Star Resources Group. Others are Aluworks, Akosombo Textile Ltd., and Diamond Cement Ghana Ltd. International energy sales to neighbouring countries include Togo, Benin and Burkina Faso.

Links to Customers and Neighbouring Countries:-

The VRA reaches its customers and neighbouring countries through GRIDCo. GRIDCo's transmission system covers the entire country, and is also connected with the national electricity grids of Cote d'Ivoire, Compagnie Ivoirienne d'Electricité (CIE), Togo, Communauté Electrique du Benin (CEB), and Burkina Faso (SONABEL). These interconnections now serve as part of the arrangement under the West Africa Power Pool (WAPP).

Regional Cooperation:-

The VRA is participating in the development of a power pooling mechanism to provide the West-African sub-region with increased accessibility, availability and affordability to electricity under the auspices of the member states of the Economic Community of West African States (ECOWAS). In this context, the VRA and GRIDCo are building the Ghana component of a new 330kV transmission line, which starts from Aboadze to Tema, and then to Momehagou (Togo) under the West African Power Pool Project. The line was expected to be completed and commissioned by the end of December 2009. The VRA is also the major foundation customer of the West African Gas Pipeline Project (WAGPP), which involves the construction of a 20 - inch 600km long natural gas transmission pipeline and associated facilities to support the energy requirements of the West African sub-region. The objective of the VRA's participation in the WAGPP is to substitute the environmentally cleaner and cheaper gas fuel for light crude oil in an era of rising cost of crude oil. This will significantly reduce the cost of thermal generation and increase electricity availability, accessibility and affordability.

The VRA is a founding member of the Union of Producers, Transporters and Distributors of Electric Power in Africa (UPDEA). UPDEA aims to promote the

integration and development of the African power sector through active cooperation among its members and also between its members on one hand and all international power sector organizations and donors on the other hand. UPDEA is a permanent member of the Executive Council of the African Energy Commission and a preferred partner of the New Partnership for Africa's Development (NEPAD).

The Present Study:-

With the above profile in mind, VRA is such an important organisation that needs auditing of Human Resource Management Practices to enhance effective people management and productivity.

Companies often neglect to evaluate the only resource which more than any other affects their position - their human resources. With the rapid changes happening in the business environment the importance and necessity of developing and managing human resources has never been felt more than before. These changes brought about by the new millennium are based on the global economy, changing organizations and technology, culture and demography, and the changing nature of work itself. These changes have therefore re-defined the work, the worker and the workplace which organizations should contend with. It is for this reason that this research seeks to assess the role of audit of human resource management practices at Volta River Authority (VRA) with the following objectives in mind; to assess the role of audit in human resource practices at the Volta River Authority, assess if human resource audit is incorporated into the long term strategic plan of VRA, assess the importance VRA attaches to human resource audit and determine the relationship between human resource audit and the achievement of corporate objectives of the company

LITERATURE REVIEW

The Concept of HR Audit:-

The word "audit" comes from the Latin verb "*audire*", which means, "*to listen*". Listening implies an attempt to know the state of the affairs as they exist and as they are expected or promised to exist. Auditing as a formal process is rooted in this feature of listening. Consequently, it is a diagnostic tool to gauge not only the current status of things but also the gaps between the current status and the desired status in the area that is being audited. Auditing has been a routine exercise in the area of finance, especially because it is a statutory obligation. However, in case of Human Resource, there is no legal binding to adopt auditing (Coy, 2002).

Yadav and Dabhade (2014) indicated that like any audit, the human resource audit is also a systematic formal process, which is designed to examine the strategies, policies, procedures, documentation, structure, systems and practices with respect to the organization's human resource management. It systematically and scientifically assesses the strengths, limitations, and developmental needs of the existing human resources from the larger point of view of enhancing organizational performance.

Gupta (2008) emphasized that human resource audits are not routine practices aimed at problem solving. Instead of directly solving problems, HR audits, like financial audits, help in providing insights into possible causes for current and future problems. The findings of these audits aid decision making in the organization and are usually internal documents that need not necessarily be shared with the public. Human resource audits are non-routine and may be designed to cater for the unique needs of the organization at a particular point in time. These are in fact, studies of an unusual nature. The manner in which the audit is conducted could vary from self-directed surveys to interventions by outside consultants.

Approaches to HR Auditing:-

Yadav and Dabhade (2013) indicated that HR auditing has evolved in recent years to the point that it has ceased to be a mere instrument of control and has become a necessary decision making tool in personnel related matters according to the global objectives of the company. As a result, all of the functions and competencies of HR auditing are being progressively expanded. This is creating a distinction between its component elements and the different types of HR audits.

Walker (2003) differentiates between two approaches relative to HR auditing: those centered on the functions internal aspect, and those centered on the external aspect. From an internal perspective, as in any staff function, there is a trend of valuing its actions as a result of the activities undertaken and its costs. In this way, the department's capability would be judged on its ability to supply certain services to the organization at the lowest possible cost. Under this approach, the operational measurements traditionally used are those which refer to quantity, quality and reliability, or cost and speed, therefore placing the focus on activities, costs, or productivity ratios. From an external perspective, if it is understood that the ultimate appraisal of the effectiveness of HR is based on their

impact on the company's results, then the measurements should include results obtained outside the function.

The Legal Approach in HR Auditing:-

According to Antona (2004), the audit of performance or conformity consists of making an inventory of the social situation of the company, considering the labor law norms and regularly verifying the company's compliance with the applicable regulations. Thus, this concept is centered on the verification that the current labor laws are being fulfilled. The audit should verify if the firm's policies, practices, and documents regarding employee hiring, retention, discipline, termination, and post-employment are both fair and legal. These practices and policies must: prohibit discrimination by offering equal employment opportunities; protect the employment seeker from being discriminated against on the basis of age, gender, ethnicity, race and also carry out minimum wages; and contain provisions regarding mental disabilities and reasonable accommodations for disabled workers.

According to Spognardi (2007), the basic functions of the audit of conformity or of performance as an element of HR auditing are threefold. The first function is examining to see if the firm is fulfilling all its administrative social obligations, as well as those relative to the collective rights of its personnel. The second is to study the relationship between the employees and the firm based on the legal statutes. The final function is verifying if the firm fulfills its financial obligations (for example, social security payments), as well as its informative ones. Concern about labour risks has created a function within HRM with the purpose of altering working conditions by identifying the risks that could stem from them and implementing necessary preventive measures. Such preventive activity could fit perfectly into the legal approach of HR, although the effort that the company can make in this sense can go beyond the application of the existing risk prevention laws. The requirement for labor security and hygiene is a part of the search for quality of life in the workplace, which is becoming increasingly demanded from companies.

Focus of the Function Audit:-

The function audit centers on observing if the procedures applied are the adequate ones and if they function correctly. That is, checking to see if the relationship between objectives and procedures is a satisfactory one and if this has been achieved in the most cost effective manner (Yadav and Dabhade, 2013). The function of this level of the HR audit is to study and analyze each one of the specific areas of HRM. The

analysis should center on the planned measures, the method of implementation, and the results obtained. In order to carry this out, the areas that are to be studied must first be identified. Afterwards, a list of the indicators that will serve to analyze each of them must be made. These indicators can be either quantitatively (absolute numbers or ratios) or qualitatively derived from the responses given by the people involved (management, employees, or external experts).

Nevado (2008) indicated that a list of the indicators corresponding to the different areas of the HR function could contain some of the following:

- 1) Description of the Company's Staff
The complete staff can be described by: hierarchic levels, years of service, qualification, sex, and nationality; the number of permanent and temporary employees, interns, and physically or mentally challenged employees; and indexes of personnel rotation and absenteeism.
- 2) Job Analysis
Job analysis can include: the number of described posts and occupants per post; the degree to which the job description cards have been updated; the degree of detail in the job description cards; and the methods used to analyze and describe the jobs.
- 3) HR Planning
Planning includes the methods employed to plan personnel needs, the measures adopted to cover future personnel needs, and the temporary planning horizon.
- 4) Recruiting and Personnel Selection
This includes: the number of days needed to fill a vacant post; the number of applications received by work place categories; the average amount of days between the reception of the application and the final answer; the average cost of recruitment and selection per job post; the degree to which internal and external sources of recruitment are used; the average number of candidates that do not pass the selective tests; a study of the reliability and validity of the selection tests; and the degree to which the recruiting efforts fit the company's business plan.
- 5) Training
The training indicators are: the procedures followed and the frequency with which personnel training needs are analyzed; the

criteria followed to define the content of the training programs; the evaluation criteria of the efficacy of the training programs; the percentage of the HR budget dedicated to training; the average number of hours of training per employee; and the percentage of employees that participate in training programs by work place categories.

- 6) Development of Professional Careers
These indicators include: the percentage of people promoted per number of employees; the percentage of vacancies covered internally and externally; and the average time per employee it takes to receive a promotion.
- 7) Retribution
Retribution can be measured by: the average wage per employee and wage difference among employees; the fixed and variable components of retribution; the percentage of remuneration linked to the employee's yield; and the internal equity and external competitiveness of the retribution system.
- 8) Performance Evaluation
Evaluation indicators include: the level of usage for promotion or career; the level of feedback of results to the company's personnel; and the degree to which poorly performing employees are assisted in improving their performance.
- 9) Work Conditions
Work conditions can be assessed by the frequency and index of the graveness of work-related accidents and by the labor accident and sickness prevention policies that are in place (Nevado, 2008)

In searching for adequate measurements, the use of financial references to evaluate the costs and benefits of HR programs has become commonplace. Financial analysis models applied to HR development programs are increasingly being seen in literature and in cases that document their use. Grossman (2000) proposed a three-pronged approach for the measurement of the HR function. First, according to this model, there should be efficiency measurements that help to determine the way in which the resources are being used. Within this group are the measurements of turnover, quits, and discharges as a percentage of total employees, average tenure of employees in various jobs, absenteeism, employee productivity, and intellectual capital. After calculating the measurements of efficiency,

they must be compared to the results obtained in previous periods. Nevertheless, this is not sufficient, and it is critical to benchmark against others in the same industry or profession. When inefficiencies are revealed, careful analysis of the problem should follow before expenditures are slashed. These cover the efficiency side, but one must also look at the value-creation side. Thus, it is necessary to develop a new set of strategic measurements that connect directly with the mission and strategies of the company.

The creation and selection of the ratios is more difficult, given that they depend greatly on the specific company of which one is talking about. Fitz-enz (2009) proposes a measurement that includes quality, efficiency, and service. He suggests using a ratio constructed around five factors that can be applied to anything that one chooses to measure. These five factors are cost, completion time, quantity, quality, and the human reaction. This system concludes with the calculation of measurements of the HR activities, which try to demonstrate their financial viability. These measurements are based on the idea of the Return On Investment (ROI) ratio, which is calculated by dividing the monetary value of a HR program by its costs. For this, the cost of the program that is being measured must first be determined and then translated into monetary terms.

The Strategic Audit Approach:-

Nevado (2008) considers that the audit should also analyze if the personnel policies are in alignment with the general objectives and the global strategy of the company. It must also translate the HR strategy into plans and programs. Thus appears a new element of the audit of HR, the strategical audit. Dolan *et al.* (2009) define it as the evaluation of the adaptation of the HR policies and practices in their support of the company's general strategy. The strategical audit of HR helps assure that the HR programs are aligned with the company's long-term objectives. In this way, the HR function is becoming a source of competitive advantage and is ceasing to be considered as a specialized and unrelated function that incurs high costs to the company. When performing this evaluation, the auditor must identify the company's global strategy before designing the HR policies that will contribute to its achievement. These policies are then compared to the HR practices that are currently being applied, which leads to the modification of some policies to better conform to the firm's strategy.

Fossas and Sastre (2002) emphasized that the employee-client-benefit model that was developed and

applied at Sears and other companies illustrates this complete alignment of the business and HR measures. This alignment approach presents greater challenges, since the impact of certain actions on the results is frequently not clear. Many HR professionals find it easier to look inside than to connect their results to organizational measures. Yet, with relatively little effort, HR leaders can identify the keys to their business and the actions to apply on the people related to them as well as their results. The main change involved for those responsible for HR is to leave behind their comfort zone and dedicate more time to finding ways of integrating HR into the business. With this approach, the measurements applied must be useful in identifying if the HR activities are being developed adequately, if the correct results are being obtained, and if such actions add value to the business. As Welbourne and Andrews (2006) highlight, the importance that management gives to its human capital is one of the most important factors that investors look for when assessing the attractiveness of a company.

Recognizing the strategical importance of HR for any organization, the measurements of results can lead to measuring the impact on business through the extraordinary benefits generated as a result of a better trained and motivated work force. Brown (2000) considers that the measurements used to evaluate the company's personnel reflect neither its value nor its performance and proposed an alternate procedure that consists of creating a human capital index based on four elements that must be carefully studied considering their relative importance to the company: the number of years in the business or field, the level in the company (by job grade or organizational chart level), the number and variety of positions or assignments held, and the performance rating, which is subjective.

According to Brown (2000), it is the result of an evaluation of an employee's performance, which should include an evaluation by superior and other objective aspects such as sales, benefits, or other factors. Through the use of this index, the value that each employee has for the company would be obtained over a total of 100 points. This index is easy to calculate and interpret, and it is fair since it is based on a larger number of objective factors. Yet, it is very simple and does not supply information about the knowledge, abilities, values, managing experience, or other factors of each employee. To overcome this inconvenience, Brown (2000), has created a second index that attempts to measure the employee's level of experience and

aptitudes. Some companies, on the other hand, have developed and applied a balanced scorecard approach to the HR function and treat it as a business unit in and of itself. HR leaders must use four different techniques to measure client attitudes, financial impacts, operative efficiency, and strategic capability.

Scope of HR Audit:-

Spognardi (2007) stated that the scope of the audit will depend on the objectives or needs of the particular employer organization. For example, an employer may only want to examine its hiring practices to ensure compliance with the law. On the other hand, an employer may want to audit all of its human resources functions, policies, and practices. Regardless of the scope of the audit, realistic timetables for completing the process must be established and adhered to. The employer must review whether it has a written policy covering an area of concern and, if so, whether the policy is or should be included in an employee handbook. The employer must also discover and examine what unwritten employment practices exist, whether they should be reduced to writing, and, if so, whether they should be included in an employee handbook. The employer also must identify those areas of the employment relationship in which the employer has no written policy or unwritten practice, determine whether they are in legal compliance with the law, and decide whether a formal policy is warranted.

Additionally, the employer must determine which laws, regulations, and ordinances apply to its organization, by examining the size of the employer's organization and the States and localities that the employer operates in. Moreover, an employer must identify the particular employment laws or regulations, if any, that cover the employer because of the nature of the employer's industry or business (Jenero, 2004).

Coy (2002) on the other hand stated that HR audit covers three parameters, namely, the HR policies and practices, the HR professionals and the HR department. With respect to each of these, the Audit tries to find out:

- ✧ The actual state;
- ✧ The congruence between the desired/professed state and the actual state;
- ✧ The alignment with the overall organizational strategy and goals; and
- ✧ The compliance with the laws and regulations

Auditing HRM Practices:-

All HR departments provide several services that may be clustered into six key domains and these

are staffing, training and development, appraisal, rewards, organization governance and communication (Ulrich, 1996). For each of these six domains, Ulrich recommends four types of assessments. The first is an assessment of activity that not only describes the services being provided by the HR department but also assesses the focus of the HR strategies, the distribution of responsibility, the resource utilisation, and the competencies of the HR portfolio. The second type of assessment is that of customer value. HR departments may be said to be providing a range of services to customers, who are the employees of the firm. Customer surveys are conducted to capture the employees' perceptions about the importance and the quality of the HR services. Often cost benefit or utility analyses of HR functions are made to define the value of each of the HR functions. Formulae that can trace the cost and benefit of the services are developed and the results compared over time and with the results of other companies, to make an assessment. Research, involving HR experiments are also sometimes conducted by using experimental and control groups. These groups may be formed across sites, or across departments.

Auditing HR Professionals:-

An audit of HR professionals is essentially an assessment of the extent to which the professionals demonstrate competence for HR function. Such an assessment requires a 360 degree feedback, and, according to Ulrich (1996), usually employs the following five steps:

1. Developing a Model of Competencies:

Before embarking on an assessment of competence, it is necessary to first determine the competencies that make a successful HR professional. These competencies usually stem from knowledge of business, knowledge of HR, knowledge of change and finally personal credibility. In addition to determining the competencies that account for a successful HR professional, it is also important to determine the behavioural attributes that reflect these competencies. A model that reflects these aspects may be said to be a comprehensive model for auditing of HR professionals.

2. Collect data using the Model:

Several techniques may be employed to collect data about the extent to which an HR professional exhibits the modeled competencies. These include interviews, questionnaires and focused groups.

3. **Summarise data and give feedback to the HR professionals:** The quantitative and qualitative data that is collected in the above mentioned ways needs to be synthesised and codified so that specific themes emerge. These themes are then used as aids to help the HR professionals identify his/her strengths and weaknesses. One of the key activities of an HR audit is to give feedback. This needs to be done in a way that protects the confidentiality of the participants. The manner of the feedback should take into account the sensitivities of the receiver. The tenor of the feedback should neither be accusatory nor defensive. In addition, the individual data that is collected may be integrated into an audit for the overall HR function.
4. **Create action plans:** The HR audit goes beyond defining the competencies and inadequacies of the HR function. It also identifies the measures to develop the competencies at both the individual and the departmental level. At the institutional level, this may involve doing an 'HR for HR.' At the individual level the action plan will concentrate on developing a tailored set of trainings, readings, assignments and training opportunities.
5. **Continuous Improvement:** Auditing of HR professionals is not a onetime human resource audit activity but an ongoing continuous process through which HR professionals are able to constantly build on their HR competencies and strengthen the HR functions in the organization.

Auditing HR Function and Department:-

Auditing HR function and the HR department may be an integration of individual HR competencies. However, at the same time, there are additional overall indicators of HR functions, such as ratio of total employees to HR professionals, the performance of the department against the plan, the ratio of expenditure on HR to total sales, general costs and other such measures. Temporal and spatial analyses of these can provide an overall assessment of the HR department. A comparison against benchmarks is also a technique often used in HR audits. (Ulrich, 1996).

The Frequency of HR Audit:-

Costel (2004) emphasized that there is no uniform norm regarding how often the HR audits should be conducted in an organization. Generally, it differs in case of different organizations depending upon;

- ◇ The purpose of the Audit. For example, if the purpose is to know the extent of compliance with the company policies, audit may be an annual exercise. Whereas if the purpose is to assess the cultural shift as a result of a planned HR intervention, the audit may be undertaken once in three or five years ;
- ◇ The periodicity of changes in the external business environment. The faster and the more discontinuous the changes, the higher should be the frequency of the audits so that timely actions can be initiated where gaps exist between expectations and the reality.
- ◇ The frequency of changes in the strategies, policies, and personnel within the organization;
- ◇ The rapidity of technological changes which are expected to impact the psychology of people; and
- ◇ The speed of change in the legal, socio-economic and political conditions.

Conducting HR Audit:-

The Audit can be carried out internally or with the help of an external consultant. Coy (2002) indicated that where it is conducted internally, four things are extremely important:

- ◇ Unless the scope of the audit is very limited, the audit should be conducted by a team and not an individual;
- ◇ The team should represent a cross-section of the organization's staff, including, the line personnel, middle and upper management, and those responsible for HR functions;
- ◇ The team should be trained in survey techniques and data analysis; and
- ◇ The organizational culture should be trust based and open. Otherwise, the information given will be distorted and the whole diagnosis will become inaccurate.

Many firms prefer to engage independent consultants to conduct the audit. This is done primarily with a view to obtain greater objectivity and impartiality in diagnosis and reporting. Moreover, consultants are expected to have wider experience and specialization in

the field. They, therefore, tend to possess an uncanny eye for details and data that might otherwise be looked as insignificant by the internal personnel. Their audits, thus, are supposed to be both free of prejudice and more professional and accurate.

Essential Steps in Auditing Process:-

The Auditing process is a function of the objectives and the scope of the audit, the nature of the organization and the level of involvement of the top management. Brown (2000) indicated that though this process may vary from organization to organization, it essentially follows the stages described below.

- 1) **Briefing and orientation:** This is a preparatory meeting of key staff members to:
 - i. discuss particular issues considered to be significant
 - ii. chart out audit procedures, and
 - iii. develop plans and programme of audit
- 2) **Scanning material information:** This involves scrutiny of all available records and documents pertaining to the personnel as well as personnel handbooks and manuals, guides, appraisal forms, material on recruitment, computer capabilities, and all such other information considered relevant. Human resource audit is the critical analysis of the existing human resource management within the organization. To be able to do that, the audit will have to be served with the data that is quantitative, authentic as well as comprehensive. In other words, the success of this stage of human resource planning solely rests upon the manner in which personnel records and other information are maintained.
- 3) **Surveying employees:** Surveying employees involves interview with key managers, functional executives, top functionaries in the organizations, and even employees representatives, if necessary. The purpose is to identify and enumerate issues of concern, present strengths, anticipated needs and managerial philosophies on human resources.
- 4) **Conducting interviews:** The key issue here is to list the pertinent and probing questions. The decision on these questions depends on the scope and purpose of the audit as well as on the culture of the organization. The skill of the interviewer lies in getting relevant and correct information without threatening the interviewees.

5) **Synthesizing:** The data thus gathered is synthesized to present the:

- ✓ current situation
- ✓ priorities
- ✓ staff pattern, and
- ✓ issues identified

Similarly, future needs are identified and appropriate criteria developed for spotlighting the human resource priorities and specific recommendations made.

6) **Reporting:** Like planning meetings for briefing and orientation, the results of the audit are discussed within several rounds with the managers and staff specialists. In the process, the issues get further crystallized. Based on the findings and the discussion during the meetings, a final report is prepared and presented formally to the Management. This report should include, the “state of the organization” report, the assessment of effectiveness and efficiency of various areas covered by the audit, a legal compliance/ areas of concern report, and critical recommendations for improvement. (Brown, 2000).

External and Internal Forces of HR Audits:-

Adler (2008) has indicated that numerous external forces and factors have had an impact on the demand for and scope of HR audits. First, in the global economy, human capital is becoming the single most important determinant of competitiveness, productivity, sustainability, and profitability. Increasingly, the organization’s human capital is being recognized as the source of innovation and a driver of business success. Thus to be effective in the global economy, HR audits must be diagnostic, predictive, and action oriented.

Second, a confluence of economic, political, and social factors, including corporate scandals, the failure of the financial industry to adequately assess risks, and increasing stockholder initiatives, have resulted in increased statutory and regulatory requirements, a call for greater transparency, and increased internal and external audit activity. Adler (2008) considered that;

- 1) Organizations require effective internal controls. While organizations specifically requires effective internal financial controls, the financial and organizational costs of employment related claims and litigation can have a material effect on an organization’s

bottom line; can have a negative impact on earnings per share and the organization's valuation; and because employment litigation can negatively affect the organization's employment brand, can impact the organization's long-term sustainability.

- 2) If human capital is one of the organization's most important assets % it is certainly one of the organization's largest expenses % is it not reasonable to expect that management applies the same level of oversight and due diligence to the management of the organization's human capital as it does to the management of the organization's other assets.
- 3) Ethical conduct and legal compliance, including non-discriminatory employment practices, are achieved by management setting "the tone at the top." Audits % including HR audits % provide the Boards of Directors with important feedback about how effectively they are communicating the message.
- 4) Governmental agencies strongly encourage employers to conduct comprehensive HR audits as a tool to ensure that systemic discrimination does not exist.
- 5) Venture capitalists, investors, and stockholders are scrutinizing organizations' human resource management practices, processes, and outcomes and using HR audits to help them properly value an organization's human capital asset, expose liabilities, and perform due diligence.
- 6) Recognizing the importance of the organization's human capital asset and the risks associated with misaligned, mismanaged, and unlawful employment practices, internal auditors and risk managers are assuming a leadership role in developing HR auditing standards and in designing and conducting HR audits.

Benefits of Conducting HR Audits:-

While an organization's size, industry, financial health, commitment to becoming a best place to work, and business objectives and imperatives affect the scope and urgency of the HR audit process, Adler (2008) noted some common features, attributes, and objectives in HR audits as indicated below.

- 1) HR audits are becoming increasingly complex and multi-dimensional. While ensuring compliance is still a basic goal of HR audits, other objectives include:

- a. Ensuring alignment of HR management and employment practices with the organization's business objectives.
- b. Assessing the outcomes of the organization's employment processes, policies, practices, and outcomes.
- c. Developing the right human capital measurements and HR metrics to allow the organization to calculate and measure the value added by human resources, to determine the ROI and the return on the human capital asset, to measure the outcomes of employment policies and practices and the achievement of diversity goals, and to benchmark best practices.
- d. Ensuring due diligence, including: uncovering hidden liabilities and assets, identifying vulnerabilities to be corrected, and identifying opportunities to be attacked.
- e. Developing HR auditing procedures that become an ongoing and sustainable element of the organization's internal controls.
- f. Assessing and managing employment related fraud.
- g. Developing HR auditing procedures that become an ongoing and sustainable element of the organization's risk management program.

- 2) Adler (2008) further emphasized that HR audit reports are increasingly being used to report audit findings to wider audience. The distribution of the report on auditing findings is no longer limited to senior management. As noted above, an increasing number of third parties are expressing interest in the organization's human resources management. This list of external stakeholders includes not only investors, major stockholders, and venture capitalists, but also governmental agencies, Non Governmental Organisations (NGO's.), civil rights groups, and plaintiff attorneys. Since HR audits findings include proprietary and confidential information and in many cases produce discoverable information, the implications of non-management stakeholders reviewing HR audit finding are significant and create a potentially serious problem for organizations. As a result, organizations are spending more time considering the format, content, and the impressions created by their HR audit reports.

According to Adler (2008), the value of the HR Audit Model is that it helps organizations to:

- ☆ assess current HR management and employment practices;
- ☆ identify and diagnose systemic problems;
- ☆ evaluate and predict the impact of corrective measures;
- ☆ develop a plan of action; and
- ☆ enhance the value of organization's human capital, reduce their exposure to employment related liabilities, and improve their ability to achieve business objectives.

METHODOLOGY

The survey method was utilized as a research design to gather data from staff and management of VRA. The population for the research was employees and management of Volta River Authority. Employees and management were chosen as respondents and different shades of opinions were solicited from these respondents.

Population Distribution

Areas (locations)	No of HR Staff
Accra	42
Akosombo	8
Akuse	25
Aboadze	2
Total	77

Field Survey, March- May, 2015

Sampling Size and Technique:-

The sample size was drawn because of the greater need for accuracy of results and the greater speed of data collection. A sample representative of the population provides a higher accuracy and speed of data collection compared to the total population. The study was conducted at the four areas that VRA operates in Ghana. The rationale for selecting all the areas was to assess the views of all the HR staff in the organization. The total number of HR staff was 77 and so there was the need to take a sample of respondents from which basic generalizations could be deduced.

In order to arrive at an appropriate sample size for the research, the stratified random sampling procedure was used to arrive at a sample size of 50 staff. The stratified sampling method was used to overcome the problems associated with the geographically dispersed nature of the population. The areas were grouped into strata and a simple random sample without replacement was used to select staff from each area. This method enabled the researchers to use each area as a stratum for the purpose of accuracy.

Sample size distribution:-

Strata	Areas (locations)	No of HR Staff	Sample size
1	Accra	42	20
2	Akosombo	8	8
3	Akuse	25	20
4	Aboadze	2	2
	Total	77	50

Field Survey, March- May, 2015

Research Instruments:-

Interview and questionnaires were used to elicit information from management and staff of VRA. The questionnaires administered to staff sought to assess staff background, staff perception of the effectiveness of the human resource activities of the organization and the importance the company attaches to human resource audit. The instrument (questionnaire) was pre-tested with Cronbach Alpha reliability coefficient of 0.73.

The interview with Managers and the Director of HR also centered on the importance the company attaches to human resource audit and the relationship between human resource audit and the achievement of corporate objectives of the company.

Data Analysis and Presentation

The data collected was summarized into statistical tables. Qualitative method of analyzing statistical data was employed in the data analysis. The data analysis was done in relation to the research problem

and the objectives set. The researchers used Statistical Package for Social Sciences (SPSS) software version 23

to summarize the data and created appropriate tables to examine the relationships among the variables.

RESULT AND DISCUSSIONS

Background information:-

Characteristics of Staff

Item	Frequency	Percentage (%)
Sex		
Male	22	47
Female	25	53
Total	47	100
Age		
Below 20years	0	0
21-30years	6	13
31-40years	19	41
41-50years	12	25
51-60years	10	21
Total	47	100
Educational Level		
Post Graduate	5	11
Bachelors	17	36
Higher National Diploma (HND)	12	25
Secondary	7	15
Others	6	13
Total	47	100
Years as a staff		
Less than 1 year	3	6
1-2 years	5	11
3-4 years	7	15
Over 5 years	32	68
Total	47	100
Status		
Management	5	11
Senior staff	12	25
Junior staff	30	64
Total	47	100

Field Survey, March- May, 2015

The results indicated that most of the respondents have attained higher educational status. It is important to note that most of the respondents have also worked with the organization for some time and have experienced the human resource practices of the organization. They will therefore be able to know the challenges associated with HR practices and its impact on the attainment of corporate objectives. Thus, the responses gathered from the respondents might have emanated from their personal experiences.

Human Resource Incorporated into Long Term Strategic Plan:-

Nevado (2008) considers that HR audit should analyze whether the personnel policies are in alignment

with the general objectives and the global strategy of the company. It must also translate the HR strategy into plans and programs. Dolan, Schuler, and Valle (2009) define it as "the evaluation of the adaptation of the HR policies and practices in their support of the Company's general strategy". Recognizing the strategical importance of HR for any organization, the measurements of results can lead to measuring the impact on business through the extraordinary benefits generated as a result of a better trained and motivated work force. The strategical audit of HR helps assure that the HR programs are aligned with the company's long-term objectives. The table below depicts staff perception of HR in the long term Strategic Plan of VRA.

HR in the long term Strategic Plan of VRA

Statement	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly agree (%)
Human resource planning is an integral component of the strategic business planning cycle of the company	(6) 13	(12) 26	(2) 4	(20) 42	(7) 15
Human resource is incorporated into the company's long-term strategic plans to ensure a strategic and coherent approach to the management of the organization's employees	(4) 9	(9) 19	(2) 4	(20) 43	(12) 25
The company has developed a strategy to utilize modern HR practices to help the organization achieve its objectives in future by providing for competent, well-motivated employees	(9) 19	(11) 23	(2) 4	(19) 41	(6) 13
Human resource forecasts provide the basis for recruitment planning	(8) 17	(10) 21	(3) 6	(15) 32	(11) 24
Recruitment strategies are based on long term manpower forecasts	(4) 9	(9) 19	(5) 10	(17) 36	(12) 26
Jobs are defined based on human resource needs	(3) 6	(6) 13	(2) 4	(21) 45	(15) 32

Field Survey, March- May, 2015

With the issue of whether human resource planning was an integral component of the strategic business planning cycle of the company, 57% of the respondents stated that human resource planning was an integral component of the strategic business planning cycle of the company. The results further indicated that 4% of the respondents were neutral in their responses whilst 39% of the respondents felt that human resource planning was not an integral component of the strategic business planning cycle of the company. The results gathered also revealed that 68% of the respondents agreed that human resource was incorporated into the company's long-term strategic plans to ensure a strategic and coherent approach to the management of the organization's employees.

When the respondents were asked to state whether the company had developed a strategy to utilize modern HR practices to help the organization achieve its objectives in future by providing for competent, well-motivated employees, 54% of the respondents stated that the company had developed a strategy to utilize modern HR practices to help the organization achieve its objectives in future by providing for competent, well-motivated employees. From the responses gathered it was revealed that 4% of the respondents were neutral

in their responses whilst 42% disagreed that the company had developed a strategy to utilize modern HR practices to help the organization achieve its objectives in future.

With the issue of whether human resource forecasts provided the basis for recruitment planning at VRA 56% of the respondents emphasized that they felt that human resource forecasts provided the basis for recruitment planning in the organization. The results further indicated that 6% of the respondents were neutral in their responses whilst 38% of the respondents disagreed that human resource forecasts provided the basis for recruitment planning in the organization.

From the responses gathered it was revealed that 62% of the respondents agreed that the recruitment strategies of the organization were based on long term manpower forecasts. The results indicated that whilst 10% of the respondents were neutral in their responses 28% of the respondents on the other hand felt that the recruitment strategies of the organization were not based on long term manpower forecasts. The results further revealed that 77% of the respondents agreed that jobs are defined based on human resource needs. It can be inferred from the responses gathered that the company recognizes the human resource activities as necessary for its operations.



Importance VRA attaches to Human Resource Audit:-

The table below depicts staff perception of the overall importance that VRA attaches to human resource audit.

Importance VRA attaches to Human Resource Audit

Statement	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly agree (%)
Human Resource policies and practices of the company are consistent with labour standards	(1) 2	(6) 13	(3) 6	(25) 53	(12) 26
The company has an annual HR Audit process as part of its annual planning cycle to proactively identify weakness for continuous Improvement	(3) 6	(12) 26	(4) 9	(17) 36	(11) 23
Realistic timetables for completing the Audit process are established and adhered to	(9) 19	(16) 34	(8) 17	(10) 21	(4) 9
During the human resource audit, the company review/develop job descriptions which accurately describe the essential functions of each job	(4) 9	(9) 19	(2) 4	(20) 43	(12) 25
If the audit discloses problems in any area, steps are taken to correct the deficiencies	(6) 13	(12) 26	(2) 4	(20) 42	(7) 15

Field Survey, March- May, 2015

When the respondents were asked to state whether human resource policies and practices of the company were consistent with labour standards 78% of the respondent were positive that human resource policies and practices of the company were consistent with labour standards. The results gathered revealed that 6% of the respondents were neutral whilst 15% felt that human resource policies and practices of the company were not consistent with labour standards. This response gathered indicates that the organizations human resource policies and practices were consistent with labour standards as this was supported by 78% of the respondents.

With the issue of whether or not the company had annual HR Audit process as part of its annual planning cycle to proactively identify weaknesses for continuous improvement 59% of the respondents stated that they agreed that the company had annual HR Audit process as part of its annual planning cycle to proactively identify weakness for continuous improvement. Whilst 9% of the respondents were neutral in their responses, 32% of the respondents emphasized that the company did not have annual HR Audit process as part of its annual planning cycle to proactively identify weakness for continuous improvement.

Spognardi (2007) stated that regardless of the scope of the audit, realistic timetables for completing the process must be established and adhered to. With the issue of whether realistic timetables for completing the Audit process were established and adhered to 30% of the respondents indicated that realistic timetables for completing the Audit process were established and adhered. On the other hand, 53% of the respondents disagreed that realistic timetables for completing the audit process were established and adhered. The responses gathered therefore indicate that realistic timetables for completing the Audit process were not really established and adhered to by the company.

The finding also revealed that during the human resource audit, the company reviewed/developed job descriptions which accurately described the essential functions of each job. This was supported by 68% of the respondents who emphasized that during the human resource audit, the company reviewed/developed job descriptions which accurately described the essential functions of each job.

With the issue of whether steps were taken to correct the deficiencies if the audit discloses problems in any area, 57% of the respondents indicated that steps were taken to correct the deficiencies if the audit discloses problems in any area. Whilst 4% of the

respondents were neutral in their responses 39% of the respondents on the other hand disagreed that steps were taken to correct the deficiencies if the audit discloses problems in any area.

Rate of Importance to HR Audit:-

Spognardi (2007) indicated that HR auditing has evolved in recent years to the point that it has ceased to be a mere instrument of control and has become a necessary decision making tool in personnel related matters according to the global objectives of the company. As a result, all of the functions and competencies of HR auditing are being progressively expanded. The results gathered revealed 23% of the respondents stated that the importance of HR audit to the organization was very high, with 40% of the respondents indicating that the importance was high. Whilst 9% of the respondents were neutral in their responses, 17% of the respondents emphasized that the importance of HR audit to the organization was low. The results further revealed that 11% of the respondents were of the view that importance of HR audit to the organization was very low. The results indicated that most of the respondents saw the importance of HR audit to the organization as being high.

When the respondents were asked to give reasons for their responses some of the respondents emphasized that HR audit helps the industry to examine the strategies, policies and procedures, documentation and systems with respect to the organization's human resource management. Others also indicated that the importance of HR audit to the industry is that the measurements of results can lead to measuring the impact on business through the extraordinary benefits generated as a result of a better trained and motivated work force. Others also emphasized that the importance that management gives to its human capital is one of the most important factors that investors look for when assessing the attractiveness of a company and hence better HR audit practices could attract investors to the industry. As Welbourne and Andrews (2006) highlight, the importance that management gives to its human capital is one of the most important factors that investors look for when assessing the attractiveness of a company.

Relationship between HR Audit and the achievement of Corporate Objectives:-

The table below depicts the respondents' perception of the organization's audit of its human resource and the achievement of corporate objectives

HR Audit and the achievement of Corporate Objectives

Statement	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly agree (%)
Employee handbooks are made available for employee orientation	0 0	(2) 4	(2) 4	(35) 75	(8) 17
The company's vision and mission statement are clearly documented in the employee handbook	(3) 6	(2) 4	(1) 2	(30) 64	(11) 24
The company ensures that each employee signs a form acknowledging receipt of the handbook and that the employee has read and understand the handbook and the disclaimers contained therein	(4) 9	(5) 11	(3) 6	(25) 53	(10) 21
The company reviews employee evaluation forms to determine that they have uniform standards	(7) 15	(10) 22	(2) 4	(17) 36	(11) 23
The company determines whether employee performance evaluations are being performed by supervisors on a regular basis in a timely fashion	(5) 11	(12) 25	(3) 6	(19) 41	(8) 17
Training and development planning is integral to the business planning process of the company	(6) 13	(11) 23	(5) 11	(16) 34	(9) 19
Management allocates sufficient resources to ensure the success of training and development programs	(5) 11	(13) 27	(4) 9	(14) 29	(11) 24
The company post required notices to employees informing them of their rights under the law	(7) 15	(15) 32	(2) 4	(13) 28	(10) 21
The company examines administrative and judicial claims made against the company to determine where the organizations weaknesses are	(6) 13	(12) 26	(3) 6	(15) 32	(11) 23
Once problems are identified the company takes appropriate corrective action, including developing or refining policies and conducting supervisory training	(7) 15	(11) 23	(4) 9	(18) 38	(7) 15

Field Survey, March- May, 2015

The results gathered revealed that 92% of the respondents agreed that employee handbooks were made available for employee orientation. It was also realised that 88% of the respondents agreed that the company's vision and mission statement are clearly documented in the employee handbook. The results gathered from the study further revealed that 74% of

the respondents agreed that the company ensures that each employee signs a form acknowledging receipt of the handbook and that the employee has read and understood the handbook and the disclaimers contained therein.

It can be deduced from the responses gathered that more than a third of the respondents agreed that



employee handbooks were made available for employee orientation and that the company's vision and mission statement are clearly documented in the employee handbook. It was also revealed that about a third of the respondents also agreed that the company ensures that each employee signs a form acknowledging receipt of the handbook and that the employee has read and understood the contents in the handbook and the disclaimers contained therein. This shows that employees are made aware of the objectives of the company and are bound by the provisions contained in the employee's handbook.

When the respondents were asked to state whether the company reviewed employee evaluation forms to determine that they have uniform standards, 59% of the respondents indicated that the company reviewed employee evaluation forms to determine that they have uniform standards. With the issue of whether the company determines if employee performance evaluations are being performed by supervisors on a regular basis in a timely fashion, 58% of the respondents were positive that the company determined whether employee performance evaluations were being performed by supervisors on a regular basis and in a timely fashion.

The responses gathered also revealed that 53% of the respondents saw training and development planning as integral to the business planning process of the company and also that management allocated sufficient resources to ensure the success of training and development programs.

With the issue of whether the company post required notices to employees informing them of their rights under the law, only 49% of the respondents felt that the company post required notices to employees informing them of their rights under the law. Fifty six percent (56%) of the respondents also believed that the company examined administrative and judicial claims made against the company to determine where the organizations weaknesses were. The results also revealed that 53% of the respondents agreed that once problems were identified the company took appropriate corrective action, including developing or refining policies and conducting supervisory training.

McConnell (2003) gave reasons why an audit should be conducted to achieve corporate objectives. First, because of the old adage "An ounce of prevention is worth a pound of cure." Audits provide an organization the opportunity to economically and quickly nip in the bud potential problems before they

become expensive and time-consuming lawsuits or fines from federal or state agencies. Second, by fine tuning the processes to make them more "user-friendly," the organization is sending a powerful message to its workforce that they care and want to make it a good place to work. Third an organization may avoid having to "recreate the wheel." In this regard an employer may very well discover that certain locations, departments, or managers have devised particularly effective ways of handling various employee situations within their organization. Undoubtedly, it will be beneficial to mimic these practices throughout the organization. Fourth, in the event that a company does defend against an employment claim in the future, a properly conducted audit may show that management made good faith efforts to comply with its obligations under state laws. This may be valuable in defending against the dreaded punitive damage claim.

According to Antona (2004) the audit of performance or conformity consists of making an inventory of the social situation of the company, considering the labor law norms and regularly verifying the company's compliance with the applicable regulations. Thus, this concept is centered on the verification that the current labor laws are being fulfilled. The audit should verify if the firm's policies, practices, and documents regarding employee hiring, retention, discipline, termination, and post-employment are both fair and legal (Higgins, 2007). These practices and policies must; prohibit discrimination by offering equal employment opportunities; protect the employment seeker from being discriminated against on the basis of age; carry out minimum wages; and contain provisions regarding mental disabilities and reasonable accommodations for disabled workers.

Nevado (2008) emphasized that the basic functions of the audit of conformity or of performance as an element of HR auditing are threefold. The first function is examining to see if the firm is fulfilling all its administrative obligations, as well as those relative to the collective rights of its personnel. The second is to study the relationship between the employees and the firm based on the legal statutes. The final function is verifying if the firm fulfills its financial obligations for example, social security payments, as well as its informative ones. Concern about labour risks has created a function within HRM with the purpose of altering working conditions by identifying the risks that could stem from them and implementing necessary preventive measures. Such preventive activity could fit perfectly

into the legal approach of HR, although the effort that the company can make in this sense can go beyond the application of the existing risk prevention laws. The requirement for labor security and hygiene is a part of the search for quality of life in the workplace, which is becoming increasingly demanded from companies.

CONCLUSION

Human resource audit has a key role to play in pointing out the loopholes in the HRM system of a company. Once detected, these can easily be addressed to ensure growth. HR auditing consists of diagnosing, analyzing, evaluating and assessing future lines of action within the framework of HRM. HR auditing is a basic tool for the management of a company. Its objective is not only the control and quantifying of results, but also the adoption of a wider perspective that will aid in defining future lines of action in the HRM field (Costel, 2004). Human resources audits are conducted to provide the employer with a systematic way of determining whether it is complying with state laws, regulations, and ordinances relating to the employment relationship and labour relations. Because of the myriad of laws and regulations governing the employment relationship, from its inception at the interviewing and hiring process, through and after termination, it is extremely important that an employer examines its policies and practices to ensure that it is not unnecessarily exposing itself to costly charges and lawsuits. Like a financial audit, which is often undertaken yearly to determine an employer's financial state and well-being, an annual or periodic human resources audit will allow an employer to proactively identify and correct employment-related problems. It will also help avoid the costly process of having those problems brought to the employer's attention and corrected via, the government or plaintiff individuals (Spognardi, 2007).

With the information contained in the audit report, the HR manager can take a broad view of the function. Instead of solving problems in a random manner, the manager can focus on those which have the greatest potential for improving the department's contribution to the organization. Perhaps the most important, the audit serves as the map for future efforts and a reference point for future audits. With knowledge of the department's current performance, the manager can make long term plans to upgrade crucial activities. These plans identify new goals for the department, which serve as standards for future audit teams (Coy, 2002). Thus, human resources need to be incorporated into

the industry's long-term strategic plans to ensure a strategic and coherent approach to the management of an organization's most valued assets, the people whom individually and collectively contribute to the achievement of the business. In this way, the HR function is becoming a source of competitive advantage and is ceasing to be considered as a specialized and unrelated function that incurs high costs to the company.

HR audit can significantly contribute to the quality improvement processes and employee satisfaction. However, a comprehensive audit will be most useful if an organization is ready to act on the findings and develop its human resource functions to a level where the full potential of HR to support the organization's goals and objectives can be realized. Given its criticality, a regular assessment of the HR function becomes essential for sustaining organizational health and growth. The need for such assessment is even greater in today's dynamic and, at times, turbulent, environment, where human resource management needs continuous up-gradation and re-alignment. Since HR audit, has a key role to play in improving the utilization of HR resources, it is recommended that the Volta River Authority institutionalize an annual HR audit process as part of its annual planning cycle in order to proactively identify weakness for continuous improvement.

LIMITATION AND FURTHER RESEARCH AREA

This research was aimed at assessing the role of audit of human resource practices in an organization. The study sought to assess the human resource audit and its effect on an organization. It also assessed the challenges and strategies adopted by management in auditing its human resources. The study was limited to the human resource management practices of Volta River Authority; hence findings cannot be generalised to other companies and organizations. It is therefore proposed that in future this research be conducted in other organisations of similar nature.

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