WELCOME

PRESENTATION
on

HRD AUDIT

By Deepak Bharara

Concept of HRD Audit

- HRD audit is a comprehensive evaluation of the current HRD Strategies, Structures, Styles, and skills in the context of the short and long term business plans of a company

- Attempts to find out future needs of the company after assessing the current HRD activities and inputs

HRD Audit Questions

- Where does the company want to be in 10 years from now and one year from now ? - Business Linkage Score

- What is the current skill base of the employees in the company in relation to the various roles and role requirement? - Competency Score

- What are HRD sub System available today to help the organization build its competency base for the present, immediate future and long term goals? - System Maturity Score

HRD Audit Questions

- What is the current level of effectiveness of these system in developing people and ensuring that human competencies are available in adequate levels in the company? - System Maturity Score

- Is the HRD structure exiting in the company adequate enough to manage the HRD in the company?- Competency Score

- Are the top and senior manager styles of managing people in tune with the learning culture? - HRD Culture score

HRD Audit Linkage

- HRD audit also examines the linkage between HRD and other systems like total quality management TQM, personal policies, strategic planning etc

- It attempts to evaluate HRD strategy, structure, system, staff, skill and style and their appropriateness

Why HRD Audit

- To make HR function Business Driven
- To take stock of things and to improve HRD for expanding diversifying and entering into a fast growth pace
- For promotion of professionalism among employees and to switch over to professional management
- Multinational want to know the reason for lower labor productivity and for improving their HRD strategies in India
- For growth and diversification
- Dissatisfaction with a particular component
- Change of leadership

Role of HRD Audit

- It can get the top management to think in terms of strategic and long term business plans

- Change in the style of the top management

- Role clarity of HRD function and the role of line manager in HRD

- Improvement in HRD system

- Increase focus on human resource and competencies

- Better recruitment policies and more professional staff

Role of HRD Audit

- More planning and more cost effective training
- Strengthening accountability through appraisal system and other mechanisms
- Streamlining of other management practices
- TQM interventions
- It can enhance the ROI, return on investment of the HR function

Methodology of HRD Audit

- Individual Interviews
- Group Interviews
- Workshops
- Questionnaire Method
- Process Observation
- Analysis of Secondary Data
- Analysis of Reports, Records, Manuals and other Published literature

Methodology - Individual Interviews

- Interview with the CEO & Top Management
- Interview with the HRD Chief
- Interviews with Line Managers
- Interviews with workers and their representative
- Group Interviews

Methodology - Observations

- Observation is the way to look at the things as they exist

1. Physical facilities and living conditions
2. Meetings, discussion and other transactions
3. Celebration and other events related to organization life and culture
4. Training and other HRD related facilities including the class rooms, library, training center etc
5. Forms and formats, reports, manual etc

Methodology - Questionnaire

- Item wise analysis

- Dimension wise analysis

- Mapping the HRD practices profile

- HR climate surveys

- Training effectiveness questionnaire

- Performance planning, analysis and development

Limitation of HRD Audit

- Initiated at corporate level as such no buying in by unit heads
- The unit heads get defensive once the results are not good
- Auditors become victim of the politics when the people gets divided into groups with polarization
- Failure of implementation once the results are positive or above average
- Sometimes it also used against HR function to get rid of people
- HRD audit has reflection on the system & policies and not on individuals

HRD Myths

- HRD means training
- HRD means promotions
- HRD means fat salaries
- HRD means planning the career of people
- HRD means rewards
- HRD means having a good time
- HRD depends on the top management
- HRD is the job of the HRD department alone

HRD Realities

- HRD means learning
- HRD means self development
- HRD means creating new development tools and their use
- HRD means accountability
- HRD means more initiative, team work & collaboration
- HRD means trusting and trustworthiness and creation of a trusting environment
- HRD means autonomy & experimentation
- HRD means effort & is contextual

Traits of HR Managers

- They are role makers rather than role takers
- They have integrated HR practices and policies with the company business
- They are versatile and can shift with ease from one HR task to another
- They are learning individuals and use various sources of learning's
- They were not necessarily designated as HR managers
- They have been ready to handle line responsibilities due to their constant interaction with and learning from the line managers
- They have high applied behavioral science orientation

Principles for HRM Effectiveness

- Respect the individuals for HRM effectiveness
- Becoming trustworthy and promote trust by being trustworthy
- Continuously introspect on the roles, you are performing and undertake self renewal exercises at both individual and group levels
- Learn from your neighbors by using them as sounding boards for change and reflections
- Pay adequate attention to the culture and value in the company
- Use personal policy for empowering people and promoting managerial effectiveness rather than blocking innovation/ creativity

HR & HRD Audit

☐ To Audit four pillars of HR

1. Business Linkages through Strategy
2. Styles & Culture
3. Structure & Competencies
4. Systems

Challenges to Build World Class

- Quality Challenge
- People Challenge
- Technology
- Culture
- Speed
- Sleek
- Invest on People
- Flat & not Hierarchical Structure
- Social Responsibility & High Commitment to country
- Learning organization

Human Resources Strategies at Corporate

- Communication Strategy
- Accountability, Ownership and Commitment
- Quality Strategies
- Introducing Quality and Customer Orientation throughout the company
- Cost Reduction
- Developing an Entrepreneurial Spirit among all Employees
- Culture Building exercises

HRD Audit for HR Strategy

- What are competencies required to meet the future business?
- What are the business challenges the organization is likely to face?
- What are the immediate and future business opportunities perceived by the company?
- What are the competencies required to meet these challenge or utilize the opportunities at the top level senior and middle level supervisory level and the field level or grass root level?
- What are the levels of competencies existing at the corporate at the time of the audit?

HRD Audit for HR Strategy

- What are the competencies in term of technology, management system, attitude, and behavior etc?
- What are the gaps and how are they being planned to filled? though recruitment, outsourcing , development and what is the time frame to be used?
- Are the plans aligned properly with the needs? Are they realistic plans? Are there obvious gaps in the alignment of HR stages and plans with the business goals?
- What can be the most important HRD tools for aligning the business goals and the HR strategies?
- How are various HRD tools being used to ensure that the business goals are understood and commitment is built in employees for the good of the organization & its business?

HRD Audit for HR Strategy

- Are the communication, performance management system, training system, job rotation, attachment, recruitments, TQM organizational restructuring business process reengineering, new management system and other interventions/experiments aligned with the business plans?

- Are they based on an adequate understanding of variables such as human nature, human behavior, organization culture and competitive environment etc?

- Are the task force, committees, working groups etc, being used tactfully and appropriately for achieving these goals?

- What are the bottlenecks in aligning business goals with HRD practices?

Types of Styles & Culture

- Styles

1. Paternalistic Style
2. Benevolent Style
3. Critical Style
4. Developmental Style

- Types of Culture

1. Octopace Culture

HRD Audit for Styles & Culture

- To what extent do people feel free to express their views?
- Are they encouraged to do so?
- Is the organization known to cash on the ideas, views & opinion?
- Do people feel that they are contributing their best by open expression of ideas?
- Is there a culture of collaboration and team work?
- Is there a 'we' feeling among different teams?
- Is there a culture of synergy in the organization?
- Do people try to help each other?

HRD Audit for Styles & Culture

- What is the extent to which people honour their commitments?
- Do people trust each other?
- Is there a lot of supervision and monitoring?
- Is there a culture where people can be counted upon to carry out what they say?
- Do people carry out what they say?
- Do people say what they mean?
- Are people authentic in their approach?
- Are employee encouraged to take the initiative?
- What is the extent to which proaction takes place?

HRD Audit for Styles & Culture

- Can the culture be characterized as a proactive culture ?

- To what extent do people at all levels have the scope to take decision on their own?

- Is there some freedom available at each level to undertake new activities?

- Is there freedom at each level to use one's discretion and some amount of autonomy and creating one's own role?

- Does the culture encourage open discussion of issues, problems & resolve?

- What is the extend to which employees are encouraged to experiment with the new ideas?

HRD Structures

- Dedicated & fully manned HR function
- Corporate HRD with HRD cells in units/location
- A high profile HRD chief with limited staff
- A HRD task force largely drawn from line managers with a HRD trained chairman
- The CEO himself is handling HRD
- The training manager handling HRD
- The personnel chief
- HRD being handled at Corporate & at the unit level integrated with personnel function

Audit of HRD Structures

- Given the competency requirement of the corporation, what seems to be appropriate structure for the company?
- How well defined is the existing structure, role, authority, responsibilities, accountabilities (RARA) to meet business goals?
- What are the most appropriate structures that can take the organization in to the future and ensure that the goals are met?
- What are the strengths and weaknesses of the existing HRD structure?
- What is suffering and what is getting done under the existing structure and at what cost?

HR Systems & Sub Systems

- Induction Training
- Training & Development
- Performance Planning, Analysis, Appraisal, Review, Counseling
- Career Paths, Planning & Development
- Job Rotation
- Communication
- Organisation Diagnosis and Development

Auditing HR Systems

- What is the process of manpower planning & recruitment?
- Are there adequate mechanism to ensure the availability of the right competencies?
- Is there system of potential appraisal, promotion & shared widely?
- How is the system of career planning and development operating?
- What is process of succession planning?
- Are their well laid down career path?
- What is being done to clarify roles on a continuous basis?
- Is the goal setting and performance planning process is in place?

Auditing HR Systems

- Are there mechanism to inform employees about the performance of the company?
- What is the current system of performance appraisal and what are the component.
- Are the line manager taking appraisal seriously
- What are the suggestion for improvement in the training and what are the training budgets?
- What is the process of creating pre & post training climate?
- What is the process of giving performance feed back and counseling?
- What OD exercises have been undertaken in the past ?

Auditing HR Systems

- What are the intervention used in the past and how did they work?
- What are the main characteristics of HRD climate?
- How free, frank and open are people with each other?
- Are there some stated values? What are these values? How are they communicated, monitored & practiced?
- What efforts have been made in the past to improve the quality of products and services?
- What quality related systems are in use?
- Are these enhancing the commitment of employees to quality?
- What are the reward system in use & what impact it has?

Auditing HR Systems

- Are the reward system adequate and appropriate?
- What do the people feel about these & are they happy about it?
- What aspects often go unrecognized and un rewarded?
- What are the information needs of employees at business plans of the company?
- Is the information given at the desired levels?
- What are the communication needs of people and how are these met?
- What is the level of empowerment & what are the practices in place?

Auditing through Secondary Data

- Analyze recruitment data
- Analyze the rate of promotions department wise, grade wise to see visible biases
- Study of performance appraisal forms and KRA's
- Assess the expenditure on training level wise, department wise & per employee training hour, per year
- Study analyses of job rotation data of the past
- Examine earlier climate survey data & do comparison
- Observe meetings, memos, notice boards, circulars etc
- Career path documents, succession plans, career related data
- Role directories
- HR policies, rules, format, systems etc

Competencies needed for HR Managers

- HRD professional knowledge
- HRD professional skills
- Personal attitudes & values

Auditing HRD Competencies

- Knowledge testing
- Attitudes & values
- Self assessment & 360 degree appraisal
- Assessment of department or internal customer satisfaction surveys
- Skill assessment through assessment center

HRD Score Card

☐ The HRD Score card assigns a four letter rating to grade the maturity level of HRD present in a organization. The dimensions are:

1. HRD System Maturity
2. HRD Competence in the company
3. HRD Culture & Values
4. HRD linkage to Business Goals

Writing the HRD Audit Report

- Introduction
- Current status of the HRD function - Some facts
- General Observation
- Career System
- Work Planning
- Development System
- Self Renewal System
- HRD Culture
- HRD Function
- Tables & Appendices, if any

Designing HRD Audit

- A broad indication of the competency requirement of the future to achieve planned business outcomes

- An indication of the value addition including motivational value, by the current system and subsystems of HRD and the areas needing improvement

- An Indication of the competency gaps of the HR staff

- An indication of the current roles being performed by the top management, line manager, union and associates leaders and other stakeholder, and the gaps between what they could do and what they are current doing

- An indication of the alignment of the HR strategies with business

Who benefited by HRD Audit Report

The HRD audit report can be used by the following and their role can also be reviewed in the light of HRD audit findings:

- Top Management
- CEO
- Line Managers
- Unions & Associations

Who should conduct HRD Audit

It is always useful to get HRD audit conducted by an external team may be of HRD consultants from Consulting company or a group of trained and certified auditors from other organizations. The Advantages are:

- More objectivity and no internal compulsions
- Bring newer perspectives
- Suggest new bench marks
- Not influenced by internal politics and familiarities

When to conduct HRD Audit

- Corporation in the initial years of establishment (one to three years)
- Corporation after five years of establishment
- Corporation after eight to ten years of establishment
- After diversification or other business expansion decisions
- After downsizing, reorganizing and other consolidation or synergy decisions
- For restructuring of HR function
- After the change of the CEO or top Management
- After an HRD audit by a external auditor
- It is ideal to have HRD audit study once in two years

Competencies for HRD Auditor

- Expertise in integrated HR systems
- Experience in HRD system implementation as a consultant or as an executives
- Skill for identifying developmental skills
- Organizational Diagnostic skills
- Benchmarking skills
- Networking skills
- Empathy and understanding
- Knowledge of business and HR strategies
- Reporting skills
- Project & Program evaluation competencies

Using of Audit Data

- Presentation of report to the top management team & preparation of action plans by the top management as a follow up action

- Appointment of a task force to study and prioritize the areas to be improved and the areas to be maintained

- Appointment of task force by the top management to monitor the implementation of the report, an periodically report to a top management committee or the board

- Appointment of number of task forces to ensure use of the audit findings and to bring system improvements

- Sharing of data through the in-house news letter or journal/ open house/forums so that employees at all levels are involved and they do not lose faith in such interventions

Thank you very much
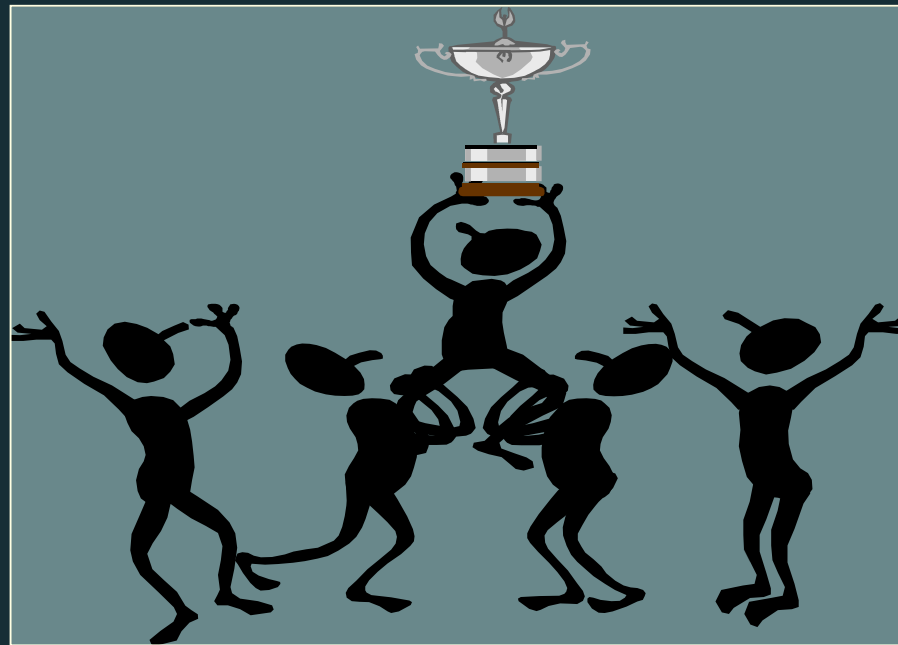
Feel Free to raise **?** , For any Clarification