INTRODUCTION PRACTICE OF THE CONCEPTS USE OF “HR AUDIT”, “STAFF AUDIT”, “PERSONNEL AUDIT”

Introduction. Personnel management is a multifaceted and extremely complex process, characterized by its specific features and patterns. Today, effective HR management is one of the key points in improving productivity and creating competitive products. Incompetence of managers in this field leads to inefficient use of human resources in the conditions of fierce competition among existing enterprises. In this regard, enterprises need to conduct a comprehensive analysis that will identify problems and prevent them from occurring in the future. Such an analysis may be presented in the form of a staff audit, hr audit, personnel audit. At the same time, since this concept is borrowed from international experience, it is appropriate to investigate this difference between the concepts of “HR audit”, “staff audit”, “personnel audit” in the international practice.

Aim and tasks. The purpose of the research is to study the international practice of applying the concepts of «HR audit», «staff audit», «personnel audit».

Results. Organizations are continuously evolving. But if we are going to talk about the policies and procedures, they often remain unchanged. So to diminish legal issues and to be sure that a company still complies with the labor and employment laws, it is important to perform an audit in personnel management sphere. It could sound like daunting, but, really, it is a valuable tool that can help the company to stay up to date and be able to thrive all the time. The analysis of the use of the terms "human resource audit", "staff audit", "personal audit" in international practice is carried out. The connection between the term "HR audit" and personnel management is justified. The difference in the application of concepts in international practice is determined.

Conclusions. The term “HR audit” is more new and wider, than “personnel audit” or “staff audit”. Companies need to use this audit to provide recommendations which will help them to improve operations, productivity, effectiveness. As a rule, HR professionals can perform this analysis, this assessment by themselves, but they also can hire an external organizations. Systematically conducting an HR audit will also make a positive impact on the employees, knowing that their company takes an active steps to make better theirs working conditions. Such changes will positively influenced the way of working and also increased employee morale.

Keywords: HR audit, staff audit, personnel audit, employees assessment.
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МІЖНАРОДНА ПРАКТИКА ЗАСТОСУВАННЯ ПОНЯТЬ «HR AUDIT», «STAFF AUDIT», «PERSONNEL AUDIT»

Вступ. Управління персоналом – багатогранний і включно складний процес, який характеризується своїми специфічними особливостями і закономірностями. Сьогодні ефективне управління персоналом є одним із ключових моментів підвищення продуктивності праці та створення конкурентоспроможної продукції. Некомпетентність керівників у цій сфері призводить до неефективного використання людських ресурсів в умовах жорсткої конкуренції серед підприємств. У зв'язку із цим на підприємствах необхідно проводити комплексний аналіз, який дасть змогу виявити проблеми та запобігти їх виникненню в майбутньому. Такий аналіз може бути представлений у вигляді кадрового аудиту. В той же час, оскільки це поняття запозичено з міжнародного досвіду, актуалізується необхідність дослідити особливості між поняттями «HR audit», «staff audit», «personnel audit» саме у міжнародній практиці.

Мета і завдання. Метою роботи є дослідження міжнародної практики застосування понять «hr audit», «staff audit», «personnel audit».

Результати. Організації постійно розвиваються. Але якщо мова йде про такі внутрішні документи, як політики та процедури, то вони часто залишаються незмінними. Для зменшення юридичних питань та забезпечення того, що компанія дотримується законодавства про працю та зайнятість, важливо провести аудит у сфері управління персоналом. Здійснено аналіз використання понять «human resource audit», «staff audit», «personnel audit» в міжнародній практиці. Обґрунтовано зв'язок терміну «HR audit» із управлінням персоналом. Визначено різницю у застосуванні понять «HR audit», «staff audit», «personnel audit» у міжнародній практиці.

Висновки. Термін «HR audit» є більш сучасним і ширшим, аніж поняття «personnel audit» або «staff audit». Метою цього аудиту є надання рекомендацій, які допоможуть компанії покращити операції та результати роботи. Зазвичай кадрові фахівці виконують внутрішню оцінку, однак компанії також можуть обрати зовнішні фірми для проведення аудиту. Систематичне проведення HR аудиту також матиме позитивний вплив на працівників, які будуть впевнені, що компанія бере активну роль у покращенні умов їх праці. Ці позитивні зміни призведуть до підвищення ефективності роботи та морального стану працівників.

Ключові слова: HR аудит, кадровий аудит, аудит персоналу, оцінювання працівників.
Introduction. Personnel management is a multifaceted and extremely complex process, characterized by its specific features and patterns. Personnel management is characterized by consistency and completeness based on complex problem solving and their reproduction. The systematic approach involves taking into account the interrelationships between the various aspects of the problem in order to achieve the ultimate goals, identifying ways of solving them, creating an appropriate management mechanism that provides comprehensive planning and organization of the system.

The main elements of the management system are people who are both the object and the subject of management. The ability of human resources to simultaneously act as both an object and a subject of management is the main specific feature of management. People play a special role in the organization. On the one hand, they are the creators of the organization, define its goals and choose the methods to achieve these goals, and on the other – people are an important resource that all organizations use to achieve their goals.

Today, effective hr management is one of the key points in improving productivity and creating competitive products. Work potential is the basis for the success of the company, which is why personnel management should be reduced to actively stimulate employee activity to achieve the goals of the organization. Incompetence of managers in this area leads to inefficient use of human resources in the conditions of fierce competition among existing enterprises. In this regard, enterprises need to conduct a comprehensive analysis that will identify problems and prevent them from occurring in the future. Such an analysis may be presented in the form of a staff audit, HR audit, personnel audit.

At the same time, since this concept is borrowed from international experience, it is appropriate to investigate the difference between the concepts of hr audit, staff audit, personnel audit in the international practice.

Analysis recent research and publications. Important contributions to the study of the theory and practice in the field of personnel management, the provision of consulting services and auditing have made lots of Ukrainian and foreign scholars. But if we are talking about international practice, it’s more convenient to talk about international scientists. In different times, information in the field of hr management was investigated in the works of, for example, Jayanthy, Velanganni and Kumar (2019) – investigation of the role and benefits of human resources auditing and its effectiveness [1], Klychova, Ziganshin, A.Zakirova, Valieva and Klychova (2017) – investigation of the benchmarking as an efficient tool of social audit development [2], Cannings, Hills (2012) – investigation of the framework for auditing HR: strengthening the role of HR in the organisation [3], Trevor-Roberts (1984) – investigation of the audit of personnel management activities [4].

Aim and tasks. The purpose of the research is to study the international practice of applying the concepts of «HR audit», «staff audit», «personnel audit».

Results. Organizations are continuously evolving. But if we are going to talk about the policies and procedures, they often remain unchanged. So to diminish legal issues and to be sure that a company still complies with the labor and employment laws, it is important to perform an HR audit. It could sound like daunting, but, really, it is a valuable tool that can help the company to stay up to date and be able to thrive all the time. But first, let’s understand what this analysis entails (table 1).
Table 1. «Human resource audit»: international practice of use

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<td>Definition</td>
<td>Human resource audits are a vital means of avoiding legal and regulatory liability that can arise from an organization's HR policies and also practices. HR audit involves devoting resources and time to make an intensely objective view at the organization's HR policies, practices, procedures and also strategies to protect an organization, establish the best practices and identify opportunities for its improvement, development. An objective review of the current state of employer's can help HR to assess whether its specific practice areas are effective, adequate and, for sure, legal. Though HR audit is a thorough review of the documents, policies, procedures and systems in the field of organization’s HR.</td>
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| Types of audit         | - **Compliance** – look how well the organization is complying with actual state, local laws and regulations.  
- **Best practices** – can help the organization maintain or improve its competitive strength side (advantage) by comparing its practices with such a companies identified as having exceptional HR practices.  
- **Strategic**. Concentrates on strength sides and weak sides of the systems and processes to determine if they align with both the HR department's and the organization's strategic plan.  
- **Function-specific**. Concentrates on a specific field of the HR functions (performance management & evaluations, payroll, records retention, employee files and records, as well as related policies, all active postings and ads, employee handbook and workplace policies (with special attention to: recruiting and hiring, onboarding, compensation and promotions, grievances and complaints, health and safety, training & development, welfare systems, employee relations, termination policies, other). |
| Examples of audit      | - **Misclassification of exempt jobs and nonexempt jobs.** There are lots of organizations that have misclassified job positions as exempt from overtime eligibility. Wage and hour laws and regulations complexity makes it easy to make errors in classifying a job as exempt, so exposing the employer to liability for past overtime.  
- **Inadequate personnel (staff) files** - accurate and detailed records are essential for employers to protect any type of employee claim, particularly compensation for unemployment or wrongful termination claims. A sample personnel files review can reveals an inadequate documentation of performance (it can be, informal, vague or inconsistent disciplinary warnings). There are also could be ambiguous, inaccurate or outdated performance evaluations. Sometimes personal health information can be found in personnel files, despite according to medical privacy laws there should not be such information here.  
- **Prohibited policies of attendance.** Controlling excessive absenteeism is a big problem for most of the employers. Anyway, some formerly acceptable absence control policies are unacceptable because of the complexity of family and medical leave laws, with sometimes conflicting state protections. Absences affect employees’ compensation, family and medical leave, disability accommodations, pregnancy laws. Sometimes organizations have attendance policies that do not comply with current laws and regulations or that give the staff more protections than it is required.  
- **Inaccurate time records.** Nonexempt employees typically required form the employers to fixed a time clock or ill in time sheets reflecting their actual working time for each week. These systems generated records typically are the employer’s primary ways of defense against wage and hour claims, so time-keeping policies and practices must be strictly communicated and consistently administered.  
- **Form I-9 errors.** Employer hiring practices reviews often uncover inadequate documentation, such as, for example, missing or incomplete Forms I-9. Organizations can be fined to $100 and $1,000 for every failure to accurately filling in a Form I-9. Fines for such violations can easily add up, with repayment fixed cases totaling over $100,000. |

*Source: formed by the author on the basis of [5-9]*
HR audit allows to identify if department’s practices and strategy are actual, effective, problem-free and most importantly, legal. Without regular audits, company can faced with decreasing efficiency, unhappy employees and lawsuits. Because so much depends on an audit and it can be difficult to get everything in order, you must first know when an audit is truly necessary [6, p. 9].

Not only do you need to confirm the presence of these policies and records, you need to ensure that employees and leaders have signed off on them, are following them, and that they’re in line with the most current legal requirements. Red flags include incomplete paperwork, shallow employee files, missing forms, especially those required by state or federal law. You should also be looking for inefficiencies and processes that just don’t seem to work for your team – if a task or form is consistently being neglected, there may be an issue with such training, such team, or the task itself.

However there also exist other different ways in which companies have a choice to utilize HR audits, because mostly the structure is almost same. In general, HR audit consists of three main blocks [7]:

– the first step is the pre-audit. This step is devoted to the data collection. This information can be quantitative or qualitative, depending on the point of interest;

– the next step is the data collected analysis. This step is devoted to the relevant information such as data, documents, processes, procedures and policies assessment;

– the final step is to form a general report, which will contain auditors findings, recommendations that can help an organization to improve the HR department and its activity.

It is an opportunity to evaluate what exactly an organization is doing right, as well as how things might be done in other way, more efficiently or at a reduced cost level.

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.

Staffing defined as a process of hiring eligible candidates in some organization, enterprise or company according to a specific positions. In sphere of management, meaning of staffing is an operation of employees recruiting by evaluating their knowledge, skills, intelligence and according to the obtained results offering to such employees specific job positions and roles. Although we can talk about staffing as about one of the most important elements of management, which involves all the steps in the process of the vacant position filling with the right personnel – at the right job, at the right time [11; 12; 15; 17]. Instead of HR audit, there is no lots of information about staff audit (table 2).

Personnel audit as a rule focused on an entire organization as a general system or only on a separate section of the organization (selected organizational units). To target people or parts of the organization involved in the audit, it is necessary to use a process map. Personnel audit as a rule proceed by a group of experts in this sphere or external firm, which in accordance with the definition of audit uses a reference model or experience with which compares the reality (what we plan and what we have, the reason of got violations).

As part of the audit some of the methods of process analysis is used [13]. Table 3 contains the information about understanding such category as “personnel audit” in international practice.
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<td><strong>Definition</strong></td>
<td>Staff audit consists in conducting an actual, up-to-date analysis of the all work force of the specific organization. Staff auditors also provide the database that is needed for an accurate estimation of the employees’ alternative removals or pensions strategies costs, and for the potential reimbursement of payments to employees.</td>
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| **Types of audit** | Staffing is concerned with the management of managers as staffing is performed by every manager of the enterprise as he is actively associated with the recruitment, selection, training, and appraisal of his subordinates. Staff audit as a recent review of staffing provides personnel up-to-date information, that typically includes data, information about:  
- **Number of employees with their type employment categorization** (precise definitions will also stay on national regulations). For instance, semipermanent or contract employees; short-term casual, seasonal, or temporary employees, and also temporary employees engaged for many years at this organization (and who can have acquired additional rights because of this); permanent full-time or part-time employees; employees on deputation from elsewhere in the government; professional staff which is recruited on some emergency, trouble terms; employees on disciplinary suspension or employees on administrative leave.  
- **Number of employees with their operational or social criteria categorization** (it can be location, function, title of job position, salary level, education level, work experience, gender, ethnic group, age, and also other categories which are relevant to an organization, or to the country in general.  
- **Skills of the employee.** Skills evaluation is an integral section of a staff audit. Generally such evaluation includes assessment of: individual employee functional or technical skills; identification of key, main individuals or groups of employees whose experience, knowledge, institutional memory, skills are critical to an effective enterprise operation; identification, using some sort of gap analysis, of the difference between actual competencies and skills and those, which is required for the enterprise future success activity.  
- **Enterprise liabilities to an employee,** which can be important information to gather during the process of staff audit conducting, particularly in enterprises in strong financial crisis when it may arise arrears of salaries or benefits payable to employees, arrears of pension or social insurance payments attributable to employees (as employers’, as employee contribution), arrears of payroll taxes because of the tax authority, or other payroll deductions.  
- **Employee compensation** as for each employee individually, as for some employees categories, including basic salary (monthly), kind benefits (housing, travel, subsidized loans, etc.), cash and other allowances (for instance, Yemen civil servants receive a basic salary and additionally up to 16 allowances), employer pension contributions. |
| **Examples of audit directions** | - Actualse information, make personnel records up to date.  
- Improve the accuracy level of the following enterprise work force analysis.  
- Provide a basis to review separate job positions, scales, also pay grades. In some enterprises, harmonization of staff conditions is an essential goal prior to exactly PPI transaction. This is particularly exact situation when some new operating organization is to be created, probably drawing staff (personnel) from civil service or public enterprise cadres.  
- Provide a basis for severance or early retirement options developing, also provide a basis for costs estimating if downsizing is required.  
- Establish effective ways of the organization record-keeping in order to give an opportunity to the management of the enterprise to control or regain control of the payroll, provide adequate HR information to the management, comply with actual labor laws and regulations.  
- Fill in critical data (information) empty places that may be required afterwards in order to calculate some severance payments to such employees (for instance, experience, start of work activity, age of the employee, grade). |

*Source: formed on the basis of [11; 12]*
Table 3. «Personnel audit»: international practice of use

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<td><strong>Definition</strong></td>
<td>Personnel audit is a term used for a case study of human resources in the organization. This is a kind of audit, its subject is an objective and independent review and assessment of the condition and suggestion of solutions to increase the effectiveness of individuals, organizational units and whole organization. That is, it assumes that the management of human resources involves much more than the practice of recruiting, hiring, retaining and firing employees. Personal audit usually consists of one-off analysis of human resources within an organisation. It is a kind of audit – its task is to, objectively and independently, examine and evaluate the present condition and to provide a recommendation on ways to improve the efficiency of individuals, organisational units and the organisation at large. Its main goal is to increase the efficiency and performance of an organisation. To obtain information, auditors use both soft and hard techniques (assessment centres, mystery methods, individual talks)</td>
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<td><strong>Types of audit</strong></td>
<td>In this way, the areas personnel audit includes are recruitment, selection, job analysis, training, management development, promotions and transfers, labour relations, morale development, employee benefits, wage and salary administration, collective bargaining, industrial relations and communication. Further, the areas like leadership, grievances, performance appraisal and employee mobility are also included within the scope of personnel audit.</td>
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| **Examples of audit directions** | Personnel audit is aimed in particular at:  
- Personnel processes  
- Evaluation of the current state of human resources in the organization  
- The level of personnel quality (competencies, capabilities, skills)  
- Correct settings of scope of the powers and responsibilities of employees  
- Efficient use of human resources  
- Adequacy of the human resources amount (deficiency or excess) - determining an optimal staffing capacities |

Source: formed on the basis of [14-16]

Personnel audit is carried out according to general internal audit methodology. Such a procedure includes the following tasks at particular audit stages [13]:  
- determination of the object, purpose and range of personnel audit;  
- substantiation of audit method;  
- selection and definition of evaluation criteria.

A personnel or human resources audit can keep your company out of bankruptcy. Litigation arising out of human resources missteps and unfair employment practices is costly and time consuming. Employers who find themselves on the witness stand justifying their workplace policies may have avoided the expense of litigation by simply conducting regular human resources audits.

Conclusions. According to the analysis conducted, it could be noted that the term “HR audit” is more new and wider, than “personnel audit” or “staff audit”. The purpose of this audit is to provide recommendations which can help an organization to improve as the operations, as also performance. As a rule, HR professionals conduct such analysis. But, companies also can choose other way and to hire an external firm to provide an audit. Conducting such type of audit can also make a positive impact on the employees, which can understand, that their organization takes care about them, takes an active role in bettering their working conditions. Such positive changes can make an effective impact on the way of working and an increasing of employees’ good attitude to their jobs and to their organization in general.

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