

A Study on Effectiveness of HR Audit of The Organisation With Reference To Federal Mogul Motor parts India Limited

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Abstract- *This study looks into the HR audit practices adopted at Federal, a motor parts manufacturer, with an emphasis on understanding their impact on employee motivation, HR efficiency, and organizational success. This study intends to provide insights into the effectiveness of Federal's HR audit process in building a compliant, transparent, and performance-driven work environment by conducting a thorough examination of various HR functions. Federal's HR audit system is studied using qualitative and quantitative methodologies, such as structured surveys, employee and management interviews, HR document analysis, and audit checklist reviews. This study examines both employee feedback and HR data to identify the strengths and limitations of Federal's current audit practices across areas such as recruitment, training, performance appraisal, employee relations, and statutory compliance. Key findings from the investigation emphasize the importance of regular, well-structured HR audits in maintaining legal compliance, enhancing employee trust, and aligning HR activities with strategic organizational goals and the study reveals that consistent auditing improves accountability and promotes continuous improvement in HR operations. Based on the findings, recommendations are made to enhance Federal's HR audit system, including the use of digital audit tools, periodic internal reviews, standardized audit metrics, and employee involvement in feedback mechanisms, to ensure the process remains relevant and effective. In conclusion, this study offers valuable insights into Federal's HR audit process and its role in supporting employee motivation and organizational performance through improved HR practices and strategic alignment.*

Keywords- HR Audit, Human Resource, HR Policy, HR Operations.

I. INTRODUCTION

An HR audit is a systematic and thorough assessment of an organization's human resource policies, practices, procedures and strategies. Its purpose is to evaluate their

effectiveness, ensure compliance with legal standards, and determine how well they align with the organization's goals. This process involves an in-depth examination of various HR functions, such as recruitment, training and development, compensation, performance management, employee relations, and regulatory adherence. The core objective of an HR audit is to pinpoint areas for improvement, minimize potential risks, and ensure that HR practices actively support the organization's overall success. Conducting an HR audit is crucial for enhancing organizational performance, reducing risks, and promoting continuous improvement in HR operations. By thoroughly assessing HR systems and approaches, organizations can ensure they meet legal requirements, strengthen talent management, and align HR efforts with strategic business goals. Additionally, HR audits offer valuable insights into company culture, employee engagement, and workplace dynamics, helping to build a positive and productive work environment. As such, investing in HR audits is not only a wise move but also a strategic necessity for organizations aiming to remain competitive and achieve sustainable growth.

II. LITERATURE REVIEW

Dr Anjali Singh (2019) Stated in her study that, Human Resource Audit is an necessary exertion, that suggest the fair and transparent evaluation of force in the association and if any disputed and disturbance repel in the performing in the association HR inspection is veritably impacting exertion to overcome the problem. It helps to bridge the gap between the employers and workers. "HR inspection serves as an examination on a sample base of practices and systems for relating problems assuring that sound account principles are followed". tone- development, Skill- development and tone – evaluation are justified approach for organizational performance. also, "an HR inspection serves as a means through which an association can measure the health of its mortal resource function".

Jayakranth Rapoori and Prof. P. Raghunadha Reddy (2018) mentioned in their study that, for any self-esteemed organization for higher aspirations the human resource effectiveness and an effective human resource audit system is needed. Human resource audit in particular is an efficient tool for analysing performance of an organization and or managing necessary changes. In any organization employees are the real and biggest asset and play a prominent role in achieving organizational goals, aims and objectives. Hence the senior management should consider the efficiency of human resource department functioning. Many organizations works for minimum employee turnover and Human resource department plays a key role in employee retention and should ensure that skilled employees are recruited and trained. Scientific approach needed to be evolved to manage cost, revenues and quality of Human resource system. This approach will create source for further development of human resource effectiveness evaluating theory and creation of a design for executions in organization.

Mr.S. Mahalingam (2014) reveals that, the main function of HR inspection System facilitates to take specific conduct that will help in minimizing hand development, effective exposure and training, better working condition, remuneration, benefits and openings for unborn advancement. The HR inspection System is veritably important helpful to face the challenges and to increase the eventuality of the workers in the association.

NEED OF THE STUDY:

The study on the impact of HR Audit in Federal Mogul is essential to assess the effectiveness of HR policies, identify gaps, and enhance operational efficiency. It ensures that HR strategies align with the company's long-term goals while maintaining compliance with legal and regulatory standards. By evaluating HR operations, the study aims to optimize workforce performance, improve employee satisfaction, and strengthen organizational resilience. Additionally, it helps Federal Mogul enhance its competitive advantage by refining HR practices, mitigating risks, and sustainable growth.

OBJECTIVES:

- To assess the efficiency and effectiveness of HR operations.
- To examine whether HR strategies and practices are aligned with long term goals of the company.
- To assess the compliance of HR policies with legal and regulatory standards.

III. RESEARCH METHODOLOGY

DATA COLLECTION:

- **Primary Data:** Primary data is collected from employees. This research was done with the help of questionnaire that proved to be effective in data collecting the relevant information.
- **Secondary Data:** Secondary data is collected from journals, articles and secondary data is also collected from various website.

SAMPLING TECHNIQUE:

In this study probability sampling was used. The type of probability sampling used here in this study is "simple random sampling", where the samples are drawn by generating random members.

SAMPLE SIZE:

200 samples were collected from the employees of Federal Mogul Motorparts India Limited.

TOOLS FOR ANALYSIS:

- Chi square
- One way ANOVA
- Correlation

IV. DATA ANALYSIS AND INTERPRETATION

One-way ANOVA variances between experience of employees and employee's perception of HR process efficiency.

Null hypothesis(H₀): There is no significant difference in the perception of HR process efficiency across different levels of employee experience.

Alternative hypothesis(H₁): There is significant difference in the perception of HR process efficiency across different levels of employee experience.

One Way Anova

ANOVA

Perception of HR process efficiency

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	104.443	3	34.814	16.017	.000
Within Groups	426.037	196	2.174		
Total	530.480	199			

Perception of HR process efficiency.

Duncan^{a,b}

Experience	N	Subset for alpha = 0.05	
		1	2
5-10 years	68	1.76	
2-5 years	70		3.06
0-2 years	50		3.38
Above 10 years	12		3.75
Sig.		1.000	.085

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 30.229.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

INTERPRETATION:

Here the significance occurs and has a P-value 0.00 is less than 0.05. Alternative hypothesis H1 is accepted. There is significant difference in the perception of HR process efficiency across different levels of employee experience.

Correlation between alignment of HR strategies with long-term objectives and HR’s contribution to organizational growth.

Null hypothesis (H0): There is no significant correlation between alignment of HR strategies with long-term objectives and HR’s contribution to organizational growth.

Alternate hypothesis (H1): There is significant correlation between alignment of HR strategies with long-term objectives and HR’s contribution to organizational growth.

Correlations

HR strategies aligned with the company’s long-term objectives	Pearson Correlation	Sig. (2-tailed)	N	How significantly does HR contribute to driving organizational growth and transformation
HR strategies aligned with the company’s long-term objectives	1		200	.547**
How significantly does HR contribute to driving organizational growth and transformation	.547**	.000	200	1

** . Correlation Is significant at the 0.01 level (2-tailed).

INTERPRETATION:

From the above table it is seen that there is a positive correlation exist between alignment of HR strategies with long term objectives and HR’s contribution to organizational growth. H1 is accepted. There is significant correlation between alignment of HR strategies with long-term objectives and HR’s contribution to organizational growth.

V. FINDINGS

- Majority 44.5% of respondents have undergraduate qualification at Federal Mogul.
- Majority 38% of respondents are agreeing that the efficiently are HR processes such as hiring, payroll, and training conducted.
- Out of 200 respondents, 20.7% of respondents are agree that the HR audit help to ensure compliance with labour laws and company policies.

- In Chi – square analysis there is significant association between the department employees belong to and their satisfaction with HR policies and support.
 - In Anova analysis there is significant difference in the perception of HR process efficiency across different levels of employee experience.
 - In Correlation analysis there is significant correlation between alignment of HR strategies with long-term objectives and HR’s contribution to organizational growth.
 - In Regression analysis effect of employee’s educational qualification on HR policy compliance with legal/regulatory standards.
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VI. RECOMMENDATIONS

- The company may provide regular training for HR staff on legal and regulatory requirements to ensure full compliance and risk mitigation.
- The management can conduct frequent periodic HR audits to continuously assess and improve the alignment of HR policies with organizational goals.
- They can form a cross-functional committee to review and update HR policies annually, ensuring they remain relevant and effective.
- The management can adopt HR analytics and digital tools to improve accuracy, efficiency and decision-making in HR operation.

VII. CONCLUSION

Finally, the study of HR audits inside companies emphasizes their critical role in supporting organizational effectiveness, compliance, and strategic alignment. This analysis yielded numerous critical conclusions, providing insight into the importance of conducting regular HR audits to identify areas for improvement and optimize HR processes. To begin, it has been noted that a well-conducted HR audit helps ensure alignment with organizational goals and values, providing a framework for evaluating HR functions and identifying opportunities for enhancement. This connection guarantees that HR practices are efficient, effective, and contribute to the achievement of strategic objectives.

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