

HR Audit: Auditing HR Practices of Public and Private Companies in Bsnl and Reliance Communication



Commerce

KEYWORDS : Talent Pool ; HR audit; Public and Private companies.

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ABSTRACT

The people in an organization are the prime sources to be effectively allocated and engaged in various affairs of business. Many Indian companies are handling innovative practices to motivate and retain their talented pool. It has to be assured by a systematic procedure which is called HR audit that is deliberate and detailed analysis of HR standards. This paper mainly emphasizes the HR practices of public and private companies and their styles of handling their employees and their set of norms, rules of regulations towards people. Organization belongs to private and public industries are differed based on their capabilities and their freedom to operate. This study aims to audit the HR practices of one public and private company. Instead of criticism auditing the HR practices of those is the main motivate of the study. BSNL is a government owned company and Reliance communication has a private concern taken for this study. Both the companies are represented public and private respectively. Through this study, we could easily and visibly understand the framework made by both sectors towards their people. The difficulties and problems are common to them but in different extent. This paper is one to compare each, reveal and audit the public and private company's strengths and weakness towards their employees.

INTRODUCTION:

In the current competitive business climate, the companies in various industries try to enhance their competence level to survive in the market. To achieve their goals they have to comply with the dynamic pressures such as technology changes increased competition etc. The performance of an organization can be improved only through improved employee performance. Recruitment, training, compensation, conflict management and motivation all these are common functions of Human resource management. All these functions/activities have to be reviewed and evaluated in order to ensure the efficient HR policies and management system.

"Annual/quarter/need basis evaluation of HR functions of on organization is referred as HR Audit". The scope of an HR audit can range from a simple review of workplace policies to an extensive examination of practices, policies, procedures and measurements to determine how close the alignment is between the organization's strategic goals, direction and HR functions that support the company's strategy. HR audit May either evaluate the company's operational HR policies, practices and processes or review of current HR indicators.

An organization's HR Expertise and experienced person could do the in-house HR audit mostly an outside consultant is required to lessen the biases and prejudices in the auditing process. There are some common types in auditing that are:

- 1) Compliance with current federal, state and local laws and regulations
- 2) Evaluating the HR policies and practices
- 3) Focuses on the strengths and weaknesses of the HR system and
- 4) Evaluate the specific HR functions such as payroll, documentation, compensation Training and benefits.

The performance details of the HR department obtained by some sources are documents, reports, complaints and various methods are used to audit the HRM system that are:

- 1) Observation
- 2) Interview method (Individual/group)
- 3) Questionnaire method
- 4) 360° review
- 5) Workshop
- 6) Assessment center.

Finally the purposes of HR audit is not only assessing the quality of existing human resource practices, also tries to identify the gaps in HR system, reduce the problems and also helps to achieve and maintain world-class competitiveness in key HR practice areas.

DEFINITION OF HR AUDIT:

HR Audit means the systematic verification of job analysis and design, recruitment and selection, orientation and placement, and development, performance appraisal and job evaluation, employee and executive remuneration, motivation and morale, participative management, communication, welfare and social security, safety and health, industrial relations, trade unions and disputes and their resolution. HR audit is very much useful to achieve the organizational goal and also is a vital tool which helps to access the effectiveness of HR functions of organizations.

An HR audit is dreaded by many a human

resources department head, but for the skilled HR representative, it is a valuable tool that points to areas in need of employee development. In some cases an HR audit may even help a company find areas where savings could be realized with the help of job cuts and the funds may then be allocated to different departments in an effort to either streamline productivity or launch a new program or product line by either moving personnel there or hiring additional staff. Learning how to define an HR audit is not hard, and when you follow these simple steps, you are well on your way to drafting a hard hitting audit that provides an abundance of facts with respect to educational standards being met as well as indicators where training improvement is needed the most.

Why HR audit?

There are some necessary reasons to audit the HR practices that are: Provide business with a clear indication of where it stands with the current legislation, Highlights specific opportunities for change to improve by comparing existing practices to current legal requirements, Clarifies correct procedures for those areas that are unsure of, Reduces area for risk, thereby saving time and money and compliance. The audit report delivers best practice, over and above legal compliance.

STATEMENT OF THE PROBLEM:

The research problem of the study evaluates the systematic framework of HR policies, practices and procedures of public and private company in India based on secondary data.

SCOPE OF THE STUDY:

For the research, Human Resource departments of BSNL and the Reliance Communication are taken. The companies HR schemes towards their employees are evaluated.

OBJECTIVES OF THE STUDY:

To audit the HR system in BSNL and Reliance Communication.

To know the effective HR practices in BSNL and Reliance Communication.

To compare the standards of BSNL and Reliance communication's Human Resource management system.

RESEARCH METHODOLOGY:

Sources of data:

Secondary data are collected through books, journals, magazines, HR auditing websites and auditing reports of companies.

BSNL:

Bharat Sanchar Nigam Limited (abbreviated BSNL) It was incorporated on 15 September 2000. It took over the business of providing of telecom services and network management from the erstwhile Central Government Departments of Telecom Services (DTS) and Telecom Operations (DTO), with effect from 1 October 2000 on going concern basis. It is the largest provider of fixed telephony and fourth largest mobile telephony provider in India, and is also a provider of broadband services. Recently BSNL faces many financial and people management problems. And the following is the report of HR audit conducted in BSNL

KPMG, a global management consultant firm was appointed by BSNL at a cost of Rs 64.20 lakhs to realizing the need for strengthening the HR functions in the organization to achieve the goals. The HR auditing committee submitted two sets of their reports on five human resource deliverables that are:

- 1) Personnel policy
- 2) Manpower planning
- 3) Norms for staffing
- 4) Incentives/performance appraisal and
- 5) Conduct and disciplinary rules.

The following are few of the recommendations of the HR audit process to the company.

The company was advised to prepare man power planning and manuals.

The Company was advised to formulate a recruitment policy to give a definite direction to the process of recruitment to its different cadres.

The Company should formulate a well-defined, fair and transparent transfer policy based on the consultant's recommendations.

Strengths of HR System	Problems
<ul style="list-style-type: none"> • By new recruitment cell, freshers are recruited through Union Public Service Commission (UPSC). • Effective training program to each cadre of employees. • BSNL has pool of more than 3lakhs of highly talented employees. Among 30,000 executives,10,000 are Graduate Engineers. • A proposal for providing uniforms to 50,000 across the country. • Awards to recognize the employees in sales and Marketing. 	<ul style="list-style-type: none"> • Poor Grievances solving procedure. • Laws and regulation, policies are not formulated well •Poor HR management •Poor leadership •Different unions for different cadres of employees. •Poor working environment.

Table 1: A Public Sector Company-BSNL:
Source: www.e.pau.net

BSNL HR PRACTICES

With a corporate philosophy that considers Human Resource as the most prized assets of the organization, it's natural for BSNL to continually hone employee skills, enhance their knowledge and their expertise and their aspirations to fruition. Even as BSNL goes about conducting its business activities, it lays emphasis on constant enhancement of knowledge and skills through regular training programmer.

Bharat Sanchar Nigam Limited has a vast reservoir of highly skilled and experienced work force of about 3, 57,000 personnel.

It believes that BSNL staff, which is one of the best trained manpower in the telecom sector, is our biggest asset.

It believes that the BSNL future depends on their staff who provides services to the valued customers and stay in touch with them.

To meet the technological challenges, employees are trained for technology up-gradation, modernization, computerization etc in BSNL's training Centers spread across Country. These centers are properly equipped with the requisite infrastructure facilities such as Lecture rooms, modern audio-visual aids, libraries, hostels etc.

To apex training centers of BSNL i.e. Advance level Telecom Training Center (ALTTC) at Ghaziabad and Bharat Ratna Bhimrao Telecom Training Center at Jabalpur are comparable to any world class Telecom Training Center. Moreover, 43 zonal training centers and a National Acad-

emy of Telecom Finance and Management have been running for several years now.

Different curriculum run in these centers to impart technology based training, training for attitudinal change, basic educational and skill development program etc.

RELIANCE COMMUNICATION:

Reliance Communications Ltd. (commonly called RCOM) is an Indian Internet access and Telecommunications Company headquartered in Navi Mumbai, India. RCOM is India's second

largest telecom operator. It is the 15th largest mobile phone operator with over 150 million subscribers. It is a subsidiary of Reliance Group.

Strengths of HR System	Problems
People friendly HR polices Ranked as 6 th Best companies to work for in India by Business Today on 2011. Attractive salary package. Good working environment and culture such as Fun Fridays, Monthly celebrations, parties and festival celebrations.	Inadequate procedures to reduce attrition rate. Incentives are not adequate. HR policy is not reviewed and restructured frequently.. Poor HR polices

Table 2: A Private Sector Company-Reliance
 Source: www.ukessay.com

RELIANCE COMMUNICATION HR PRACTICES:

- Recruitment & Selection
- Training
- Performance appraisal
- Motivation
- Wage and salary

SWOT ANALYSIS IN BSNL AND RELIANCE COMMUNICATION:

1) Strengths in the SWOT analysis of BSNL:

- Backed by Government of India
- Extensive infrastructure in remote areas
- PAN India-reach
- Huge Optical-Fiber infrastructure
- Strategic alliances with IT & hardware companies
- Vast Experience

Weaknesses in the SWOT analysis of BSNL:

- Working culture of government Institution
- Network capabilities
- Unproductive rural assets
- Poor Service Image
- Unable to retain customers
- Poor marketing
- Decreasing market share

Strengths in the SWOT analysis of RELIANCE:

- Commission Structure
- Fast Activation Process
- Network
- Connectivity
- Data GPRS
- Low entry cost

Weaknesses in the SWOT analysis of RELIANCE:

- Branding Image
- Distribution problem

- Limited product portfolio- Only Mobile
- Lack of Competitive Strength
- Limited Budget

FINDINGS:

BSNL:

- Interview conducted from employees of BSNL revealed the dissatisfaction towards the HR management system. The grievances are not rectified and many cases are still in pending against BSNL administration by their employees.
- There is no control over non-executives (Group C and Group D in BSNL and it leads to disciplinary issues, they are directed and backed by Trade unions.

Source: www.scribd.com

Reliance communication:

The Reliance has been offering excellent working atmosphere to their employees and also many training programs to enhance the technical skills. Some issues related to the HR system such as poor incentives causes low level of dissatisfaction among employees.

RECOMMENDATIONS:

1. As a public sector entity, the problems regarding HR system of the public company could be regulated and systemized by Ministry of Communications and Information Technology, Department of Telecommunication.
2. Disciplinary mechanism in the public company can be strengthened.
3. The working culture of Reliance Communication is difficult for the employees to adopt and they need minimum 3 years to adopt themselves to the organization culture. To avoid this problem, orientation training to the fresher's will be helpful. Source: www.bloomberg.com

CONCLUSION:

The research has taken two companies from Telecommunication industry one is BSNL, an Indian state owned company, and Reliance is another private concern owned by Anil Ambani. Even though both service based companies are almost having similar kinds of processes they have mass differences in their HR systems. From the study it can be conclude that both public and private companies are alike in carrying out the HR practices in effective manner as well public companies are facing some allegations and also they are tailoring their HR practices regarding the organizational size, financial capabilities, legal issues and the competition in markets. We could find some problems in public sector company than private sector due to some reasons such as number of labor associations and unions, accountability of officials and the heavy competition etc.

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