



## THE RELEVANCE OF HUMAN RESOURCES AUDITING AND CULTURE ON EMPLOYEES' PERFORMANCE AND ORGANIZATIONAL GROWTH

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### **Abstract:**

In order to shape employee performance and propel corporate progress, this essay examines the significance of organizational culture and human resources (HR) audits. The dynamic and competitive business climate of today has made the efficient management of human resources even more important. The purpose of HR auditing is to guarantee compliance, efficacy, and efficiency by thoroughly examining and assessing HR policies, practices, and procedures. Employee attitudes and actions are shaped by the common values, beliefs, and behaviors that make up the organizational culture. According to the article, HR audits are essential for improving worker performance and overall company development. Organizations can pinpoint areas for enhancement, appraise adherence to legal and regulatory mandates, and appraise the efficacy of their HR procedures by regularly undertaking audits. Finding gaps, dangers, and chances to optimize HR activities, rules, and practices is made easier with the aid of this careful review. Additionally, the essay highlights how important organizational culture is in shaping workers' productivity and the development of the company. Higher performance and productivity are the outcomes of a strong and supportive workplace culture that encourages employee motivation, engagement, and dedication. On the other hand, poor employee performance and inhibited organizational growth might result from a toxic or dysfunctional culture. A positive company culture can be shaped and reinforced by auditing methods, as demonstrated by the interaction between HR auditing and the culture that is examined. A culture that supports workers' performance and fosters organizational growth can be developed with the help of HR audits, which can show whether components of the organization's culture are in line with its objectives and core values. The article concludes that employees' performance and organizational success can be greatly impacted by a strategic approach to HR auditing in conjunction with a positive company culture. Organizations can maximize their human capital,

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improve employee happiness and retention, and achieve long-term sustainable growth by conducting frequent evaluations of HR procedures and cultivating a good culture.

**Keywords:** human resource management, auditing, culture, organization, performance, relevance, growth, employees

## 1. Introduction

Human resources (HR) audits and organizational culture have a big impact on employees' performance and the expansion of companies overall, and this has been increasingly acknowledged in recent years. HR auditing is a methodical process that aims to guarantee compliance, efficacy, and efficiency by evaluating and assessing HR policies, practices, and procedures (Huang & Huang, 2022). However, according to Albrecht *et al.* (2020), organizational culture is the collective set of values, beliefs, and practices that mold the workplace and affect workers' attitudes and actions. Numerous studies conducted in the last five years have advanced our knowledge of the role that HR audits and organizational culture play in promoting employee performance and growth. Numerous studies conducted in the last five years have advanced our knowledge of the role that HR audits and organizational culture play in promoting employee performance and growth. To bolster the conversation, this introduction includes references and in-text citations that highlight the most important discoveries from current research.

One of the most important tools available to businesses to assess and improve their HR operations is HR auditing. According to research by Huang and Huang (2022), HR auditing is critical for pinpointing areas that need development, determining that HR procedures are effective, and gauging compliance with legal and regulatory standards. Companies can more effectively and efficiently manage their human resources by being able to proactively address possible risks and gaps in HR procedures through regular HR audits.

Furthermore, it's been shown that corporate culture has a significant influence on worker productivity and growth. A strong and supportive culture is crucial for creating a feeling of engagement and belonging among staff members, according to Albrecht *et al.* (2020). More dedication, motivation, and job happiness are all influenced by such a culture. When workers feel that the company has a positive, welcoming culture, they are more likely to be aggressive, creative, and eager to go above and beyond to accomplish goals.

According to current studies, HR auditing and culture are interdependent. According to Huang and Huang (2022), HR audits can be quite helpful in determining which cultural elements support the objectives and core values of the company. Organizations can evaluate the degree of congruence between their desired culture and the actual culture that exists inside them by implementing cultural audits as part of the larger HR auditing process. As a result, businesses are better equipped to pinpoint areas

that need work and implement focused strategies to create and maintain an environment that fosters employee performance and organizational development.

## 2. Statement of the Problem

Organizations working in different industries and geographical areas are the main subject of the problem statement. Human resources specialists, staff members, supervisors, and executives from both public and private companies may take part in the research.

Only 9% of firms, according to Deloitte research from 2021, think their HR departments are strong enough to support their organization's anticipated growth. This figure illustrates the current difficulties businesses encounter when trying to manage their HR procedures efficiently. Moreover, only 36% of American workers are engaged in their work, according to a Gallup survey (2020), showing a substantial performance disparity inside firms. The significance of tackling HR audits, employee performance, and corporate culture in order to attain growth is highlighted by these data.

The study's special focus is on the relationship that needs to be understood between HR auditing, employee performance, organizational culture, and organizational growth. There isn't enough thorough research looking at how culture and HR audits together affect workers' performance and organizational development, even though their significance is becoming more widely acknowledged. By examining how HR auditing and culture interact and affect worker performance and organizational development, the problem statement aims to close this gap.

Previous research has independently investigated the impact of organizational culture (Albrecht *et al.*, 2020) and HR auditing (Huang & Huang, 2022) on workers' productivity and the expansion of organizations. Nonetheless, only a small number of research works have examined the joint impact of HR auditing and culture on these results.

- 1) Determine the impact of HR auditing techniques on employee performance: This goal seeks to determine the ways in which HR auditing which includes assessing HR policies, following rules, and evaluating the efficiency of HR procedures affects workers' performance in companies.
- 2) Examine how employees' performance is impacted by organizational culture: This goal aims to comprehend how employees' performance is impacted by organizational culture, which includes common values, beliefs, and behaviors. In order to promote employee engagement, motivation, job happiness, and commitment all of which eventually translate into improved performance it seeks to discover the components of a positive culture.
- 3) Examine the combined impact of company culture and HR auditing processes on workers' performance: This objective looks at how these two factors interact to shape employees' work output. It looks at whether companies with good cultures and HR procedures have higher employee performance than those without.

- 4) Examine the impact of HR auditing and organizational culture on growth: The purpose of this objective is to determine the ways in which HR auditing and organizational culture affect growth. The purpose of the study is to determine whether good HR auditing procedures and a supportive work environment improve output, foster creativity, retain employees, and improve the overall performance of the company, all of which support long-term expansion.

### 3. Reviews of the Literature

Current organizational research has focused a great deal of attention on the importance of organizational culture and human resources (HR) auditing in affecting workers' performance and the success of corporations. Reviewing the literature on the subject of the impact of HR audits and culture on workers' performance and organizational development, this paper offers a summary of previous research and conclusions.

#### 3.1 Effects of HR Auditing on Employee Performance

The effects of HR auditing procedures on staff members' performance have been the subject of several research. Effective HR auditing techniques lead to better employee performance, as Huang and Huang (2022) discovered a favorable association between HR auditing and corporate performance. Jiang and Liu (2020) also showed that companies with effective HR auditing procedures have higher staff engagement and productivity. Organizations can increase employee performance and, eventually, organizational success by using HR audits to find areas where their HR procedures need to be improved (Ahmad, 2018).

The assessment of employee performance is another important component of HR auditing. HR audits are able to evaluate how well a company's performance management system measures worker performance and pinpoints areas in need of development (Ali *et al.*, 2019). An examination of staff performance indicators, including as engagement, productivity, and efficiency, may fall under this category (Khan *et al.*, 2017).

Employee performance can also be evaluated by HR audits in relation to the culture of the company. The collective ideals, beliefs, and customs inside an organization that shape employee conduct are referred to as its organizational culture (Schein, 2010). According to Chi *et al.* (2016), a healthy corporate culture can boost worker motivation, engagement, and job satisfaction. According to Ahmad (2018), HR auditing can assist companies in pinpointing areas where their culture may be impeding worker performance and offer suggestions for enhancement. The success of a company's training and development initiatives can also be evaluated through HR audits. According to Ali *et al.* (2019), these programs are crucial for the professional development of employees as they give them the tools, they need to learn new skills and increase their efficacy.

According to Khan *et al.* (2017), HR auditing can assist companies in pinpointing potential weak points in their training and development initiatives and offer suggestions for enhancement. The success of an organization's employee retention strategies can also

be evaluated through HR audits. According to Ahmad (2018), companies may incur significant costs as a result of high personnel turnover, which can also lower output and performance. Employers can find potential causes of employee attrition and receive suggestions for improvement through HR auditing (Ali *et al.*, 2019).

### **3.2 Employee Performance and Organizational Culture**

A lot of research has been done on how employee performance is affected by organizational culture. According to Albrecht *et al.* (2020), an engagement and commitment-fostering good organizational culture breeds better performance from employees. Moreover, Denison *et al.* (2018) discovered that strong cultures in firms lead to higher employee performance levels, fostering high-quality work and supportive environments for employee growth.

According to recent research, organizational culture has a significant role in influencing worker performance. Organizational culture was found to have a significant impact on employee performance in a study by Chi *et al.* (2016). Positive organizational cultures result in higher levels of employee motivation and engagement. Similar findings were made by Khan *et al.* (2017), who discovered that enhanced employee performance and organizational expansion were linked to a favorable organizational culture.

HR practices, including as hiring, selection, training, and performance management, are evaluated for efficacy through an HR auditing process (Ahmad, 2018). According to Ali *et al.* (2019), HR auditing can assist companies in pinpointing areas where their HR procedures might be impeding worker performance and offer suggestions for enhancement.

According to Ahmad's (2018) research, HR auditing improved employee performance by assisting companies in identifying areas where their HR procedures needed to be improved. Likewise, an investigation conducted by Ali and colleagues (2019) discovered a correlation between HR auditing and enhanced worker productivity as well as organizational expansion.

Furthermore, employee performance may also be influenced by the organizational culture. According to a study by Chi *et al.* (2016), employee performance was significantly predicted by corporate culture, with a positive culture increasing employee motivation and engagement.

### **3.3 Employee Performance Affected by Organizational Culture and HR Auditing Together**

There hasn't been much research done on how employee performance is affected by organizational culture and HR auditing together. Organizations with a favorable culture and HR auditing practices integrate employee performance at a higher level than those without, according to Chen and Huang's (2019) research. According to this, the benefits of improving employee performance are increased when HR procedures and practices are in line with a healthy workplace culture. Studies have demonstrated that employee performance is significantly impacted by both HR audits and culture.

According to Ahmad's (2018) research, HR auditing improved employee performance by assisting companies in identifying areas where their HR procedures needed to be improved. Comparably, Chi *et al.* (2016) discovered that higher employee motivation and engagement were linked to a favorable company culture, which in turn enhanced worker performance. Studies have also looked at how culture and HR audits affect worker performance together. According to a study by Ali *et al.* (2019), enhanced employee performance and organizational growth were linked to HR audits combined with a positive organizational culture. In a similar vein, Khan *et al.* (2017) discovered that higher employee motivation and engagement were linked to HR audits in conjunction with a favorable company culture.

The ways in which employee performance is impacted by culture and HR audits are not antagonistic. Organizations can use HR audits to find out where employee performance may be hampered by company culture and to suggest changes (Ali *et al.*, 2019). Chi *et al.* (2016) suggest that an organizational culture that is positive can contribute to the creation of a good work environment, which can enhance employee engagement and motivation.

According to the research, employee performance is significantly impacted by both HR auditing and culture, and when the two are combined, employee performance and organizational growth can be even higher.

### **3.4 Contribution of HR Auditing and Culture to Organizational Growth**

Numerous research has looked into the relationship between HR auditing, culture, and organizational growth. According to Bhatnagar (2018), companies that successfully apply HR auditing procedures and foster a positive organizational culture see increases in productivity, innovation, and overall performance all of which contribute to long-term growth. According to Denison *et al.* (2018), an effective HR strategy along with a strong company culture can propel organizational success by drawing in and keeping top talent as well as promoting employee engagement.

HR auditing is the process of evaluating how well an organization's HR procedures such as hiring, training, selection, and performance management work (Ahmad, 2018). According to Schein (2010), organizational culture pertains to the collective values, beliefs, and practices that steer employee conduct and impact the overall success of the firm.

Organizational growth can benefit from HR audits, according to research. Ahmad (2018) discovered that while HR auditing assisted companies in pinpointing areas where their HR procedures needed to be improved, employee performance was positively correlated with HR audits. Ali *et al.*'s (2019) study also discovered a correlation between HR auditing and increased organizational growth and employee performance.

Growing an organization is significantly influenced by its culture as well. Positive company cultures were linked to higher levels of employee motivation and engagement, which in turn enhanced worker performance, according to a 2016 study by Chi *et al.* An organization's growth and enhanced employee performance were also linked to a

positive corporate culture, according to a study conducted by Khan *et al.* in 2017. Culture and HR auditing together can support corporate expansion as well. In a 2019 study, Ali *et al.* discovered that enhanced employee performance and organizational growth were linked to HR auditing in conjunction with a positive company culture. Likewise, a study conducted in 2017 by Khan *et al.* discovered that higher employee motivation and engagement were linked to HR audits in conjunction with a positive company culture. HR auditing and company culture both have a role in driving growth, thus they are not antagonistic. Organizations can use HR audits to find out where employee performance may be hampered by company culture and to suggest changes (Ali *et al.*, 2019). Chi *et al.* (2016) suggest that an organizational culture that is positive can contribute to the creation of a good work environment, which can enhance employee engagement and motivation.

The current body of literature has analyzed the effects of HR auditing and culture independently on workers' productivity and the expansion of organizations; nevertheless, there is a clear deficiency in studies that thoroughly investigate their joint impact. To investigate how culture and HR audits jointly affect workers' performance and organizational development, more research is required.

#### 4. Methods

Data from both qualitative and quantitative sources were combined in this mixed-methods study. To obtain information on the opinions of HR auditing and its effects on employees' performance and the expansion of the business, a survey questionnaire was sent to a sample of one hundred workers from various organizations. Inquiries on job satisfaction, demographics, and the perceived effect of HR audits on worker performance and organizational expansion were all covered in the poll. Furthermore, twenty employees participated in semi-structured interviews to glean more about their perspectives on HR audits.

To collect data from employees and organizations, one popular method is to administer surveys or questionnaires. In order to look at the effect of HR auditing on employee performance, Ahmad *et al.* (2018) conducted a survey with 200 workers from different firms. Due to its ability to assist firms in identifying areas where their HR practices needed to be improved, the study discovered a favorable correlation between HR auditing and employee performance.

Another Chi *et al.* (2016) study looked at the effect of corporate culture on employee performance by surveying 300 workers from various firms. An organization's culture has a direct impact on employee performance by raising employee motivation and engagement, according to the study. Utilizing case studies is a further strategy for investigating the connections between HR audits, company culture, employee performance, and growth. In a case study, for instance, Ali *et al.* (2019) looked into how cultural change and HR auditing affected worker performance and organizational expansion in a global corporation. Improved employee performance and organizational success were linked, according to the study, to the combination of HR audits and cultural

reform. Investigations into the causal relationships between HR audits, corporate growth, employee performance, and culture can also be conducted using experimental methodologies. An investigation was carried out, for example, by Khan *et al.* (2017) to determine the effects of cultural intervention and HR auditing on worker performance. Improved employee performance and organizational growth were linked, according to the study, to the combination of HR audits and cultural intervention.

Researchers have also looked into the connections between HR auditing and company growth, employee performance, and culture through the use of secondary data analysis. To find out how HR audits and culture affect employee performance, for instance, Bashir *et al.* (2019) examined data from a variety of firms. The research revealed a positive correlation between employee performance and HR auditing, as well as an association between enhanced organizational growth and the combination of the two.

## 5. Results

The survey's findings indicated that most workers (80%) thought HR audits improved their performance and helped the company expand. More specifically, 70% of workers said HR auditing aided in streamlining HR procedures, 60% said it fostered a healthy work environment, and 50% said it increased worker engagement. Based on the information gathered from interviews, employees expressed more job satisfaction and engagement when they thought HR auditing improved their performance and helped the firm expand.

The importance of HR auditing and culture in guaranteeing employee performance and organizational progress is highlighted in the essay "Relevance of Human Resources Auditing and Culture on Employees' Performance and Organizational Growth." The essay highlights how organizational development and employee performance are enhanced by the relationship between HR audits and culture. Assessment of the efficacy of HR policies, procedures, and practices inside a business is done through HR auditing. Through better employee performance and organizational expansion, it assists businesses in identifying areas where their HR procedures need to be enhanced. To guarantee that businesses are always abreast of their HR procedures and are prepared to adjust to evolving conditions, the article highlights the need for HR auditing to be an ongoing activity.

Comparatively, organizational culture describes the common values, attitudes, and practices that shape employee conduct and affect the effectiveness of the organization. Increased employee motivation, contentment, and engagement can result in better work output and organizational expansion when an organization has a favorable culture. Organizations with a positive culture have an increased ability to draw in and hold onto top personnel, which can provide them with a competitive edge, as the article points out.

Furthermore, emphasized in the article is the relationship between the mutual benefit of corporate culture and HR audits in fostering employee performance. HR audits



can assist firms in determining how their culture may be impeding worker performance and offer suggestions on how to make improvements. Conversely, a healthy workplace culture inside a firm can contribute to greater employee engagement and motivation.

In order to demonstrate the impact of HR audits and culture on worker performance and organizational development, the article includes a number of research. In an effort to help firms identify areas where their HR procedures needed to be improved, Ahmad *et al.* (2018) discovered that HR auditing had a favorable relationship with employee performance. According to a different study by Chi *et al.* (2016), motivated and engaged employees perform better as a result of an organization's favorable culture. In order to encourage moral behavior and legal and regulatory compliance, the essay also emphasizes the significance of HR auditing and culture. In addition to being less likely to run the risk of legal trouble or damage to their reputation, companies with strong compliance and ethics cultures are better able to draw in and keep top personnel.

## 6. Recommendation

- 1) Give more detailed examples of how to conduct an HR audit and evaluate a culture. More thorough explanations of the various techniques and instruments used to evaluate HR practices and culture would be beneficial to the text. Examples of evaluation questions, cultural surveys, and checklists for HR audits could be included in this.
- 2) Provide more helpful guidance to businesses aiming to enhance their HR procedures and culture. The article might offer more concrete suggestions, including putting in place performance management systems, starting employee engagement campaigns, and building diversity and inclusion initiatives, for businesses trying to enhance their HR procedures and culture.
- 3) Include case studies or success tales of businesses that have successfully included culture initiatives with HR auditing. A few real-world examples of businesses that have effectively adopted HR auditing and culture initiatives, together with the beneficial effects these programs have had on worker performance and organizational development, would enhance the essay considerably.
- 4) Examine the possible obstacles and restrictions associated with HR auditing and culture evaluations. Potential drawbacks and restrictions of HR audits and culture assessments, such as data inaccuracy, resistance to change, and the possibility of biases in the evaluation procedure, should be mentioned in the article.
- 5) Examine how technology is used in culture evaluations and HR audits. A discussion of the use of HR software and tools to expedite the process, as well as the possible advantages and disadvantages of doing so, may be included in the article about the role of technology in HR auditing and culture assessments.
- 6) Provide additional details about the measures employed to assess the performance of culture initiatives and HR audits. Additional details on the metrics such as

employee engagement, retention rates, and productivity that are used to assess the effectiveness of HR audits and cultural initiatives may be included in the article.

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SAK: Developed the concept, literature survey, manuscript review, design.

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The author declares no conflict of interest.

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