

## From Human Resources Auditing to Governance Excellence: Case Study of Agricultural Equipment Manufacturing Company –Sidi Bel Abbès-Algeria

DIAFI Nawel<sup>1</sup>, KAZOUZ Rafika<sup>2</sup>, BEKHTI Zoulikha<sup>3</sup>

<sup>1,2,3</sup>Financial and Accounting Studies Laboratory.

Djillali Liabes University -Sidi Bel Abbès-. Algeria

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### Abstract

This research paper explores the level at which Human Resources Auditing (HRA) can be used as a means of governance excellence in an Algerian manufacturing company. A case study design was used to collect data using a structured HR audit checklist conducted on a sample of 50 employees working in managerial, supervisory and operational roles. The descriptive statistics and one-sample t-tests were used to evaluate the level of HRA practise implementation in five HR functions including recruitment, training and development, performance evaluation, health and safety, and compensation and benefits. The findings suggest that HRA practises are applied at statistically significant and moderate levels in all functions and that they are more applied to recruitment and performance evaluation and less effective in training evaluation, preventive health and safety actions, and compensation transparency. Comprehensively, the results indicate that the functioning of Human Resources Auditing is rather compliance-based control mechanism that partially aligns with the principles of governance excellence, which needs to be more strategically integrated to increase its influence on governance.

**Key words :** Human Resources Auditing; Governance Excellence; Corporate Governance; Algerian Company.

### I.Introduction

Over the past years, companies have been under increased pressure to ensure their governance systems are enhanced in accordance with the increasing pressure on transparency, accountability, ethical behavior, and sustainable performance. Corporate governance has therefore transformed into a strict compliance and control thinking to a more broad-based approach on stakeholder engagement, risk management and long-term value-creating approach. In such a scenario, human capital management has become one of the most critical governance areas since employees constitute a strategic resource and also one of the vital stakeholders in the given situation.

Human Resources Auditing (HRA) has recently been an item of scholarly and practice literature focus, being an internal process with the capacity to serve the governance purpose. Conventionally seen as the administrative weapon, which is intended to secure the adherence to labor laws and internal processes, HRA has gradually developed into the strategic tool that will analyze the performance, efficiency, and focus of HR activities on the organizational goals. Recent research shows that HR auditing may help improve transparency, accountability, fairness, and risk management which are key principles of good governance.

In spite of this development, the applied value of Human Resources Auditing to the excellence of governance is still unequal and situation-specific. The application of HR auditing in most organizations, especially in emerging economies, remains in a fragmented and procedural way that has not extensively been integrated into the overall governance systems. This brings about critical issues on whether the simple presence of the HR auditing practices is adequate to foster the excellence of governance or whether the effectiveness of the practice is determined by the intensity, continuity, and the strategic focus of the practice.

Empirical studies on the role of Human Resources Auditing in governance excellence in the Algerian industrial setting are very few. The manufacturing organizations, which are highly dependent on the human capital and under the rigid regulations and safety standards, are an especially pertinent environment to study this relationship. Based on this, the study examines the importance of Human Resources Auditing on the enhancement of good governance by providing a case study on an agricultural equipment manufacturing company. Through measuring the magnitude of the application of HR audit practices in the major HR functions and how it is governed, the study will add to the knowledge of HR auditing as an intermediate process between administrative compliance and governance excellence.

### **1.Problem Statement**

Though Human Resources Auditing has developed in principle as a compliance-based control mechanism to a possible governance tool, its actual role in governance excellence is still unclear in most organisational settings. Although formal HR audit procedures might exist, they are usually applied in a disproportionate way across the HR functions and are poorly integrated in the strategic governance processes.

The Algerian industrial sector is one of the areas where there is no empirical evidence regarding the practise of Human Resources Auditing, or how it is applied in practise and how it promotes the principles of governance, including transparency, accountability, fairness and risk management. This brings some disparity between what has been theorised in the literature on HR auditing and the practise of the same in organisations.

The central problem addressed in this paper concerns the gap between the formal implementation of Human Resources Auditing practices and their effective contribution to governance excellence. Specifically, it remains unclear whether HR auditing in Algerian manufacturing firms is implemented at a level that supports governance excellence by promoting transparency, accountability, fairness, and risk management, or whether it remains primarily an administrative practice with limited governance implications.

In response to this identified gap between theory and practice, the present study seeks to examine the role of Human Resources Auditing in governance excellence within an Algerian manufacturing context.

### **2.Main Research Question**

To what extent do Human Resources Auditing practices contribute to governance excellence within the studied Algerian manufacturing company?

To address this research question systematically, the analysis is structured around two interrelated sub-research questions :

**Q1 :** To what extent are Human Resources Auditing practices implemented across key human resource functions within the studied company?

**Q2 :** To what extent are Human Resources Auditing practices within the studied organization aligned with governance excellence principles?

Based on these sub-research questions, corresponding hypotheses are formulated to enable empirical examination of the study's objectives :

**H1:** Human Resources Auditing practices are implemented at statistically significant levels across key human resource functions within the studied organization.

**H2 :** Human Resources Auditing practices within the studied organization are more strongly aligned with governance excellence principles.

### **3. Research Contribution**

The present research has two main ways of contributing to the existing literature. First, it offers empirical data of an emerging economy, which can fill a significant gap in the body of research in governance and HR auditing, which largely focuses on developed economies. The Algerian industrial setting provides a unique regulatory, institutional, and cultural setting that can enhance comparative governance studies.

Second, the research paper assumes the audit-diagnostic approach where HR auditing practices act as measures of governance maturity. This strategy changes the analytical emphasis of employee perception to the formal HR control visibility, consistency, and governance orientation.

## **II. Conceptual Background**

### **II.1. Human Resource Auditing (HRA)**

Human Resource Auditing has evolved in the past ten years to become a strategic management and governance instrument that has ceased to be a management tool of administrative control and has come to be the organisational value and responsibility.

According to Ukil (2015), HRA was defined as HR policy and practices measurement that puts emphasis on compliance, performance, and strategy alignment (Ukil, 2015).

One of the most elaborated contemporary definitions was given by Huselid (2015) who defined HRA as a set of systematic, formal processes aimed at analyzing the efficiency and effectiveness of the HR management system used by the firm and comparing its performance with the internal and external standards. His model made HR auditing a model of constant improvement, which was directly related to the attainment of strategic and operational objectives. (Huselid, 2015)

Balz (2015) extended the viewpoint, contributing the HRA to the risk management and compliance governance. He explained that audits and investigations of HR are proactive approaches of uncovering non-compliance, inefficiencies, and unhealthy practices of an organisation and hence facilitating the viability of an organisation in the long-term. The way auditing and investigation is unified in the management of the HR indicates a shift to the a priori control of the management and moral stewardship. (Balz, 2015)

According to Al-Hameed and al. (2017), Human Resources Auditing is a systematic audit designed to evaluate the assessment of human resources management by the top management. It entails the analysis of philosophies, policies, procedures and operations concerning human capital management in order to determine its strengths and weaknesses. It also measures the

capacity of the HR management to produce value using the human factors and enhance the organization. (Al-Hameed, 2017)

Adllaleh et al. (2024) subsequently supported the strategic nature of HR auditing with a framework of performance-focused metrics that evaluate the effectiveness of the HR at the levels of the professionals, units, and the organization. Their method made HRA a multidimensional assessment tool, linking HR measures with organizational performance, which provides it with a strategic value. (Adllaleh & al, 2024)

In these studies, the nature of HRA is positioned as an elaborate evaluative procedure that ensures efficiency as well as accountability in the manner in which management of human resources is handled, a core aspect of good governance.

## **II.2. Corporate Governance**

The definition of corporate governance has always been associated with the way organizations are managed and guided. Initial and powerful definitions, especially those promoted by the OECD, focus on governance as a model, which stipulates the allocation of rights and responsibilities among boards, managers, shareholders, and other stakeholders, and how decisions are made (OECD, 1999, cited in Almashhadani, 2021). This view is one which is control oriented and is close to the agency theory. (Almashhadani, 2021)

According to Muller et al. as cited in Ahmed (2018), governance refers to processes by which organizations are guided, and according to Tofan et al, also cited in Ahmed (2018), the orientation towards organizational goals and at the same time meeting legal, ethical, and contractual requirements. (Ahmed, 2018)

Recent literature emphasizes the relational and situational aspect of corporate governance. According to Miązek (2021), corporate governance can never have a single definition because it is the interaction of various groups of stakeholders, namely, shareholders, the management, employees, and external partners. This change is a move towards a shareholder-based model, as compared to the stakeholder-based model. (Miązek, 2021)

Hossain et al. (2024) combine such views by defining corporate governance as a combination of policies, processes, and guidelines, which define the way the organization sets its objectives, oversees them, and fulfills them, coordinating the interests of different stakeholders. (Hossain, 2024)

Corporate governance has therefore ceased to be a control and compliance approach but it has become a more inclusive approach that entails accountability, ethical behavior and stakeholder involvement.

## **II.3. Governance Excellence (GE)**

Governance Excellence is a more developed and comprehensive form of governance development.

According to Salman and Laouisset (2020), excellent governance is attained when the organizations incentivize and empower leaders and managers based on training models and excellence models, and improve integrity, employee commitment, and governance effectiveness. (Salman, 2020)

The OECD (2020) extends this knowledge by proposing governance excellence as the governance that addresses the needs of the society, as well as enhancing the outcome of people, by a values-based culture that focuses on effectiveness, equity, and national interest. This

school of thought puts human well being and ethics at the heart of governance excellence. (OECD, 2020)

The more recent input is related to governance excellence to institutional performance and innovation. Ibrahim (2021) defines governance excellence as institutional excellence, which is attained by using improved administrative practices and digital governance systems. (Ibrahim, 2021)

Altogether, these definitions make governance excellence a multidimensional concept incorporating ethical leadership, effectiveness of performance, responsiveness to stakeholders, and long-term sustainability.

#### **III.4. Governance Excellence and the Role of HR Auditing**

Human Resources Auditing (HRA) is becoming a very important internal process that has been identified in literature as a significant tool in enhancing governance excellence. The initial empirical research by Al-Hameed et al. (2017) reflects that HR auditing plays a role in governance by conducting a systematic evaluation of HR policies and practices, administrative adherence, strengths and weaknesses, and information dependable to decision-makers. This school of thought puts HR auditing in more of a control and compliance-based governance tool. (Al-Hameed, 2017)

Based on this premise, Hussein and Khamees (2021) expand the role of HR auditing in governance by associating it with well-known governance and control frameworks, including COSO (committee of sponsoring organizations). They emphasize the role of HR auditing to the governance culture, strategic alignment, performance measurement, information and communication systems and feedback mechanisms and hence extend the role to include compliance and integrated governance support. (Hussein & khamees, 2021)

Likewise, Adllaleh et al. (2024) reveal that HR auditing promotes a better governance level by improving managerial operations and organizational productivity based on a multi-level system of evaluation that includes HR results, HR practitioners, and HR operations. (Adllaleh & al, 2024)

The latest literature outlines new challenges and opportunities related to digital transformation. According to Singh and Mishra (2025), HR audits improve on transparency, accountability, and fairness-namely the basic principles of good governance, as well as internal controls and quality of decision making. (Singh & Mishra, 2025)

Similarly, Stefanescu and Marin-Navarro (2025) amend that under the influence of a solid set of ethical considerations, digital HR auditing may be the foundation of the sustainable corporate governance, laying equilibrium between efficiency, transparency, innovation, and protection of employee rights. (STEFANESCU & MARIN, 2025)

Overall, the literature review shows that there was a definite development of the concept of HR auditing as a compliance-based control tool to the concept of HR auditing as strategic governance tool. Operationalizing governance ideas in human capital management, specifically compliance, transparency, accountability, risk management and employee well-being, Human Resources Auditing holds a pivotal role to play in supporting ethical, effective and sustainable governance excellence.

### **III.Methodology**

To answer the primary research question, the research uses a two stage analytical approach. To begin with, the level of auditing practice of Human Resources to major functions of human resources is assessed because formal auditing structure is a requirement of the contribution to governance. Second, the governance orientation of these practices is measured through the level to which they are congruent with the governance excellence principles that include transparency, accountability, fairness, and risk management.

#### **III.1.Research Design**

This paper is a qualitative analysis and quantitative descriptive study that takes the form of a case study to explore the role that Human Resources Auditing (HRA) plays in governance excellence in the algerian company 'Agricultural Equipment Manufacturing Enterprise (situated in Sidi Bel Abbès state). The case study design enables the deep analysis of the practices of the HR audits in their organizational settings.

#### **III.2.Data Collection Instrument**

A structured HR audit checklist was used to collect the data by asking the employees to complete it. Though the instrument is administered in the form of a questionnaire, it is rather an audit diagnostic instrument, which evaluates whether formal HR audits are present or not, and whether they are properly applied in accordance with the corporate governance principles. The checklist addresses 5 domains of HR audit: Recruitment, Training and Development, Performance Evaluation, Health and Safety, and Compensation and Benefits.

It has specific domains that are directly connected to the governance aspects of transparency, accountability, fairness, compliance, and equity.

#### **III.3.Measurement Scale**

A binary (Yes/No) scale was used to measure all items on the checklists with:

- **Yes** : means that there exists the audited practice and it is applied.
- **No** : show non-existence, non-application, or non-visibility.

This scale is consistent with professional HR audit methodologies, which prioritize compliance detection and governance gap identification over attitudinal measurement. While the binary scale limits response variability, it enhances the objectivity and diagnostic value of audit findings by minimizing subjective interpretation.

#### **III.4.Sample and Data Collection**

The checklist was distributed to employees occupying administrative, supervisory, and operational roles within the organization. These respondents were selected due to their direct exposure to HR practices and internal governance mechanisms. Participation was voluntary, and responses were treated confidentially to reduce social desirability bias.

The study adopts an internal stakeholder perspective, recognizing employees as key governance actors whose awareness reflects the transparency and institutionalization of HR auditing practices.

**Table 1.Samlpe**

	<b>Range</b>	<b>N° of Participants</b>	<b>Percentage (%)</b>
<b>Age</b>	<b>Less than 30</b>	18	36
	<b>31-50</b>	29	58
	<b>More than 50</b>	3	6
<b>Gender</b>	<b>Male</b>	23	46
	<b>Female</b>	27	54
<b>Curent Position</b>	<b>Manager</b>	26	52
	<b>Supervisor</b>	7	14
	<b>Worker</b>	17	34
<b>Educational level</b>	<b>Less than secondary education</b>	1	2
	<b>Secondary education</b>	16	32
	<b>University education</b>	29	58
	<b>Vocational training</b>	4	8
<b>Years of Experience</b>	<b>1-5</b>	7	14
	<b>6-15</b>	32	64
	<b>More than 50</b>	11	22
<b>Total</b>		<b>50</b>	<b>100%</b>

**III.5.Data Analysis**

The gathered data was compared through the descriptive statistical means, frequencies, and percentages of Yes/No responses. To facilitate analysis, responses were coded as Yes = 1 and No =0 and mean scores and standard deviations were able to be computed.

Items were summed up into different Human Resources auditing areas (recruitment, training, performance evaluation, health and safety and payment). The overall level of application of HR auditing practises was measured using domain-level mean scores.

According to the audit methodology, findings were taken to be audit findings and not subjective opinions. An increase in the mean values and higher share of affirmative answers show the presence of HR governance controls and their use, respectively, whereas lower share is the partial use of governance controls and indicator of governance weaknesses or audit risks.

One-sample t-tests were also applied to test the hypothesis on whether the observed means scores were significantly different to the test value adopted to support descriptive analysis. Diagnostic validation was conducted through the t-test that found the HR auditing application levels significantly different and not to make an inference.

According to the domain-level outcomes, each of the HR functions was found to have strengths, weaknesses, and governance risks, and thus allow the organisation of a systematic evaluation of the contribution of Human Resources Auditing to the effectiveness of governance.

### III.6. Methodological Limitations

This study has several methodological limitations. First, the single-case design restricts generalizability beyond the studied organization. Second, the use of a binary scale limits analytical depth and variance. Third, governance excellence is inferred indirectly through HR auditing practices rather than measured as an independent construct. These limitations are acknowledged and provide directions for future research.

### IV. Results : Level of Application of Human Resources Auditing Practices

In this section, the findings of the empirical research are outlined concerning the degree of human resource auditing (HRA) practices in the Algerian company being investigated. The statistical methods were descriptive statistics (means and standard deviations) and one-sample t-tests to determine whether the results obtained on the application levels are significant when compared to the test value adopted.

#### IV.1. Recruitment Auditing

Table 2 gives out the outcomes involving the recruitment auditing practices. The recruitment aspect had a mean of 1.63 and standard deviation value of 0.49. The t-test one-sample provided a t-value of 26.627 which is statistically significant at  $p < 0.001$ .

**Table 2. Level of Application of Recruitment Auditing Practices**

Statement	S	Mean	S D	Calculated t-value	Degrees of Freedom	Sign Level
There is a clear job description for each position within the company.	50	1.26	4430.	20.108	49	0.000
The company regularly updates job specifications.	50	1.70	4630.	25.968	49	0.000
The company uses formal job advertisements when recruiting employees.	50	1.74	4430.	27.768	49	0.000
Employees are informed about internal job opportunities.	50	1.58	4990.	22.409	49	0.000
Applicants are required to complete standardized application forms.	50	1.52	5050.	21.297	49	0.000
Unsuccessful candidates are formally informed of their rejection.	50	1.76	4310.	28.847	49	0.000
There is a comprehensive and professional employment contract	50	1.52	5050.	21.297	49	0.000
Employment contracts are reviewed and verified by a legal advisor.	50	1.92	2740.	49.540	49	0.000
The backgrounds of job applicants are reviewed before recruitment.	50	1.58	4990.	22.409	49	0.000
<b>Total</b>	<b>50</b>	<b>1.62</b>	<b>0.45</b>	<b>26.627</b>	<b>49</b>	<b>0.000</b>

Tabulated t-value = 1.676

These results imply that the company has put in place a set of formalised practises in recruitment auditing that is exhibited by availability of clear job descriptions, updated job specification, formal job advertisements, standard application practises, as well as, background checking of the candidates. The statistically significant mean score confirms the institutional presence and operationalization of the idea of recruitment auditing on the procedural level, which implies that the idea of human resources control is compliance-based. is partially in line with governance excellence, particularly, with fairness and legality.

Nevertheless, the average score shows minor deviations with regards to governance-related areas of recruitment as well. Specifically, practises that are focused on transparency - including legally certifying employment agreements and communicating with unsuccessful applicants regularly - seem to be less uniform. This means that recruitment processes are formalised but not as deeply governed, particularly in the area of legal rigour and stakeholder communication. In general, recruitment auditing is a mechanism of internal control that has not been fully aligned with the governance excellence. The existing practises are not exactly encompassing the principles of fairness and legality as required of governance excellence since they are mostly based on compliance. This places the recruitment auditing in a transitional area, in which formal control is obvious, but strategic governance integration has not been realised completely.

**IV.2. Training Auditing**

The results of training of auditing practices are reported in Table 3. The aspect of training auditing was discussed based on two axes, which include orientation of new employees, and training and development. The orientation axis had a value of 1.46 with a standard deviation of 0.50, and training and development had a value of 1.42 with a standard deviation of 0.49. The t-values of both axes were significantly lower at  $p < 0.001$ .

**Table 3. Level of Application of Training Auditing Practices**

Statement	S	Mean	S D	Calculated t-value	Degrees of Freedom	Sign Level
New employees receive orientation regarding workplace policies and procedures.	50	1.52	0.505	21.297	49	0.000
Company policies and procedures are clearly documented and applicable to the work environment.	50	1.52	0.505	21.297	49	0.000
All policies and procedures are formally communicated and implemented.	50	1.58	0.499	22.409	49	0.000
New employees receive appropriate training to perform their jobs effectively.	50	1.50	0.505	21.000	49	0.000

Employees are trained on new operational procedures required to perform their duties.	50	1.24	0.431	20.324	49	0.000
Employees are provided with opportunities to develop their current skills.	50	1.40	0.495	20.004	49	0.000
Employees are evaluated after completing training programs	50	1.48	0.505	20.737	49	0.000
<b>Total</b>	<b>50</b>	<b>1.46</b>	<b>0.49</b>	<b>21.010</b>	<b>49</b>	<b>0.000</b>

**Tabulated t-value = 1.676**

These results suggest that the company has a collection of formal training auditing practises, specifically related to employee orientation, policy and procedures documentation, and provision of basic training and skill improvement opportunities. The significance of the mean score indicates that training-related controls exist and operate at an operational level indicating a systematic response to workforce development.

Nevertheless, the average score is moderate as well, which also indicates constrained governance-oriented aspects of training auditing. Specifically, it is possible to note such weaknesses as the systematic assessment of the training results and the uniformity of training use among employees. It means that although training activities exist, auditing is also still rather procedural and lacks proper support by feedback and assessment mechanisms.

In general, training auditing is defined as a practise based on compliance that is designed with the purpose of guaranteeing the acquisition of basic skills and continuity. However, its selective use limits its correspondence to the excellence of governance because the lack of strict assessment limits responsibility and decreases the strategic importance of training as a governance-supporting activity.

#### **IV.3. Performance Evaluation Auditing**

As shown in Table 4, performance evaluation auditing recorded a mean value of 1.52 with a standard deviation of 0.48. The one-sample t-test confirms that this result is statistically significant at  $p < 0.001$ , with a calculated t-value of 22.266.

**Table 4. Level of Application of Performance Evaluation Auditing Practices**

<b>Statement</b>	<b>S</b>	<b>Mean</b>	<b>S D</b>	<b>Calculated t-value</b>	<b>Degrees of Freedom</b>	<b>Sign Level</b>
There is a formal and effective performance management system in place.	50	1.56	0.501	21.999	49	0.000
The effectiveness of the performance management system is reviewed regularly.	50	1.68	0.471	25.210	49	0.000

Employee performance is evaluated based on both quality and quantity of work.	50	1.30	0.463	19.858	49	0.000
Employees are evaluated objectively and without bias.	50	1.56	0.501	21.999	49	0.000
<b>Total</b>	<b>50</b>	<b>1.52</b>	<b>0.48</b>	<b>22.266</b>	<b>49</b>	<b>0.000</b>

Tabulated t-value = 1.676

The findings show that the company has formalised performance evaluation auditing practises, comprising of formal performance management systems, periodical reviews and spelt out evaluation criteria. The statistically significant mean proves the institutionality of performance evaluation mechanisms and its purpose in checking employee performance. Although this is formalised, the moderate mean score shows governance reliant vices, especially in regard to the perceived objectivity and consistency of performance appraisals. The findings indicate that the performance auditing practises are not necessarily perceived as completely unbiased or transparent practises that limit their efficiency as governance controls. Generally, performance evaluation auditing is a control mechanism that helps in basic accountability. Nevertheless, it has an average level of application that denotes the fact that it is not fully aligned with governance excellence since the lack of transparency and fairness hinders its ability to help in making decisions that are equitable and performance-based.

#### IV.4. Health and Safety Auditing

The results associated with health and safety auditing practices are found in Table 5. The standard deviation and mean of this dimension were 0.45 and 1.44 respectively. The t-value (23.385) is statistically significant at the p-value of 0.001.

**Table 5. Level of Application of Health & Safety Auditing Practices**

Statement	S	Mean	S D	Calculated t-value	Degrees of Freedom	Sign Level
Employees receive training in occupational health and safety.	50	1.40	0.495	20.004	49	0.000
Emergency contact numbers are provided to all employees.	50	1.88	0.328	40.497	49	0.000
Employees are encouraged to report workplace accidents and risks immediately.	50	1.28	0.454	19.956	49	0.000
Workplace injuries are reported, documented, and investigated.	50	1.10	0.303	25.667	49	0.000
Health and safety policies are clearly displayed and approved by top management.	50	1.46	0.503	20.506	49	0.000
Emergency evacuation plans and procedures are established.	50	1.40	0.495	20.004	49	0.000

There is a dedicated committee or department for occupational health and safety.	50	1.36	0.485	19.833	49	0.000
Workplace inspections and safety audits are conducted regularly.	50	1.56	0.501	21.999	49	0.000
There is a policy that prevents discrimination and harassment.	50	1.56	0.501	21.999	49	0.000
<b>Total</b>	<b>50</b>	<b>1.44</b>	<b>0.45</b>	<b>23.385</b>	<b>49</b>	<b>0.000</b>

**Tabulated t-value = 1.676**

The results indicate that the company has a number of formal health and safety auditing practises such as incident reporting, risk awareness, and documented safety policies. The mean score that has statistically significant value implies that health and safety auditing is integrated into the operational control system of the organisation.

However, the mean value of moderate shows imbalanced use in the dimensions of health and safety. Although some reactive strategies, including incident documentation, are apparent, preventative ones, including systematic safety audit, emergency preparedness, and active risk assessment are not well practised. Such imbalance implies that there are loopholes in the governance orientation of health and safety auditing.

In general, the nature of health and safety auditing is mostly regulatory-based where only compliance is aimed at. The fact that it is partially implemented restricts its correspondence to their governance excellence, especially in terms of anticipating risk management and long-term staff welfare.

#### **IV.5.Payment (Wages and Compensation) Auditing**

The findings of payment auditing practices are presented in Table 6. This dimension had (M = 1.48, SD = 0.48). The single sample t-test warrants that this amount of application is statistically significant ( t = 22.089, p = 0.001).

**Table 6.Level of Application of Payment Auditing Practices**

<b>Statement</b>	<b>S</b>	<b>Mean</b>	<b>S D</b>	<b>Calculated t-value</b>	<b>Degrees of Freedom</b>	<b>Sign Level</b>
There is an officially approved and documented wage structure.	50	1.20	0.404	21.000	49	0.000
The wage structure is reviewed regularly.	50	1.50	0.505	21.000	49	0.000
Employees are informed about compensation and benefits policies.	50	1.46	0.503	20.506	49	0.000
Employees are informed about deductions applied to their wages.	50	1.36	0.485	19.833	49	0.000
Employees receive their wages on time.	50	1.40	0.495	20.004	49	0.000

Paid leave procedures are formally established.	50	1.48	0.505	20.737	49	0.000
There are documented and implemented incentive and reward plans.	50	1.72	0.454	26.815	49	0.000
Compensation and benefits are based on merit and entitlement.	50	1.72	0.454	26.815	49	0.000
<b>Total</b>	<b>50</b>	<b>1.48</b>	<b>0.48</b>	<b>22.089</b>	<b>49</b>	<b>0.000</b>

**Tabulated t-value = 1.676**

The findings show that the entity has formal practises in payment auditing, such as documented wage structures, consistent payment of salaries and set processes of leaves. This is statistically significant to prove that there are simple forms of compensation-related controls in the organisation.

Nevertheless, the comparatively low average score with the rest of the HR functions indicates significant weakness in governance. Specifically, a lack of transparency when it comes to compensation policies, incentives, and benefits distribution implies the vulnerabilities of communication and equity-related culture. This makes the compensation system less clear and viewed as fair.

Overall, there is an existence of payment auditing, but it is more procedural. Its partial alignment to the governance excellence demonstrates the lapse in the areas of transparency and equity, which makes compensation auditing among the weakest links of the HR governance model in the organisation.

#### **IV.6.Comparative Assessment of HRA Application Levels**

Table 7 provides a comparative rating of the five HRA dimensions in terms of their average score.

**Table 7 : Ranking of HR Auditing Aspects by Mean Scores**

<b>Rank</b>	<b>HR Auditing Aspect</b>	<b>Mean</b>
<b>1</b>	Recruitment	1.62
<b>2</b>	Performance Evaluation	1.52
<b>3</b>	Payment	1.48
<b>4</b>	Training	1.46
<b>5</b>	Health & Safety	1.44

Comparative analysis of HRA five dimensions has revealed that recruitment auditing is the most applied dimension followed by performance evaluation, payment auditing, training and health and safety whereas is the least applied. Even though all dimensions are statistically significant, none of them is at the level that can be considered in full accordance with governance excellence.

On the whole, the results indicate that the practices of Human Resources Auditing are at the moderate and statistically significant level, though there are significant gaps in governance, especially in the areas of legal compliance, transparency, and incentive management.

## **V. Discussion: From Application Level to Governance Impact: Analytical Transition**

Although these findings support the presence and statistical significance of HRA practices, accountability, fairness, and transparency, the governance excellence is not only about the application of the procedures but also about the strategic integration.

### **V.1. Human Resources Auditing Between Compliance and Governance Excellence**

According to the empirical evidence, the Human Resources Auditing within the organization under study functions as a compliance-based mechanism mostly. The average scores in all the HR dimensions produce a moderate indicate the existence of formal audit procedures, although their effectiveness in the governance is not balanced.

In terms of governance, this placing is an indicator of a transitional period between governance excellence and administrative control. Where compliance-focused auditing is used to verify adherence to rules and procedures, governance excellence mandated HR auditing to be proactive in improving accountability, transparency and ethical actions.

### **V.2. Governance Impact of Recruitment Auditing**

The highest application was registered under recruitment auditing of the reviewed HR functions, which demonstrates a higher level of formalisation and procedural transparency. This substantiates governance expectations in the areas of clarity of roles, standardised hiring methods, and equal access to employment opportunities that lead to structured and rule-based decision-making.

Nevertheless, the effectiveness of governance of recruitment auditing is limited by the lack of power in legal validation and communication with stakeholders. Poor legal scrutiny of employment contracts and scarce feedback to the unsuccessful applicants decrease the perception of equity and responsibility. Consequently, recruitment auditing helps in governance compliance but is not taking full advantage of its potential in encouraging governance excellence.

### **V.3. Governance Impact of Training Auditing**

The role of training auditing in governance is mainly in the aspect of organisation sustainability and human capital development. The moderate level of application suggests that this organisation invests in the onboarding and development of skills, which is in line with the concept of stewardship-oriented governance.

Nonetheless, the inadequacy of evaluation of training effects and the poor formalisation of the dissemination of policy undermine the governance effect of training auditing. Training practises unless structured through the use of systematic assessment and accountability mechanisms will end up being operational instead of governance-enhancing. Consequently, the role of training auditing in the sustainability of governance is supported, whereas the effect on governance effectiveness and accountability is limited.

### **V.4. Audit Governance Impact of Performance Evaluation**

Performance evaluation auditing has a leading role in accountability and performance control in governance. The findings suggest that there are performance evaluation mechanisms, however, the moderate level of its application is indicative of the apprehension related to objectivity and periodic review.

Governance perspective, this restricts the quality of performance-based decision-making and the congruency between performance results and rewards. Performance evaluation auditing is

therefore a contributor to governance accountability in principle though this is undermined by its perceived lack of fairness and transparency.

#### **V.5. Governance Impact of Health and Safety Auditing**

Health and safety auditing will also assist directly in governance as a risk management tool, as well as compliance and employee protection. The results indicate a complex effect of governance: on the one hand, reactive mechanisms (incident reporting mechanisms are robust), and on the other hand, preventive governance (emergency preparedness mechanisms and standard audit mechanisms) are less well-developed.

This imbalance is an indication that health and safety auditing is actuarial to governance compliance and it has not reached the level of an active risk governance instrument. This consequently restricts its role in excellence in governance due to inadequate anticipation and prevention systems.

#### **V.6. Governance Impact of Payment Auditing**

Though there are formal wage structures, there is poor transparency in matters to do with benefits, incentives and compensation policies, this leads to a lack of equity and integrity as three of the key principles of governance.

On governance excellence front, the compensation system should be transparent and fair and performance based to gain legitimacy and trust. The low level of implementing the payment auditing practises is thus a critical governance flaw because it influences how the employees perceive fairness and organisational integrity is compromised.

#### **V.7. Overall Governance Implications**

Combined, the results suggest that Human Resources Auditing leads to governance excellence in disjointed and uneven ways. Although auditing practices can be found in all the functions of the HR, their influence on its governance is not as strong as it could be due to partial implementation, ineffective legal support, and the lack of connection with the strategic decision-making processes.

It indicates that the HR auditing at the organization that was studied is at the bridge between the administrative compliance and governance excellence. To enhance the governance effect of HR auditing, it is necessary to move away the procedural outlook to a more strategic-transparent and accountability-oriented outlook, whereby the HR auditing is explicitly entrenched in the governance structure of the organization.

### **VI. Conclusion**

This paper has investigated the relevance of Human Resources Auditing (HRA) in governance excellence by analysing a case study of an Algerian based company that manufactures agricultural equipment. The research measured the extent of implementation of HRA practises in key HR functions by using a structured HR audit checklist and descriptive statistical analysis and evaluated their compliance with the principles of governance excellence.

The results demonstrate that the implementation of Human Resources Auditing practises is statistically significant and moderate in terms of recruitment, training, performance evaluation, health and safety, and payment functions. These findings substantiate the institutionality of HR auditing practises in the organisation and, therefore, the first hypothesis of the research (H1).

The biased implementation of these practises in relation to the HR functions, however, restricts their overall performance as far as the promotion of governance excellence is concerned.

Regarding governance, the research indicates that the HR auditing in the organisation studied is still largely compliant in nature. Although it is comparatively more efficient in procedurally controlled segments like recruitment and performance assessment, its governance role is inferior in those fields that demand elevated degrees of openness, equity as well as strategic integration- especially training assessment, preventive health and safety controls and compensation transparency. This means that the second research hypothesis (H2) is partly acceptable.

In general, the results locate Human Resources Auditing in an intermediate zone between administration compliance and governance excellence. Though there are formal auditing structures, their contribution to governance is limited by incomplete application, weak legal sidelining and inadequate incorporation into the strategic decision-making mechanisms. This implies that, even the existence of HR auditing practises cannot guarantee excellence in governance unless the practises are entrenched in a wider governance system that focuses on accountability, transparency, equity, and risk management.

The research adds value to the body of literature, as it offers an empirical evidence based on an emerging economy setting, which has a significant deficit in literature concerning HR auditing and HR governance. It also takes an audit-diagnostic approach that frames HR auditing as a marker of governance maturity as opposed to employee perception and thus provides an effective analytical framework to be used in further research.

The research has certain limitations, including its single-case design, the application of binary measurement scale, and indirect evaluation of governance excellence, even though it has made its contributions. Future studies can build upon this study by investigating more organisations, using longitudinal designs or by understanding how digital HR auditing systems reinforce excellence in governance.

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