



# An Analytical Study of Human Resource Development Practices for Risk-Centric Auditing in Private Banks of Nagpur

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**Abstract** – In the contemporary banking environment, increasing regulatory pressures, technological advancements, and emerging financial risks have significantly transformed the role of internal auditing. Risk-centric auditing has emerged as a proactive approach that focuses on identifying, assessing, and mitigating risks that may hinder organizational objectives. In this context, Human Resource Development (HRD) plays a crucial role in equipping audit professionals with the necessary skills, competencies, and risk awareness. This article analytically examines the Human Resource Development practices adopted by private banks in Nagpur to support risk-centric auditing. The study highlights the importance of training, skill development, performance appraisal, and continuous learning in enhancing the effectiveness of risk-based internal audit functions. The findings emphasize that structured HRD initiatives contribute significantly to strengthening audit quality, governance, and risk management in private sector banks.

**Keywords** – Risk-Centric Auditing, Human Resource Development, Training and Development, Private Banks.

## I. INTRODUCTION

Credit risk, operational risk, market risk, compliance risk, and emerging technological risks are all part of the extremely dynamic and risk-prone environment in which the banking industry operates. The complexity of banking operations has expanded dramatically due to rapid financial breakthroughs, regulatory reforms, and digital transformation. In a situation like this, the conventional internal auditing system, which focused mostly on transaction verification and compliance, has progressively changed into a more proactive and risk-focused method. In order to improve the efficacy of internal control and governance processes, risk-centric auditing focuses on identifying significant risk areas and prioritizing audit activities according to the degree and impact of risk.

Human Resource Development (HRD) has emerged as a strategic function in supporting this transition towards risk-centric auditing. In order to conduct successful risk-centric audits, auditors must have strong analytical capabilities, risk assessment abilities, technology proficiency, and regulatory awareness in addition to their technical expertise. Performance management, competency development, and ongoing training are crucial for preparing audit professionals to handle complex and evolving risks. HRD procedures are essential for producing skilled and risk-aware audit staff in private banks, where competition, performance demands, and regulatory expectations are very high.

Private banks are increasingly implementing risk-centric auditing procedures to guarantee operational effectiveness, regulatory compliance, and financial stability in response to the varied and changing risk environment. Risk management and internal control systems are greatly strengthened by HRD-supported activities including specialized training programs, skill development in digital

audit tools, and mechanisms for continual learning. In light of this, the current study examines the HRD procedures that underpin risk-centric auditing in Nagpur's private banks in order to comprehend their contribution to improving audit efficacy and overall risk governance.

### Concept of risk-centric auditing

The term "risk-centric auditing" describes an audit methodology that concentrates on locating, assessing, and ranking risks that could have an impact on the accomplishment of organizational goals. Risk-centric audits evaluate the efficacy of internal controls and risk management, in contrast to typical audits that focus on procedural compliance.

Because private banks are vulnerable to financial fraud, credit defaults, cybersecurity risks, and regulatory non-compliance, risk-centric auditing is especially crucial. Therefore, risk frameworks, risk appetite, and control mechanisms must be taught to auditors.

### HRD practices for risk-centric auditing

Risk-centric auditing in private banks is greatly enhanced by HRD practices. Banks need to train qualified audit professionals who can recognize, evaluate, and effectively manage risks in light of growing regulatory requirements, technological improvements, and complex risk environments. HRD procedures guarantee that auditors have the expertise, professional judgment, and information needed to take a proactive and risk-focused audit approach.

A well-designed HRD framework offers a methodical approach to professional development and ongoing learning. It guarantees clarity about auditors' responsibilities in risk identification, assessment, and mitigation and helps match their competencies with organizational risk management goals. Banks can improve



audit quality and fortify internal control systems through organized HRD activities.

### **Programs for Development and Training**

Auditors are regularly trained in risk management, information systems auditing, internal control systems, regulatory compliance, and forensic auditing to enhance audit effectiveness and risk awareness (Moeller, 2016). Refresher courses, workshops, and seminars assist auditors in staying current with emerging risks, regulatory modifications, and evolving audit standards (Institute of Internal Auditors, 2020; Pickett, 2011).

### **Skill and Competency Development**

Banks place strong emphasis on developing auditors' professional judgment, analytical skills, and risk assessment capabilities to support risk-centric auditing (Armstrong, 2014). To improve technical proficiency and audit efficacy, employees are encouraged to obtain professional certifications such as Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), and other risk management credentials. (Institute of Internal Auditors. (2020).

### **Performance Appraisal and Feedback**

Performance appraisal systems are designed to evaluate auditors on the basis of audit quality, risk detection effectiveness, and compliance adherence (Kaplan & Norton, 2001; Sawyer et al., 2012). Constructive feedback mechanisms help auditors identify performance gaps, strengthen accountability, and enhance overall audit performance (Noe, 2020).

### **Continual Learning and Knowledge Sharing**

Private Banks encourage continual learning through e-learning platforms, mentoring, peer discussions, and internal knowledge-sharing sessions (Dessler, 2017). These initiatives enable auditors to adapt to evolving regulatory frameworks, technological advancements, and dynamic risk environments (Basel Committee on Banking Supervision, 2015; Reserve Bank of India, 2021).

## **II. REVIEW OF LITERATURE**

Human Resource Development (HRD) plays an important role in improving employee skills, knowledge, and performance in organizations. In the banking sector, HRD is especially important due to frequent changes in regulations, technology, and risk exposure.

Armstrong (2014) states that HRD practices help align employee capabilities with organizational goals and improve overall effectiveness.

According to Noe (2020), regular training improves employees' understanding of job roles, compliance requirements, and risk management practices.

Moeller (2016) highlights that auditors who receive continuous training in risk management, internal controls, and auditing standards are better equipped to identify and manage risks effectively.

Dessler (2017) explains that analytical skills, professional judgment, and decision-making abilities are crucial for employees working in complex environments such as banking. Research also indicates that professional certifications like Certified Internal Auditor (CIA) and Certified Information Systems Auditor (CISA) enhance auditors' technical knowledge and improve audit quality (Institute of Internal Auditors, 2020).

Kaplan and Norton (2001) argue that performance evaluation systems linked to organizational objectives help improve accountability and efficiency.

Sawyer et al. (2012) stated that evaluating auditors based on audit quality and risk identification strengthens risk-centric auditing practices.

According to Dessler (2017), e-learning platforms, mentoring, and knowledge-sharing sessions help employees adapt to technological advancements and regulatory changes.

Griffiths (2015) explains that risk-centric auditing focuses on identifying key risk areas and allocating audit resources accordingly. The effectiveness of such auditing largely depends on the skills, experience, and professional competence of auditors, which are developed through continuous HRD initiatives.

Research by Becker and Huselid (1998) suggests that investment in employee training and development leads to better decision-making and improved organizational outcomes. In the banking sector, this translates into enhanced audit quality and stronger risk management systems. Well-trained auditors are more capable of evaluating complex transactions and detecting potential risks at an early stage.

According to Vasarhelyi, Kogan, and Tuttle (2015), the use of audit analytics and digital tools requires auditors to develop new technical and analytical skills. HRD practices that focus on technology-based learning help auditors improve accuracy, efficiency, and evidence-based risk assessment.

Senge (2006) emphasizes that learning organizations continuously update employee knowledge through shared learning experiences. In banks, knowledge-sharing sessions, mentoring, and collaborative learning help auditors understand emerging risks and regulatory expectations more effectively.

### **Need of the study**

The banking sector is experiencing an increase in complex financial, operational, technical, and regulatory risks. In this context, risk-centric internal auditing has become essential to ensuring sound corporate governance, strong internal controls, and effective risk management. However, the success of risk-centric auditing depends on the expertise, education, and continuous training of the human resources involved in the audit function.

Private banks in Nagpur are rapidly evolving due to laws, competition, and digitalization. Nevertheless, very few



empirical research has been conducted to ascertain whether the current HRD practices adequately meet the requirements of risk-centric auditing. Workload pressure, resistance to change, a lack of emphasis on risk-based approaches, and training deficiencies can all reduce the efficacy of audits.

Therefore, the current study is required to assess the suitability and alignment of HRD practices with risk management goals, comprehend how training and development programs improve auditors' capacity for risk assessment, and pinpoint the difficulties encountered in putting into practice efficient HRD support for risk-centric auditing. The results of this study will help bank management, HR specialists, and audit teams boost HRD initiatives, enhance audit quality, and guarantee improved risk control in Nagpur's private banks.

### Objective

- To assess how well HRD frameworks work and how well HRD policies match the goals of risk management.
- To evaluate how training and development initiatives contribute to improving risk-based auditing abilities.
- To assess the effectiveness of technology-oriented training and its role in risk management and audit quality.
- To determine the difficulties influencing HRD procedures.

## III. RESEARCH METHODOLOGY

The research methodology adopted for the present study is designed to examine the Human Resource Development (HRD) practices supporting risk-centric auditing in private banks of Nagpur. The methodology is structured as follows:

### 1. Research Design

The study adopts a descriptive and analytical research design. The descriptive approach is used to understand existing HRD practices, while the analytical approach helps in examining their impact on risk-centric auditing.

### 2. Nature of Data

The study is based on primary data, supported by secondary data.

Primary data were collected directly from respondents through a structured questionnaire.

Secondary data were collected from bank reports, RBI guidelines, published research articles, journals, books, and relevant websites.

### 3. Population of the Study

The population of the study comprises employees involved in HR, internal auditing, and audit support functions working in selected private banks located in Nagpur city.

### 4. Sample Size and Sampling Technique

The sample size of the study is 50 respondents.

Respondents include HR managers, internal auditors, and audit support staff.

A convenience sampling method was adopted due to time constraints and accessibility of respondents.

### 5. Tool for Data Collection

A structured questionnaire was used as the primary tool for data collection.

The questionnaire consists of two parts:

Part I: Demographic details (designation and experience).

Part II: Statements related to HRD practices and risk-centric auditing measured on a five-point Likert scale ranging from Strongly Disagree (1) to Strongly Agree (5).

### 6. Tools for Data Analysis

The collected data were analysed using:

Mean and standard deviation to assess the level of agreement.

Interpretative analysis to draw meaningful conclusions.

### Limitations of the Study

The study is limited to private banks in Nagpur only.

The sample size is relatively small.

Responses are based on self-reported perceptions, which may involve bias.

### Analysis of the study

Table 1: Profile of Respondents (Sample Size = 50)

Particulars	Category	No. of Respondents	Percentage (%)
Designation	HR Manager	7	14
	Internal Auditor	23	46
	Audit Support Staff	15	30
	Others	5	10
Experience	Less than 5 years	13	26
	5–10 years	22	44
	Above 10 years	15	30

### Interpretation

The respondent profile shows dominance of Internal Auditors (46%), indicating that opinions were gathered from professionals directly involved in auditing activities. A significant proportion of respondents (44%) have 5–10 years of experience, ensuring practical exposure to HRD practices and risk-centric auditing systems.

Table 2: Distribution of Responses (n = 50) with Mean Scores

Sr. No.	Statement	SD (1)	D (2)	N (3)	A (4)	SA (5)	Total	Mean	Std Dev
1	Well-defined HRD framework	4	6	8	20	12	50	3.62	0.94



2	HRD aligned with risk objectives	3	7	9	19	12	50	3.58	0.91
3	Regular training on audit & risk	5	8	10	17	10	50	3.40	1.02
4	Focus on risk-based auditing	4	9	11	16	10	50	3.36	1.01
5	Training improves risk assessment	3	6	8	21	12	50	3.70	0.88
6	Training on digital audit tools	6	10	12	14	8	50	3.18	1.07
7	HRD improves risk-centric auditing	4	7	9	18	12	50	3.56	0.93
8	Training improves audit quality	2	5	7	22	14	50	3.84	0.86
9	Workload limits training	6	8	10	16	10	50	3.34	1.05
10	Resistance to change exists	5	9	11	15	10	50	3.30	1.03
11	HRD needs strengthening	3	5	7	20	15	50	3.78	0.89

### Overall Interpretation

- Mean values above 3.5 for most statements indicate a positive perception of HRD practices in supporting risk-centric auditing.
- The highest agreement was observed for the role of trained employees in improving audit quality and risk control (Mean = 3.84).
- Digital audit tools and analytics training received the lowest mean score (3.18), highlighting a skill and technology gap.
- Respondents moderately agreed that workload pressure and resistance to change affect effective training implementation.
- A strong consensus exists that HRD practices require further strengthening to meet evolving risk-centric auditing demands

## IV. CONCLUSION

The study comes to the conclusion that the efficacy of risk-centric auditing in Nagpur's private banks is significantly impacted by HRD practices. The results demonstrate that greater risk assessment and audit quality are strongly correlated with well-organized HRD frameworks and training initiatives. The majority of respondents concur that training improves auditors' proficiency and promotes risk-focused audit procedures. However, issues including a lack of training on digital audit tools, workload limitations, and reluctance to change suggest that HRD activities need to be strengthened even further. Overall, the study highlights the importance of ongoing HRD practice development in building a competent audit staff and guaranteeing successful risk-centric auditing in private banks.

### Suggestion

- Private Banks should explicitly integrate their HRD frameworks with risk-centric auditing goals in order to further enhance them.
- Specialized training courses on risk-based auditing should be offered To improve auditors' abilities
- Training on data analytics and digital audit technologies needs more attention.
- Flexible and time-efficient training techniques should be used to solve workload concerns.
- Employee involvement and good communication can help lower resistance to change.

- To enhance risk assessment and audit quality, HRD programs should be continuously evaluated.

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