

2.2. REMUNERATION AND TRAININGS AS HR AUDIT COMPONENTS INCREASING THE EMPLOYEE MOTIVATION AND COMMITMENT

Summary

The aim of the following paper is to evaluate the role of an HR audit and pay particular attention to such areas as employee remuneration and trainings – the key factors in increasing motivation and commitment to work within each organization. Companies tend to use all possible tactics to maximize their profitability and maintain competitive edge. Among them are the effective human resource management systems as well as the employee motivation tools. This paper has been written from both a theoretical and practical perspective.

Keywords: audit, human resources management, motivation, remuneration, trainings.

Introduction

Modern companies are constantly seeking new tools for maintaining their market position, improving their image and possibly gaining a competitive advantage. The realization of these goals is possible through the employment of the candidates with the appropriate skills and the ability to motivate them to work at their highest intellectual potential. The employers usually strive to make employees help them achieve business goals while complying with labour laws and appropriate organizational culture. The fact that employers are increasingly recognizing the importance of the HR function is associated with new trends and changes that have occurred in the field of human resources management. There is now an increasing focus on professionalism and innovation, not only within the HR administration but also while creating rules, regulations and procedures. The organizations which do not use modern professional methods in relation to the HR function activities are no longer able to recruit and motivate good professionals or build the image of a successful employer and business partner. A number of studies in the area of organization and management show that the companies that achieve the best results have all implemented the modern HRM systems. Therefore, there is the need for continuous improvement of human capital management. The improvement tools include the personnel audit which is conducted in order to evaluate the effectiveness of the human resources management within the organization. The so called 'HR audit' has been used in Western European and American countries for many years now. In Poland it is called the 'HR function audit'. The organization and business management literature frequently refers to it as the 'personnel audit'. The term encompasses all the elements of the HR audit and HR function audit. "In most organizations, HR audit is one of the most common elements of personnel strategy, a kind of declaration of the management

board concerning the proper treatment of employees and realization of HR function” (www.kadry.abc.com.pl/czytaj/-/artykul/korzysci-z-audytu-funkcji-personalnej).

The primary objective of personnel audit is the improvement of human resource management through systematic verification of job analysis, recruitment and selection, staff turnover, trainings, employee and executive remuneration as well as other factors that affect employee motivation. It is thanks to the HR audit that the personnel issues are included in the organization's strategy rather than being treated only on a short term basis, (the so called 'strategic HR audit'). The paper also concerns a Human Resource Climate Audit which concentrates on employee motivation, their commitment to personal development and satisfaction with remuneration. This is why the article discusses two main areas of the HR audit; the remuneration system audit and the employee training system audit. These are the two key factors in employee motivation.

Theoretical notions and HR audit objectives

Subject literature covers the entire spectrum of definitions of the notion of 'HR audit'. According to the definition included in the HRM dictionary "An HR audit is the audit aimed at the diagnosis of the staff employed by the organization and the employee management strategy”(Listwan, 2005). The clearest possible definition has been coined by A. Pocztowski, who refers to the personnel audit as "the systematic, independent and methodical examination and appraisal of human resources and the system of managing them, aimed at monitoring the compliance of their condition with the adopted standards". (Pocztowski, 2008). The personnel audit is a process that focuses on the staff employed in the organization and the employee management strategy (a quick examination of the key principles and practices related to HRM). The specific objectives of the HR audit are as follows: the structuring of organizational work performance principles, the examination or improvement of regulations and procedures in terms of their compliance with the existing labor laws as well as the enhancement of human resources management services. The audit can be conducted within a few (up to about a dozen) weeks, depending on the scope of the previously proposed necessary changes. It is a relatively common occurrence for the audit to be mistakenly regarded as a form of company control, which often arouses negative emotions among the staff and the fear that some disturbing irregularities and malpractices might be discovered. As a result, the employees are afraid of change, which is the inevitable consequence of the audit process. Most employees respond to the prospects of any change in their work environment with nervousness and resistance due to misinformation or the lack of knowledge of the audit objectives. It frequently happens that the employees do not know why the audit has been requested by their employer. Their fears and reluctance particularly increase in the face of the HR audit. As it has already been mentioned, a personnel audit can deal with each of the HRM aspects, including: a/ the employees and HR administration services b/ the basic HR procedures: *(recruitment, selection, adaptation) – selecting the best candidate for performing the key roles in the new organizational structure; *(trainings, career development, and employee assessment), obtaining precise information on the employee's potential. (Sapeta, 2004). The purpose of a personnel audit is to evaluate

whether the organization's policies and procedures, internal rules and legal regulations remain in compliance with practical skills and experience in the field of labor law, remuneration policy, employee benefit accounting, tax accounting standards, human resources document management as well as social insurance services. An HR audit is an integral element of other audits conducted within the organization, including internal audits, quality audits, management audits and organizational audits. It is an independent tool for improving the effectiveness of the human resources policy. The HR audit performs both its advisory and monitoring functions. It is defined as a systematic, independent and methodical process of employee evaluation. The auditing procedures result in the provision of information whereas their aim is to draw conclusions and make recommendations in the area of work organization (Marciniak, 2010).

Remuneration system audit

The aim of the remuneration system audit in the organization is to provide an objective evaluation of the rules, forms and components of employee compensation. The salary should reflect both the type of work performed in the given position and the employee qualifications. The evaluation of the remuneration policy is aimed at identifying the weaknesses of the given compensation system and finding out whether employee salaries reflect the work performed in the given positions, motivate employees and contribute to improving the efficiency and effectiveness of the organization. The remuneration system audit is designed to analyze the following aspects of the employee compensation strategy: the components of remuneration covered by the personnel wages fund, social insurance cash benefits as well as the settlements maintained by the employer in reference to public law liabilities and the deductions made from wages. Compensation should always be paid for the work done whereas the remuneration for the time spent at work with the work left undone depends on the relevant regulations. An employee cannot waive his or her right to remuneration for work or transfer it to another person. Salaries are usually paid at least once a month within the predetermined pay period.

Each company is subject to its own remuneration regulations that include the information concerning the compensation components and the methods of their calculation. The remuneration may include fixed components (e.g. base salary, position allowance, service premium) and variable components (e.g. overtime pay, night shift allowance, additional annual compensation, rewards, appreciation and jubilee bonuses) (Borkowska, 2004).

Each HR auditor who intends to conduct an audit should first consider the following questions: Do the planned compensation funds protect the employer's needs in this area? Are the salaries of all employees and remuneration reports properly recorded? Are all the actions taken by the employer in the area of salaries and compensation in compliance with the internal regulations (e.g. remuneration regulations and bonus regulations)? Do control activities ensure continuous supervision over the correctness of the remuneration components calculation? The answer to all these questions is extremely time-consuming because the auditor has to make a thorough document

analysis and prepare for the audit. The course of the remuneration audit has been shown in Table 1.

Table 1: The course of the remuneration audit

The course of remuneration audit	Specific actions
1. familiarization with the current situation of the company and its remuneration system	documentation analysis, evaluation of remuneration and bonus regulations, interviews conducted with employees, managerial staff and HR staff
2. detailed analysis of salary budget	analysis of the budget structure, the size of the wage bill in relation to the basic financial parameters of the company, evaluation of the dynamics of salary expenditure,
3. analysis of the correlation between wage levels within the organization	the wage spread between different groups of employees, job title hierarchy.
4. analysis of individual remuneration	the share of compensation components in the total remuneration, the proper application of all remuneration components, the assessment of the degree of correlation between remuneration and effectiveness at work
5. comparing salaries with market rates	analysis of remuneration policy and the level and structure of remuneration against the current market trends.
6. preparing the final report of the remuneration audit	the report should include recommendations for change and possible actions that could improve the system
7. audit report presentation	presentation of the corrective action plan

Source: Own research of literature (Marciniak, 2010; Pocztowski, 2008; Penc, 1998; Przewoźna-Krzemińska, 2014)

One of the basic methods used for remuneration auditing is the analysis of two areas; the internal consistency and competitiveness. Internal consistency refers to fair and adequate compensation which in each component of remuneration package is in compliance with the values resulting from the company's payroll practices. On the basis of the information concerning every single job within the organization, it is possible to compare the salaries with those offered by other similar companies. The analysis of competitiveness provides insight into the level of marketability of different remuneration components for the entire company, its organizational units and every single employee. Thanks to these analyses it is easy to identify the most overpaid and underpaid working positions and thereby assess the motivation level (or its lack) of each employee working in the organization. Remuneration auditing results in numerous benefits. First of all, it helps sort things out in the area of organization-working positions- salaries; it enables the company to be perceived from market perspective and compare itself with the best. It also stimulates rational management of the company budget and helps diagnose the problems inherent in the organization, including staff turnover, the lack of employee commitment and low effectiveness. The remuneration audit provides arguments for the introduction of a new remuneration policy or the improvement of the already existed one. Moreover, it provides information concerning the organization which reflects the expectations of both the company and the employees.

Employee trainings audit

If the HR audit is conducted properly, it provides the employer with specific knowledge concerning further actions and the direction of change. It helps not only diagnose but also solve the problem. If, according to the analysis conducted by the auditor, some employees do not feel motivated and lack commitment in the workplace, this does not necessarily result from low compensation. It is a relatively common occurrence that employees feel unmotivated because they have not been properly prepared for their workplace. The participation in employee trainings is the best method of professional development and acquisition of new knowledge and skills. Companies are eager to provide the well-organized employee training courses which are designed to focus on practically any topic. Such trainings are realized not only by the internal resources of the organization but also, which has now become more frequent occurrence, by external training providers. There are a number of different types of training, including vocational training courses, soft skills trainings, OHS (occupational health and safety) trainings and language courses. Most employee trainings are conducted in the form of workshops or in-person lectures delivered by trainers. However, the on-line employee training programs, also called E-learning courses, have gained popularity in recent years. The quality of the employee training depends on whether the provider employs certified trainers or casual and inexperienced instructors. Here are the items that are examined by the auditor during the insurance agent training.

The audit of the insurance agent training process

The employee training audit involves the examination of compliance of the training process with the requirements set by the Department of Training and Workforce Development. The Department of Training prepares the program of training courses and exams, and then submits it to the organizer.

- The organizer submits the candidates for training courses and exams, collects their personal data and arranges the place of training and exams. The candidates submit their written consent for personal data processing to the organizer;
- The organizer verifies the accuracy of the candidate's database and submits it to the training department;
- The invitations to the training courses and exams are sent to the applicants at least seven days before the beginning of the course;
- The organizer is obliged to inform each candidate of the date, venue and time of the exam; only those candidates who have participated in the whole course of training are allowed to take the exam.
- Only those candidates who appear in person on the prescribed date, time and venue, show the member of examination committee their valid ID cards containing the holder's photo and sign the attendance register are allowed to take the exam.
- Names of the candidates absent from the examination hall will be deleted from the list.
- Examination is carried out in the form of a written single choice test.
- The examination committee draws up an examination report.

- Within 7 days from the announcement of examination results, the organizer issues the exam result certificate, submits it to the person who has passed or failed the exam and informs the candidates about the total scores they have obtained.
- After the exam, The President of the Examination Committee provides the organizer with the exam documents.
- The organizer submits a register of certificates to the Training Department within two working days.

The auditor of employee training is required to verify all the above mentioned stages, issue the appropriate audit report, indicate previously noticed irregularities and recommend the introduction of changes in procedures and actions.

Conclusion

As a result of the HR audit, the organization may take some strategic decisions concerning such corrective actions as improving the effectiveness of employee motivation, adjusting the training programs to the dynamics of training needs or focusing on motivating employees through compensation systems. The audit helps employees diagnose their skills and competencies, recognize their strengths and create their career path in line with them. Instead of fearing the audits, the employees should realize that this is the action that is likely to improve their working conditions. Nonetheless, they should not take this for granted, either. Therefore, it is of vital importance to follow the rules and procedures in the workplace because only then will the HR audit become an effective tool for motivating employees and improving the process of HR management in the organization.

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