Cognitive and Motivational Aspects of HR Audit Implementation in an Organization

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Abstract

Objectives: To analyze the significance of cognitive and motivational aspects of HR auditing and propose a mechanism to implement it with these aspects in mind. **Methods/Statistical Analysis:** During the research the methods of theoretical and content analysis were applied; 150 employees working for organizations that launched an HR audit were surveyed; cognitive and motivation models were developed and adopted; observation method was used (20 companies). **Findings:** A cognitive aspect is presented in the form of a unique mental map of managerial decisions on conducting a personnel audit. A motivational aspect takes a form of a motivation model that is based on the synthesis of the results obtained from the surveys of employees who have already faced an HR audit in their companies, and the model developed by Harvard Business School. Among the major motivational mechanisms for performing an HR audit, we can name the following: implementation of social justice principles, objectivity and completeness of information, realization of motivational expectations and an initiative for innovation. **Application/Improvement:** The proposed cognitive and motivational models will allow one to structure the process of an HR audit and reduce employees' resistance while performing an audit. The existing HR audit algorithm, which is exercised by companies today, does not allow for a number of important aspects, such as the decision-making process and motivational expectations of the staff, what makes the audit process stressful for not only the employees involved in an audit, but also for the company's management responsible for the audit initiation and the organizers themselves.

Keywords: Cognitive Decision-Making Algorithm, HR Audit, Mental Map, Motivation Model of Harvard Business School

1. Introduction

The word "audit" is derived from the Latin word "audire", i.e. to hear. It means not so much a hearing as an independent process as a hearing as a subsidiary assessment tool. In business, there exist the following types of audit: financial audit, technical (industrial) audit, environmental audit, HR audit. The need for audit is believed to arise simultaneously with the emergence of commodity-money relations. In finance, auditing is a planned and systematic examination of the current situation and a monitoring tool[1]. In human resources,

auditing is not obligatory (as opposed to financial audits), but many companies use it extensively to examine the situation in the sphere of personnel management[2]. As with any other audit, the HR audit is a formalized system process of studying an organization's existing HR strategy and tactics. HR auditing involves an evaluation of the HR function to identify areas of strength and weakness with a view of improving the productivity of an organization[3]. Today; this method is among the most important ones in the analysis of the effectiveness of a company's personnel policy[4]. However, auditing procedure does not always consider psychological factors, such as a cognitive

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decision-making process, and a motivational component: stimulating factors, motivational expectations of the staff during and after an HR audit, demotivating factors, and the presence of which might (and does, as practice demonstrates) cause employees' resistance.

The hypothesis of the study: we have assumed that cognitive and motivational aspects underlie the HR audit: 1) a mental map of managerial decisions on implementing an HR audit forms the basis of a cognitive mechanism of HR audit. This, in turn, guarantees the effectiveness and high performance of auditing activities; 2) a motivational aspect is represented by an audit of the incentive system that is based on Harvard Business School model taking into account the principles of social justice and readiness to employees' innovation activity. For this purpose, the above-mentioned processes of an HR audit were investigated.

2. Method

Research methods encompass a theoretical and empirical analysis of existing models of HR audits, an analysis of

cognitive and motivation models applied in modern science, content analysis, and a survey (a questionnaire developed on the basis of the motivation model of Harvard Business School considering the construct of social justice and a degree of readiness to employees' innovation activity). The survey covered 150 employees of the companies (engaged in sales and services) which audited its staff in the past. Using the observation method (with 20 Russian companies involved), the authors have identified the distinguishing features of the decision-making process of top-managers on conducting an HR audit. Summarizing the results of the data, an algorithm was suggested and a corresponding cognitive model was developed[5].

Having reviewed the models and technologies of an HR audit applied in various modern companies, the authors have developed an HR audit process chain. After a company's management comes to a conclusion that an HR audit should be conducted, auditors are to be appointed, i.e. specialists responsible for performing the auditing procedure. The audit can be implemented by both the company's employees (internal audit) and
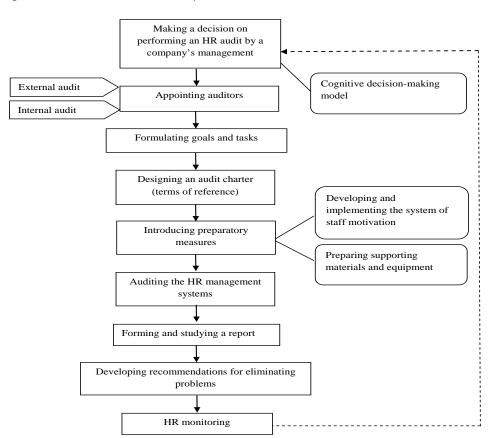

Figure 1. Implementation algorithm of an HR audit in an organization.

external experts from specialized organizations (external audit). Then, the company's leaders and auditors jointly formulate specific goals and tasks of the HR audit. The more precisely and correctly the goals are established, the higher the possibility of achieving positive outcomes of the personnel audit. So, one should not underestimate the importance of this phase. The formulated objectives and tasks create the basis of an audit charter (terms of reference) that should be designed prior to the implementation of the HR audit. The HR audit plan is a document which stipulates the content of the auditing procedure, specifies the parties responsible for a particular element and establishes the schedule and timing[6].

The implementation of the very HR audit is preceded by some preparatory measures that embrace developing the system of employee's motivation for the evaluation, conducting preliminary talks with the personnel, etc[7-9].
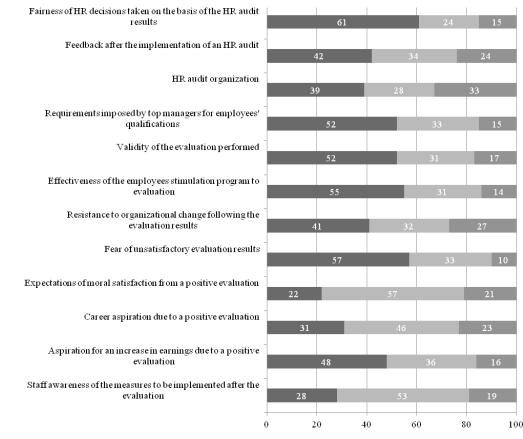
Thus, the implementation mechanism of an HR audit is comprised of the following elements: an object and a scope of the evaluation, a subject and participants of the evaluation, evaluation methods and approximate time required for the evaluation. Based on the results of the

organizational procedures performed, the final document is issued. It contains the findings of evaluation protocols and a set of recommendations for fixing the problems and improving the human resource management systems in a company. Figure 1 shows the implementation algorithm of an HR audit in accordance with the mechanism proposed by the authors.

3. Results

Using the observation method (with 20 Russian companies involved), the authors have identified the distinguishing features of the decision-making process of top-managers on conducting an HR audit. Summarizing the results of the analysis, an algorithm was suggested and a corresponding cognitive model was developed.

Interpreting the findings of the survey of 150 employees working for Russian companies which audited its staff in the past, additional motivational factors of HR audit efficiency were determined (Figure 2).

The respondents underlined the importance of the

Figure 2. Findings of the survey of 150 employees working for companies that performed an HR audit.

following factors: *fairness of HR decisions taken on the basis of the HR audit results, effectiveness of the employees stimulation program to evaluation and fear of unsatisfactory evaluation results*. All three factors highlighted by the staff are oriented towards assessing the motives behind other people's behavior (in our case, auditors'). Since this factor is hard to predict and control, it might cause elevated anxiety and resistance to an HR audit among employees and serve as either a demotivating factor or, if it is taken into account, as a motivating one. According to Gulevich, there are three significant components in the justice model:

- Informational justice: reliability, clarity and completeness of information;
- Procedural justice: the standards of control over the results and the process;
- Interpersonal justice: the standards of respect and politeness[10,11].

According to the aforementioned components, auditees who receive in advance exhaustive information and clarifications on the process and anticipated results of the audit, will be less resistant to the process and the results of the audit[12].

Analyzing the nature of the next two components of the justice model, the significant motivational elements of an HR audit include *an opportunity to exert influence on the audit's results and evaluations, a possibility to reconsider poor decisions, and a confidence that the audit's results are not dependent on the auditors' preconceptions* (the factor of subjectivity).

The factor of expectation fulfillment is equally important. It is embodied in such a component as *expectations of moral satisfaction from the evaluation outcomes* and ensured by a correlation between the results and clear incentive criteria within an HR audit. The factor of innovation initiative is involved in the criteria such as *the level of staff awareness of the measures to be implemented after the evaluation*. The components with the lowest factor of staff motivation for participating in an HR audit incorporate *the level of an HR audit organization and resistance to change following the evaluation results*.

Hence, the motivation model of Harvard Business School is supplemented with the important motivational elements, such as accuracy, objectivity and completeness of information, fulfillment of motivational expectations, and innovation initiative.

4. Discussion

One of the central components of the HR audit implementation mechanism is a cognitive process of realizing the need for and importance of change in an organization by its chief executive. Failure to do this could result in ineffectiveness and insufficiency of the procedures conducted and indecision of the management to follow the recommendations for the development of the organization's internal environment on the basis of the HR audit[13]. The realization of the importance of this phase has encouraged the authors to develop a cognitive model of managerial decision-making on implementing an HR audit in an organization.

Chief executive (the subject of the cognitive model) initially recognizes the need to perform an HR audit due to the emergence and intensification of a number of external and internal factors (see Figure 3). These factors serve as determinants of the emergence of a cognitive process with regard to the necessity of implementing an HR audit. At the early stage, there is a slight dyssynchrony of the process due to multidirectional endogenous elements of the cognitive model. On the one hand, the subject of the cognitive process acknowledges the problem applying his/her analytical skills. On the other hand, an inclination towards conservatism and a lack of willingness to accept the need for change activate constraints that generate a false sense of well-being and moderate the subject's further activity. At this level of the cognitive model, it is of paramount importance for the subject to take an interim decision whether he/she wants the procedures be continued[14]. This decision is the logical basis for the next level of the model, i.e. the information-goal one. At this level, the subject gathers and aggregates information, conducts an analysis. While analyzing, there are likely to appear such moderators as recognition of HR audit-related risks and realization that the implementation of an HR audit requires additional measures and administrative expenses. Overcoming these constraints is a direct prerequisite for initiating an HR audit in an organization. Figure 3 illustrates the cognitive model of managerial decision-making on implementing an HR audit.

In the authors' view, the most important result of the model's development is an opportunity to provide the top-level management of modern organizations with data on possible cognitive barriers and moderators arising in
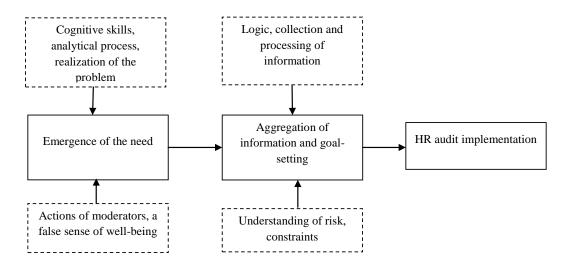
Figure 3. Cognitive model of managerial decision-making on implementing an HR audit.
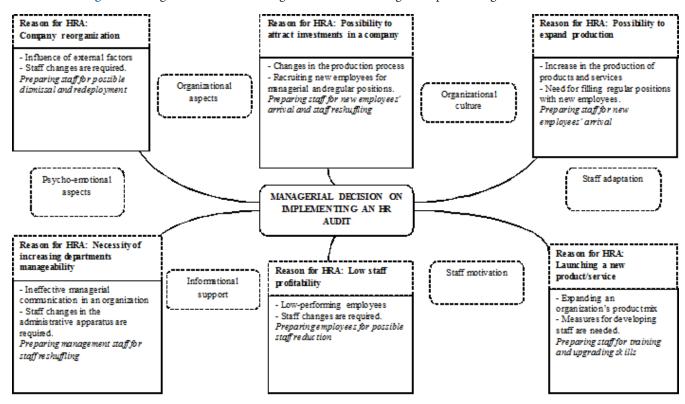

Figure 4. Mental map of managerial decisions on implementing an HR audit.

the decision-making process on the implementation of an HR audit. This information will allow the management to arrive at effective managerial decisions.

Depending on the reasons and objectives of an HR audit, the content of a cognitive process is changed by the top management, and measures to be taken on the basis of

the evaluation results are revised. To specify the variability of managerial activities, the authors have designed a mental map of managerial decisions on implementing an HR audit that is referred to as *HRA* in Figure 4.

An important subsidiary aspect of HR audit in an organization is the motivation and incentive system that

is developed at the stage of preparatory measures for the HR audit process to be efficient. This is a motivational aspect that encourages us to be active and occupies a substantial role in the goal-setting mechanism. At that, by motivation we mean a complex of interrelated and structured motives of an individual that provide a sense of professional activity and the dynamics of an employee's commitment. Being aware of this hierarchical system allows motivating employees, thereby ensuring their efficiency. A staff member will demonstrate better productivity provided that it is beneficial for them, and it is not always a financial incentive[15].

Designing the motivation system in the process of HR audit primarily involves:

- Identifying and analyzing the distinctive features of the corporate culture;
- Juxtaposing staff capacity with job requirements;
- Determining factors behind employees' motivation and demotivation.

The data obtained during the expert assessment of the situation enable an experienced consultant to establish the factors that negatively affect employees' willingness to work and the problems requiring immediate and urgent resolution, and discover an organization's idle resources[16].

To reveal motivating and demotivating factors, an audit of employees' motivation is performed. It allows one not only to assess the level of employees' motivation, but also draw a motivation profile. The profile's analysis makes it possible to propose incentives and plan specific measures to neutralize demotivating factors which might exert influence on employees' motivation, as well as increase the performance of the entire organization.

When developing the methods for assessing motivating and demotivating factors, we have relied on the motivation model of Harvard Business School. According to this model, motivation encompasses the following major factors:

- Satisfaction, the degree of which is determined by the index of motivational expectations realization. By the index of motivational expectations realization we mean the sum of the difference in assessments of the possibility of motives realization and the significance of employees' motives taken in absolute value which is formed by the ratio between motivational and value expectations[17];
- Engagement as a positive, satisfying emotional state associated with work and characterized by vigor, enthusiasm, and absorption[18];

- Corporate membership: the extent to which employees identify themselves with their company and share its values;
- Commitment as a desire to stay in a company.

Based on the factors mentioned above, a motivation audit program is developed which helps identify motivational expectations of the staff in respect of the company, form a motivation profile of the staff and ascertain demotivating factors. The results of a motivation audit allow introducing a set of promotion measures that underlie the HR audit and ensure efficient auditing of HR management systems. However, a motivational component of HR audit would be incomplete without considering additional factors that were identified through surveying employees who took part in an HR audit in the past[19].

5. Summary and Conclusion

HR audit is one of the primary instruments for evaluating human resources in a modern organization as a means of boosting its performance[20]. Cognitive and motivational aspects embodied in the realization of the mental map of managerial decisions and the motivation model play a considerable role in the implementation process of an HR audit. If these aspects are taken into account, an HR audit proves to be efficient.

In the paper, the authors have analyzed the importance of cognitive and motivational aspects in the process of implementing an HR audit and proposed a mechanism to perform it with these aspects considered. During the study, the *methods* of theoretical and content analysis were employed; 150 employees working for organizations that launched an HR audit in the past were surveyed; cognitive and motivation models were developed and adopted. A cognitive aspect is presented in the form of a unique mental map of managerial decisions on conducting an HR audit. A motivational aspect takes a form of a motivation model that is based on the synthesis of the results obtained from the surveys of employees who have already faced an HR audit in their companies, and the model developed by Harvard Business School. The central motivational mechanisms for performing an HR audit include the implementation of social justice principles, objectivity and completeness of information, realization of motivational expectations and an initiative for innovation.

The *results* of the analytical study conducted include the models of cognition and motivation which are offered to approbation and adaptation in the field of consulting and coaching for top managers performing an HR audit in their companies. The *significance of the results* presented in the research and analysis lies in the fact that these models systematize and explain the data on the most problematic and poorly investigated aspects of the implementation process of an HR audit. Application of these models will allow chief executives to avoid many expenditures and mistakes and, consequently, make HR audit more efficient.

6. References

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