Disparity Focused Personnel Audit

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Abstract: Acquisition of information about the status and level of human resource management in enterprises/organizations/corporations is the subject of the personnel audit, the importance of which, as illustrated by the current theoretical and practical knowledge, continues to grow especially in the context of realizing the importance of the quality of human resources in the enterprises/organizations/corporations and the quality of their management in the direction of the ability to compete. With the ongoing globalization as well as the aging population and workforce there is an increased number of enterprises/organizations/corporations those are expanding their scope to other markets and establish branches abroad and become more multi-generational. This is closely linked to the interaction of employees of other cultures, age and gender with which we meet also in the implementation of the personnel audit. This paper describes the personnel audit focused on the disparity and also presents partial results of the conducted monitoring. The paper was created within the project VEGA 1/0053/2012.

Key Words: Personnel Audit; Disparity; Age; Gender; Culture; Globalization; the Slovak Republic.

Introduction

"The differences present a challenge. Efforts of the enterprises/organizations/corporations to accept and manage them are not very successful. Scientists are unsuccessfully trying to conceptualize and effectively study their impact on the operation of the enterprises." The theoretical knowledge predicts various effects of these differences – that they elicit integrative insights, creativity and innovation (e.g. Finkelstein & Hambrick,[1] Hoffman and Maier),[2] or that they provoke conflict, division and

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[1] FINKELSTEIN, S. and D. C. HAMBRICK. *Strategic Leadership: Top Executives and Their Effects on Organizations.* 1st ed. Minneapolis; St. Paul: West, 1996. 457 p. ISBN 978-0-314-04605-5.

[2] HOFFMAN, L. R. and N. R. MAIER. Quality and Acceptance of Problem Solutions by Members of Homogeneous and Heterogeneous Groups. *Journal of Abnormal & Social Psychology.* 1961, vol. 62, no. 2, pp. 401-407. ISSN 0096-851X.

disagreement (e.g. Chatman,[3] Tajfel and Turner).[4] "Due to this theory, research on the differences of many kinds and causes, including demographic variables, values, skills, personality, and salary gradually increased throughout the years. The volume of this research is doubling every five years, with a significant source of information in the form of research teams that generated 19 research projects about disparities in 1988, 45 in 1993, 66 in 1998 and 134 in 2003."[5]

Globalization refers to changes in society, leading to a closer relationship between the political, socio-cultural and economical events internationally. Globalization can be seen as an uneven process that pushes some parts of the world together, while others are pushed apart, regardless of their geographical distance. These new distances are set by the information transfer rate, which is in direct proportion to the extent by which the specific location is involved in the global economy. Given these differences, similar processes can have very different consequences.[6] Due to globalization of enterprises it is becoming increasingly important[7] to enterprises/organizations/corporations to understand how the multinational companies can work more efficiently. The human resource management can be a determinant of corporate efficiency, especially because it takes place on the global stage.[8]

Work disparity and diversity includes differences between employees in terms of their nationality, ethnicity, gender, education, cultural background, and the like. Katherine Klein points out that the disparity can not be reduced to mere demographic categories, i.e. gender, race and

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[3] CHATMAN, J. A. Matching People and Organizations: Selection and Socialization in Public Accounting Firms. *Administrative Science Quarterly*. 1991, vol. 36, pp. 459-484. ISSN 0001-8392.

[4] TAJFEL, H. and J. TURNER. An Integrative Theory of Intergroup Conflict. In: W. G. AUSTIN and S. WORCHEL, eds. *The Social Psychology of Intergroup Relations*. Monterey: Brooks/Cole, 1979, pp. 33-47. ISBN 978-0-8185-0278-1.

[5] HARRISON, D. A. and K. J. KLEIN. What's the Difference? Diversity Constructs as Separation, Variety, or Disparity in Organizations. *Academy of Management Review*. 2007, vol. 32, no. 4, pp. 1199-1228. ISSN 0363-7425.

[6] O'LEARY, B. J. and B. L. WEATHINGTON. Beyond the Business Case for Diversity in Organizations. *Employee Responsibilities and Rights Journal*. 2006, vol. 18, no. 4, pp. 283-292. ISSN 0892-7545.

[7] DREHER, A., N. GASTON and P. MARTENS. *Measuring Globalisation: Gauging Its Consequences*. 1st ed. New York: Springer, 2008. 218 p. ISBN 978-0-387-74067-6.

[8] FLORKOWSKI, G. W. and R. S. SCHULER. Auditing Human Resource Management in the Global Environment. *International Journal of Human Resource Management*. 1994, vol. 5, no. 4, pp. 827-851. ISSN 0958-5192.

age, but stresses that also attitude, skills, knowledge and competence should be taken into account, because they very often play an important role in the dynamics of a diversified team.[9] Other authors also point to the complexity of this issue regarding the deepening of the globalization processes that intensifies the competition between enterprises/organizations and thus forces them to increase their competitiveness.[10]

For the enterprise to be able to compete in the emerging markets it requires changing the approach to the selection and placement methods of the personnel. Each enterprise uses a variety of psycho-diagnostic methods in the personnel selection, which enable it to detect the mental potential of the employees, regardless of their gender, age and cultural background. This aspect must be taken into account when accessing the employees in the labor force of the enterprise, because despite the fact that the employee is selected on the basis of diagnostic methods, it does not mean that the employee will be placed in the personnel structure of the company according to his ability, regardless of age, gender and cultural background.

These findings are supported by several surveys carried out by the European Union as well as the Czech Republic, which confirmed the phenomenon that the placement of the employee after being accepted to the enterprise is dependent on more significant criteria that were mentioned above, such as age, gender and cultural component.[11]

The following graphical representation shows us the impact of various internal as well as external elements those affect the personality and behavior of each individual. The closer the element to the center of the circle, the more is its severe impact and harder to influence or change.

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[9] HARRISON, D. A. and K. J. KLEIN. What's the Difference? Diversity Constructs as Separation, Variety, or Disparity in Organizations. *Academy of Management Review*. 2007, vol. 32, no. 4, pp. 1199-1228. ISSN 0363-7425.

[10] See more SZARKOVÁ, M. et al. *Personálny marketing a personálny manažment*. 1. vyd. Bratislava: Ekonóm, 2013. 265 p. ISBN 978-80-225-3594-6.

[11] BERRY, J. W. Globalisation and Acculturation. *International Journal of Intercultural Relations*. 2008, vol. 32, no. 4, pp. 328-336. ISSN 0147-1767.

Figure 1 Impact of Various Internal As Well As External Elements Those Affect the Personality and Behavior of Each Individual
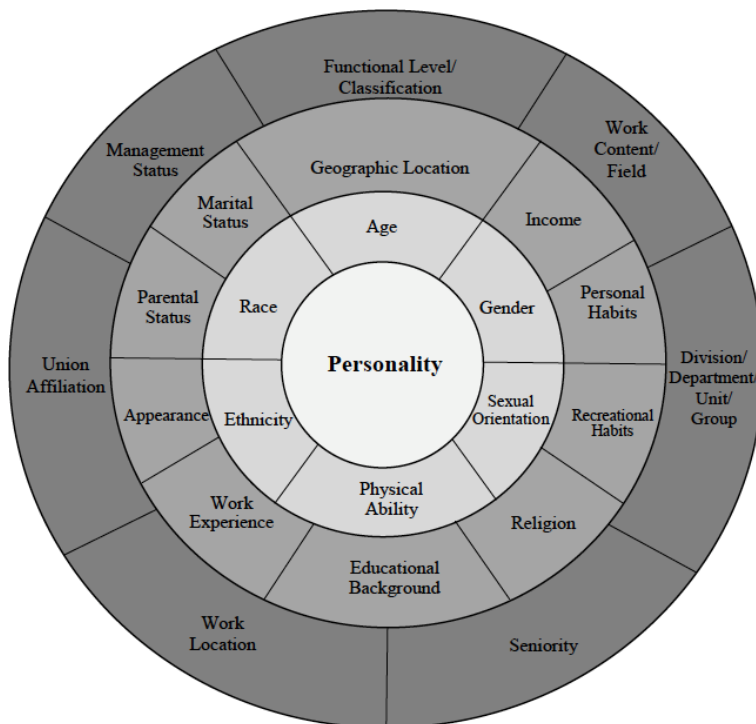
Source: GARDENSWARTZ, L., J. CHERBOSQUE and A. ROWE. *Emotional Intelligence for Managing Results in a Diverse World: The Hard Truth about Soft Skills in the Workplace.* 1st ed. Mountain View: Davies-Black, 2008. 204 p. ISBN 978-0-89106-255-4.

Culture disparity

The cultural environment from which the employee comes to the enterprise is reflected in the work behavior, determines his attitude, values, aspirations as well as ambitions. From this aspect, the culture or cultural elements of the intercultural enterprise/corporation, which are carried by the employee, can become the cause and source of conflicts, inconsistency and differences those may adversely affect the performance of a particular employee as well as other employees. The cultural elements are formed under the influence of culture, which is fixed in a given socie-

ty and will be fixed in the personality of the individual/employee who in this culture lives or previously lived.[12] Part of the cultural element is created by values and norms which each individual embraces in the course of his life and those are passed on from previous generations on the basis of their verification from the past. The culture and cultural elements those the employee has fixated in his consciousness as the accumulated experience of the social environment as whole[13] create the behavior patterns of thoughts those were verified to be useful for fixing the social environment, which are then given to the future generations and in case of a different environment with the effects of different culture, the employee is trying to pass them on to the members/employees from another cultural background. This factor/effort may be the base of the cause of the cultural conflicts between employees in the enterprise.

The set of values and norms of behavior, which are recognized by an individual, can be compared to the "software of the mind", to the "mental programming of the individual".[14] Acquiring these ingrained values and norms of behavior can be thought of as the process of programming. Source of the information in this imaginary "programming" of an individual represents the surrounding environment in which the individual grew up and was educated. The culture is learnt from people who share the same environment. The learning process takes place both on the basis of the deliberate action of the individual through education as well as through unintentional exposure to the environment, which gives rise to the formation of ideas about the unconscious world. The culture is a collective programming of the mind which distinguishes the members of one group or category of people from others.

Age disparity

Different generations have different values which may lead to different attitude and behavior.[15] Aging of the population combined with the pro-

[12] NOVÝ, I., S. SCHROLL-MACHL, et al. *Interkulturní komunikace v řízení a podnikání.* 2. vyd. Praha: Management Press, 2001. 183 p. ISBN 80-7261-042-2.

[13] NOVÝ, I., S. SCHROLL-MACHL, et al. *Interkulturní komunikace v řízení a podnikání.* 2. vyd. Praha: Management Press, 2001. 183 p. ISBN 80-7261-042-2.

[14] HOFSTEDE, G. and G. J. HOFSTEDE. *Kultury a organizace: Software lidské mysli: Spolupráce mezi kulturami a její důležitost pro přežití.* 1. vyd. Praha: Linde, 2007. 335 p. ISBN 978-80-86131-70-2.

[15] BECKER, M., I. LABUCAY and C. KOWNATKA. *Optimistisch altern: Theoretische Grundlagen und empirische Befunde demographiefester Personalarbeit für altersgemischte Belegschaften.* 1. Aufl. München; Mering: Hampp, 2008. 158 p. ISBN 978-3-86618-241-7.

spect of population decline affects the society and enterprises/organizations/corporations well. This fact leads to new challenges within the enterprises: senior staff structure and several different generations working with different values within these generations. In addition, companies are not yet aware of these changes and are not prepared to handle the consequences that these changes will affect the enterprise itself. The personnel management must ask itself how an organization can use the skills of the ever increasing number of older workers.[16] In addition to gender, ethnic, religious and racial diversity, age diversity is present in almost all enterprises/corporations. The challenge for enterprises will be to work with an aging workforce and analyze what the consequences of an aging workforce and multi-generational enterprise will be on the efficiency and teamwork.

Although the need for changes in the personnel structure has long been known, many enterprises are still not prepared for these changes. "The trend to recruit as many young people and use the option of early retirement are increasingly common practice of human resource management."[17]

Rump and Eilers define these demographic changes as a long-term progress that started long ago and will bear the consequences until the distant future.[18]

Gender disparity

The managerial work is very dynamic in terms of the number of women and men in specifically defined positions and in terms of individual significance of the level of management positions to the functioning of the enterprise as a whole. The importance of a particular job for a career inside the corporate hierarchy is usually defined in terms of liability, jurisdiction, and in particular by the number of subordinate employees. The behavior of the individuals within the enterprise is defined by the three

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[16] STREB, Ch. K., S. C. VOELPEL and M. LEIBOLD. Managing the Aging Workforce: Status Quo and Implications for the Advancement of Theory and Practice. *European Management Journal*. 2008, vol. 26, no. 1, pp. 1-10. ISSN 0263-2373.

[17] LANGHOFF, Th. *Den demographischen Wandel im Unternehmen erfolgreich gestalten*. 1. Aufl. Berlin; Heidelberg: Springer, 2009. 368 p. ISBN 978-3-642-01241-9.

[18] RUMP, J. and S. EILERS. Employability – Die Grundlagen. In: J. RUMP and Th. SATTELBERGER, Hrsg. *Employability Management 2.0: Einblick in die praktische Umsetzung eines zukunftsorientierten Employability Managements*. 1. Aufl. Sternenfels: Wissenschaft & Praxis, 2011, pp. 73-166. ISBN 978-3-89673-570-6.

basic factors: the opportunity structure dependent on the job (development opportunity), decision-making power and the amount of men and women in that position.[19]

The enterprises can be seen as generic systems[20] or systems of inequalities.[21] These systems are associated with the definition of what is masculine and what is feminine, based on the gender procedure of the enterprises, and their operation is based on this fact, but also on the interconnectivity of these perfectly defined roles for men and women.

The managerial positions in companies are still mostly defined by the myth of the separate worlds. This approach pretends that there is no close link between work and family life for women and men. In such circumstances, all of the men and women who, as well as work, are actively involved in their family and in the running of the household and want to do more than just financially provide for their family at a great disadvantage.

So why is there such an importance in the proportion of the share of women and men in leadership roles? Women are usually in the minority in management positions and this puts them in positions that they are the exception, a symbol that embodies difference and femininity. In practice, this means that despite the fact that many women managers are trying to conceal or suppress their femininity which is perceived as inappropriate and as a handicap,[22] they are still ascribed characteristics stereotypically associated with the position of women at work – failure to manage things, lack of authority, lack of passion for work, and other emotional weaknesses. Emphasis on these attributes is used as an argument against progress and career paths for women.

Monitoring of the usage of personnel audit aimed at disparity in small and medium-sized enterprises in Slovakia

The personnel audit, focused on human resources or management, or a combination, or aimed at specific parts of the human resources such as

[19] KANTER, R. M. *Men and Women of the Corporation*. 1st ed. New York: BasicBooks, 1977. 390 p. ISBN 978-0-465-04454-2.

[20] ACKER, J. Hierarchies, Jobs, Bodies: A Theory of Gendered Organizations. *Gender & Society*. 1990, vol. 4, no. 2, pp. 139-158. ISSN 0891-2432.

[21] ACKER, J. Inequality Regimes: Gender, Class, and Race in Organizations. *Gender & Society*. 2006, vol. 20, no. 4, pp. 441-464. ISSN 0891-2432.

[22] ZANONI, P. Diversity in the Lean Automobile Factory: Doing Class through Gender, Disability and Age. *Organization*. 2011, vol. 18, no. 1, pp. 105-127. ISSN 1350-5084.

diversity of the workforce and deviations from the established status in both planes, is considered as an important tool of business management both in terms of presence as well as for the future. In the current literature it is most often associated with large multinational corporations implementing it most regularly in order to obtain accurate information about the implementation of personnel policies of the parent corporation in the subsidiaries those have different cultural basis and therefore different culturally specific approach for selecting and hiring people to subsidiary as well as a different style of management dependent on the legal conditions in the country in which the subsidiary operates. In small and medium-sized enterprises the personnel audit is carried out sporadically. It draws on the notion that in small and medium-sized enterprises all of the staff are familiar with each other and therefore know their reserves, know in which areas of HR activities deviations occur from the established rules and standards. This can be observed to some extent as a myth that connects the managements of small and medium-sized enterprises in general and has become the basis for the monitoring which was carried out in small and medium-sized enterprises operating in Slovakia. The sample respondents were randomly selected managements of enterprises exclusively with the Slovak capital participation, which operate in the Slovak Republic. At the same time, these firms accounted for 1 % of the total registered Slovak small and medium-sized enterprises operating in Slovakia. To obtain this information a questionnaire method was used in a connection with a structured telephone interview. To evaluate the information obtained we used a method of content analysis, synthesis, generalization and actuarial methods.

The monitoring results showed, among other things, that the managements of the Slovak small and middle-sized enterprises almost do not use the personnel audit as a source of information on the status and management of human resources or as a tool of business management. Most of the respondents of small enterprises do not have specialists for the purpose to conduct an internal personnel audit. Only a small percentage of small businesses benefited from an external personnel audit.

Within the monitoring it has also been found that in some medium-sized enterprises, in which the relevant external personnel audit was conducted for considerable financial resources, results and findings of the personnel audit aimed at disparity were not at all used for the purpose of improving the quality of personnel or for the purpose of streamlining human resource management in the enterprise.

Graph 1 Monitoring of the Usage of Personnel Audit Aimed at Disparity in Small and Medium-Sized Enterprises in Slovakia
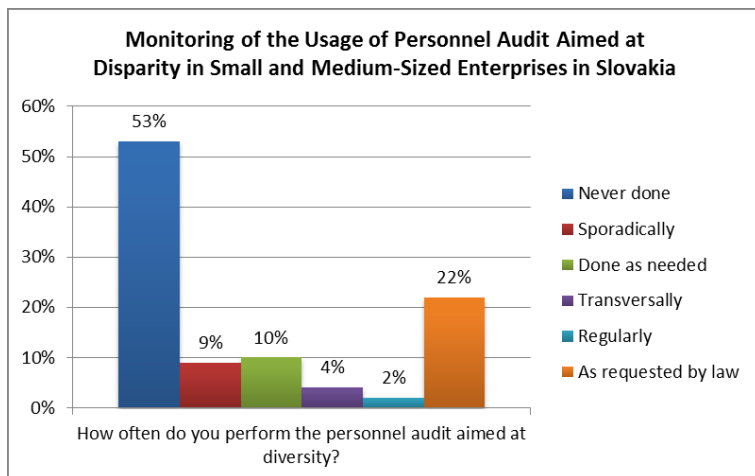
Source: Own processing.

Monitoring also confirmed that the small and middle-sized enterprises, in which diversity focused personnel audit was conducted, did it as they were "forced" by the external environment, in the majority by the state control authorities and public institutions.

Conclusion

At present that is characterized by rapid and turbulent changes in all areas of life, the role of information and knowledge is rapidly increasing and it is necessary to know about the condition and quality of employees in small and medium-sized enterprises and their processes and activities. The source of this information and knowledge is gained by the personal audit. Its importance in small and medium-sized enterprises is increasing mainly due to the accretion trend of delegation of largely personnel work to any managing employee,[23] which makes the personnel audit give an important management tool for small and medium-sized enterprises. The main aim of this paper was to present some results and experiences about the implementation of the monitoring of personnel audits aimed at

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[23] CHOCHOLOUŠ, I. Audit – strašák i pomocník. *Hospodářské noviny* [online]. 2005-09-26 [cit. 2014-02-10]. ISSN 1213-7693. Available at: http://hn.ihned.cz/c1-16896960-audit-strasak-i-pomocnik.

disparity in small and medium-sized enterprises in the Slovak Republic. As shown by the results obtained, the personnel audit in small and medium-sized enterprises in Slovakia is not exercised regularly; the enterprises do not view it as a tool of enterprise management or a tool for improving the level of human capital of the enterprise. The performed analysis showed the need for education of managements of small and middle sized enterprises on the benefits and assets of the personnel audit for business management, not only in the personnel area as a whole, but also in terms of not only short-term but especially in terms of strategic long-term business objectives.

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