

## **THE POSSIBILITIES OF USING THE RESULTS OF THE PERSONNEL AUDIT BY THE MANAGER AT WORK**

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### **Abstract**

Managing people in companies is a complex process that requires a large amount of information, not only from the economic area but also from psychological, social and ethical area and their transformation into managerial skills. One of the sources of this information that the manager inevitably needs to successfully manage and lead people in business is personnel audit. This article deals with the possibilities of using the results of the audit by the personnel manager at work, that have been identified through research aimed at the diagnostic use of personnel audit in small and medium-sized enterprises operating in the Slovak Republic. This article provides initial information obtained by the standard methods on a sample of two hundred randomly selected businesses in which a personnel audit was regularly conducted in the interval of five years to assist managers to effectively manage the business.

**Key words:** manager, personnel audit, human resources,

**JEL Code:** A10, M12, M54

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### **Introduction**

Personnel audit is currently a sum of the individual types of audits of human resources and their management, which have set methodological procedures, methods and techniques to reveal the reserves and deficiencies both in the creation and development of human resources of the company in terms of current quality and quantity in correlation with the aims and goals of the company and also in the area of their management according to the complex goal of the company : to improve the processes of the business management and increase its competitiveness on the market. This objective can not be achieved without quality employees and managers, that create the intellectual capital of every company. This is composed of three layers : human capital, social capital and structured capital and as a whole it shows the stock and flow of knowledge, skills and abilities that a set company has in set time (Koubek, 2007) to conduct their business and fulfill the enterprenual goals and objectives.

The determination of the level of the intellectual capital of the company and its potential from the future needs of company point of view, is the basis of the setting of the business and its entrepreneurial goals and strategically steps on the market. A careful analysis of the intellectual capital of the company in all of these three areas and finding and description of the existing variations in its structure in terms of the set criteria, including age, education, gender, experience, skills and personal potential of employees and managers has a big role mostly for small and middle sized businesses.

The small and middle sized business in the view of the scope of the activities, number of employees and the organizational structure are the individual layers overlapping which essentially requires quality employees that are well trained, experienced and skilled and able to professionally react to the needs of the company, that must be able to adopt to the market requirements. It is necessary from this point of view to aim the personnel audit on the assessment of the intellectual capital of the company in the small and middle sized enterprises and to conduct it regularly and also for it to be ready not only on the economical, methodological, psychological sphere but also on the communicational and ethical level. This requirement is closely connected to the stance of the corporate managers that decide about the release of the funds aimed at the implementation of the personnel audit. That's why one of the partial goals of our research was to find out, which attitudes are present in the managements of the small and middle sized enterprises to the financial needs connected to the realization of the personnel audit, if the financial costs associated with the implementation of the personnel audit are not constituting a fundamental obstacle to its performance.

## **1 ATTITUDE OF THE MANAGERMENTS OF THE BUSINESSES IN SLOVAK REPUBLIC TO THE IMPLEMENTATION OF PERSONNEL AUDIT**

The developments of the financial markets, that is very unpredictable and full of rapid changes and which influences also other markets, forces the companies to quickly adapt to the changes and also specific requirements, that can be often met only if they have high quality and highly adaptable human resources. The quality of the human resources, their capabilities and their abilities to quickly adapt to new environment lays the adaptability of each company. The experience shows, that the adaptability of the company – the ability to adapt to external market conditions is also due to its size. This is confirmed by the fact that smaller the

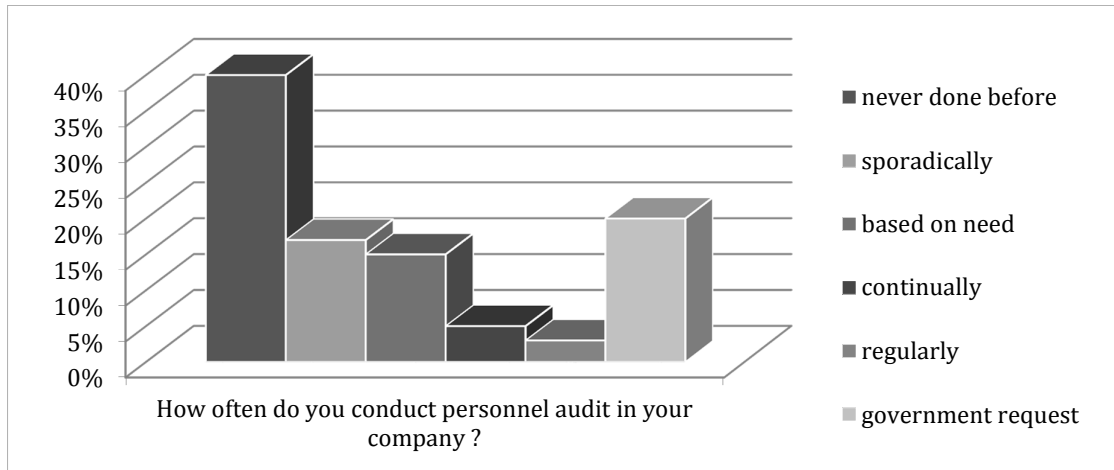
company is, the ability to adapt is for this company more important. The answer to the question what is the level of the adaptability of the company is the personnel audit. That's why one of the aims of the research was to find out, what is the attitude towards the implementation of personnel audit of the managements in the small and middle sized businesses and what do they perceive as the obstacles in its implementation in the company they manage.

The sample consisted of 100 managements of small and middle-sized enterprises in Slovak republic. The methods of using questionnaires were used as well as the method of structural interview and also attitudes scales were used. The questionnaire was distributed electronically. The results were analyzed using basic mathematical and statistical methods.

### **1.1 The results of the conducted survey**

The results show us, that the managements of the small and middle-sized companies have more of a negative view than positive view towards the implementation of personnel audit. When asked the question what they think is the biggest obstacle in the implementation of the personnel audit, up to 73 percent stated the financial costs. As the second obstacle they stated the small validity and reliability of the findings. 23 percent of the respondents stated that what the personnel audit showed, everybody knew already. The results also showed us that that in the small and middle-sized businesses the personal audit was implemented sporadically as seen in figure 1. Managements that had to power to decide about the personnel audit, based their decisions on the fact that in small and middle sized businesses the employees know very well each other and everyone knows their limits and abilities, they know which areas show some deviations from the set standards and rules. We can say, that there is a myth which connects all of the managements of the small and middle sized businesses in general, and it shows in the negative attitude, which is generally reflected in a saying „its a loss money, we haven't learnt anything new “. When trying to decipher the saying, we can clearly see the attitude has two pillars: the first pillar is the inability of the managements bring some results and recommendations obtained by the personnel audit to the management processes, which means, that the managements take a rather defensive stance and that's why they refuse to implement personnel audits. The second pillar of the attitude of managers is that they “save money“ and they think of the personnel audit as of “wasted money“, respectively money that did not bring any effect for the company.

**Fig. 1: Monitoring of the usage of personnel audits in the small and middle sized companies in Slovak republic**

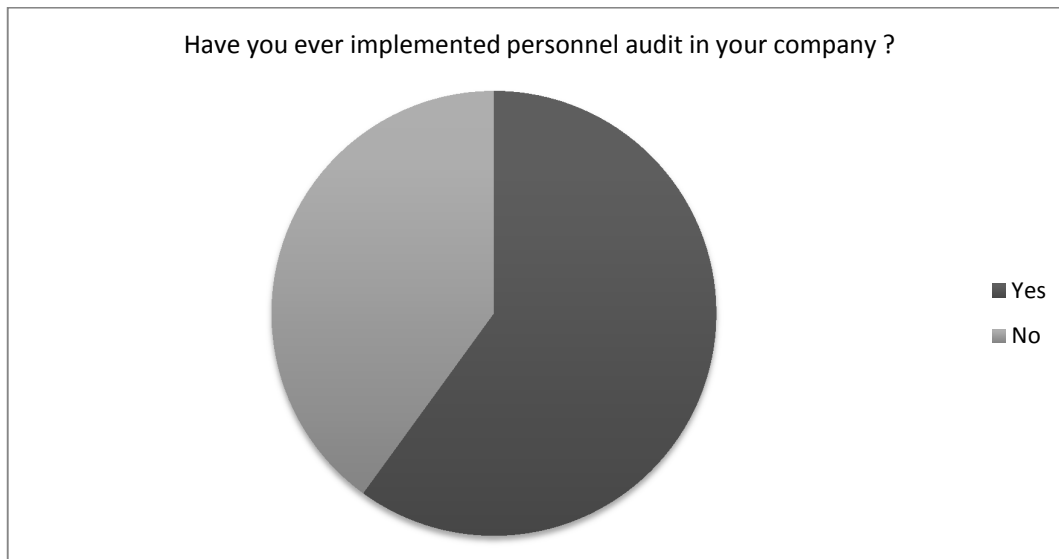


Source: based on conducted research

The monitoring results among other things showed us, that the managements of the Slovak small and middle sized companies use the personnel audit just in limited amounts, not only as a way to gather some new information but also as a business management tool. 40 percent of the respondents as seen in figure 2 stated that they never conducted any personnel audit and they do not have the experts to do the internal audit themselves.

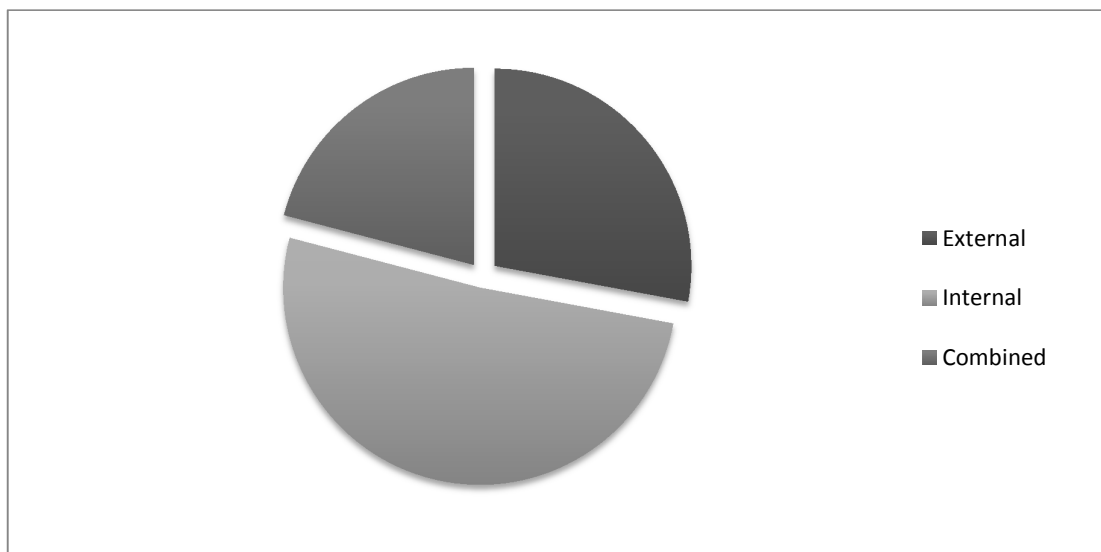
The reasons that they stated were detected by the methods of semi structural interviews with the owners and the managements of the small and middle sized companies and these will be further subject to deeper analysis. The obtained results seen in figure 2 and 3 have an informational character and show just one (selected) aspect of this problem.

**Fig. 2: Monitoring of the amount of implementation of personnel audits in the small and middle sized companies in Slovak republic**



Source: based on conducted research

**Fig. 3: Monitoring of the nature of the implemented personnel audits in the small and middle sized companies in Slovak republic**



Source: based on conducted research

## Conclusion

The personnel audit is an important source of information and knowledge about the state and the quality of the employees and managers in the small and middle-sized companies. The information that it provides can only be used by a skillful management, that has the rational and positive attitude towards the implementation of the sophisticated procedures to personal processes of the company and that is not afraid to invest financial capital to the improvement

of the human capital of the company. As the obtained results show, the personnel audit is not conducted by the managements of the small and middle sized companies in Slovak republic regularly, they do not view it as a tool to manage business and they do not view it as a tool to improve human capital of companies. As a part of the monitoring we also found out that in some of the middle sized companies, that have conducted external audit for large sums of money, the results and the findings of the personnel audit were never used as ways of improving the personnel and there were never used to make the human resource management of companies more effective. This was the base of the myth, that the personnel audit is expensive and the finance aspect of it is far more demanding and it only exists as a financial loss of the company.

The conducted analysis showed us the need to change the attitude by acknowledging managers of small and middle sized companies about the benefits and advantages of personnel audit for the business management not only in the human resource part of the business but also as a whole and not only in short term but mainly from the perspective of the strategic business objectives.

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