

A comparative study between Human Resource Management and Personnel Management (HRM VS PM)

Abstract: The development of a decision-making model for Human Resource Management (HRM) in organizations especially for multinational companies can be encouraged considering the fact that HRM plays a lead role in determining the effectiveness of organizations' endurance. The HRM generally maintains evaluation practices and systems impelling employee behavior, commitment, and performance. It is the responsibility of the HRM to dig best talents around the world, look after training, evaluate employee performance, give away rewards and ultimately keep a right environment in the company. As every strategy of an organization is totally or somewhat related to the talents present, it becomes essential to provide a framework that accurately predicts talent and workforce. This article elaborates the main difference between two most important terms : Human Resource Management and Personnel Management.

Keywords: HRM, PERSONNEL MANAGEMENT, COMPANIES , EMPLOYEE, PERFORMANCE

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According to Leon C. Megginson "From the national point of view human resources are knowledge, skills, creative abilities, talents, and attitudes obtained in the population; whereas from the view-point of the individual enterprise, they represent the total of the inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitude of its employees".

In simple words, HRM is a process of making the efficient and effective use of human resources so that the set goals are achieved. Let us also consider some important definitions of HRM.

The National Institute of Personnel Management (NIPM) of India has defined human resource/personnel management as "that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organisation of the men and women who make up an enterprise and having regard for the well-being of the individuals and of working groups, to enable them to make their best contribution to its success".

According to Decenzo and Robbins "HRM is concerned with the people dimension in management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to higher levels of performance and ensuring that they continue to maintain their commitment to the organization are essential to achieving organisational objectives. This is true, regardless of the type of organization- government, business, education, health, recreation, or social action".

Thus, HRM can be defined as a process of procuring, developing and maintaining competent human resources in the organization so that the goals of an organization are achieved in an effective and efficient manner. In short, HRM is an art of managing people at work in such a manner that they give their best to the organization for achieving its set goals.

Nature of Human Resource Management

1. A part of Management Discipline

HRM is a part of management discipline. It is not a discipline in itself but is only a field of study. HRM, being a part of management process, draws heavily from management concepts, principles and techniques and apply these in the management of human resources.

2. Universal Existence

HRM is pervasive in nature. It is present in all enterprises. It permeates all levels of management in an organization.

3. Concerned with People

HRM is all about people at work, both as individuals and groups. It tries to put people on assigned job in order to produce goods results. The resultant gains are used to reward people and motivate them towards further

improvement is productivity.

4. Action oriented

HRM focuses attention on action, rather than on record keeping, written procedures or rules. The problems of employees are solved through rational policies.

5. Directed towards Achievement of Objectives

HRM is directed towards achievement of organisational objectives by providing tools and techniques of managing people in the organisation effectively.

6. Integrating Mechanism

HRM tries to build and maintain cordial relation between people working at different levels in the organization. It tries to integrate human assets in the best possible manner for achieving organisational goals.

7. Development Oriented

HRM intends to develop the full potential of employees. The reward structure is turned to the needs of employees. Training is provided to improve the skill of employees. Every attempt is made to use their talents fully in the service of organisational goals.

8. Continuous Process

HRM is not a one short deal. It cannot be practiced only one hour each day or one day a week. It requires constant alertness and awareness of human relations and their importance in every day operations.

9. Comprehensive Function

HRM is concerned with managing people at work. It covers all types of people at all levels in the organization. It applies to workers, supervisors, officers, manager and other types of personnel.

SCOPE

The scope of HRM is, indeed, very vast and wide. It includes all activities starting from manpower planning till employee leaves the organization. Accordingly, the scope of HRM consists of acquisition, development, maintenance/retention, and control of human resources in the organization. The same forms the subject matter of HRM. As the subsequent pages unfold, all these are discussed, in detail, in seriatim.

The National Institute of personnel Management, Calcutta has specified the scope of HRM as follows:

1. The Labour or Personnel Aspect

This is concerned with manpower planning, recruitment, selection, placement, transfer, promotion, training and development, lay-off and retrenchment, remuneration, incentives, productivity, etc.

2. Welfare Aspect

It deals with working conditions, and amenities such as canteen, creches, rest and lunch rooms, housing, transport, medical assistance, education, health and safety, recreation facilities, etc.

3. Industrial Relations Aspects

This covers union-management relations, joint consultation, collective bargaining, grievance and disciplinary actions, settlement of disputes, etc.

Importance of HRM

Human resources are the valuable assets of the corporate bodies. They are their strength. To face the new challenges on the fronts of knowledge, technology and changing trends in global economy needs effective human resource management. Significance of HRM can be seen in three contexts: **organisational, social and professional.**

1. Organization Significance

HRM is of vital importance to the individual organization as a means for achieving their objectives .It contributes to the achievement of organisational objectives in the following ways:

- (i) Good human resource practice can help in attracting and retaining the best people in the organization.
- (ii) Developing the necessary skills and right attitudes among the employees through training, development, performance appraisal, etc.

- (iii) Securing willing cooperation of employees through motivation, participation, grievance handling, etc.
- (iv) Effective utilization of available human resources.

2. Social Significance

Social significance of HRM lies in the need satisfaction of personnel in the organization. Since these personnel are drawn from the society, their effectiveness contributes to the welfare of the society. Society, as a whole, is the major beneficiary of good human resource practice.

- (i) Employment opportunities multiply.
- (ii) Eliminating waste of human resources through conservation of physical and mental health.
- (iii) Scarce talents are put to best use. Companies that pay and treat people well always race ahead of others and deliver excellent results.

3. Professional Significance

Professional significance of HRM lies in developing people and providing healthy environment for effective utilization of their capabilities.

- (i) Developing people on continuous basis to meet challenge of their job.
- (ii) Promoting team-work and team-spirit among employees.
- (iii) Offering excellent growth opportunities to people who have the potential to rise.

Evolution of HRM

In early stages, employees working in factories were treated harsh condition with minimum wages or without wages in poor working condition. The government interferes on basic protection for labors/employees in factories by introducing statutory regulations.

It results in evolution of Human Resource department where factory owners agreed and the concern person looks into employee welfare and wages. **Human Resource Management**, in other words organization's manpower or workforce management or personnel management. Before industrial revolution, the entire population was influenced on agriculture economy with minimum production level. Since production level is less compared to post revolution, manpower was minimum and communication among them also inadequate.

During industrial revolution, there was a change in economy, people acquires awareness on modernization. It determines a new way for industrial setup, where it concentrates on employee wages and welfare.

In this period, companies adopted new concept known as "**merger and acquisition**" for maximizing workforce and uses automated web-based HR systems.

As soon as the industry grows, an important incident occurred in industrial revolution i.e development in Labor Union. In order to manage labors and their issues in workplace and wages related, organization forms a separate function named Personnel Management department.

During 1980's, new theories and strategies are implemented for change management, motivation and team building. Personnel Management department major responsibility is to resolve politics and diplomacy. So, this is the place where an industrial relation department raised.

Job enrichment concepts would be implemented in organization which is abundant skilled labor forces. Frederick W. Taylor formulated principles of scientific management which leads to evolution of scientific human resource management. It explains about,

- Training for workers
- Maintaining wage uniformity
- Focus on better productivity

Hawthorne studies states about Hawthorne experiment, results on increase in worker's productivity leads to worker's efficiency through greater work satisfaction. Based on organization scope, Human resource role has been changed periodically as mentioned below,

- Welfare officer – 1890 to 1913
- Labor Manager – 1914 to 1939
- Personnel Management – 1945 to 1979
- Human Resource Management – 1980 to 1990's

HR business partner and Human capital – Till now

In present situation, HR department focus on operation of personnel administration and concentrates on hiring right employees, training and developing workforce and performance management.

Emerging Challenges of HRM

1. Retaining your best talent – Make it your top priority

Gone are the days where recruiting good talent was enough, retaining that good talent is also imperative. Especially those employees who possess greater professional and technical knowledge are much in demand in the job market as such employees have the ability to keep their company ahead in the race. Such employees are invaluable assets for any company. Employee development and engagement, health and safety, recognition, flexible work timings, work-life balance are some examples of novel approaches that you could use to retain your employees.

2. Ensuring better employee productivity to maximize your profits

Maximizing profit and minimizing cost is the core of every business. Higher the productivity level, more successful you will be. So ensuring that productivity levels of your employees are always high should be your top priority. However despite continuous effort, you might sometimes get unsatisfactory results. In such case, you should thoroughly analyze the situations and make proper conclusions whether it is the result of inefficient employee or inadequate resources.

In case it is due to inefficient employee, training the employee, or even recruiting new staff could be a solution or finding alternative resources for sufficient input if inadequate resources are the case. HRM should manage on-site as well as off-site job trainings for employees. Providing training and support to employees not only benefits the company but also helps the employees who take this route to feel like they are a vital part of the business.

3. Managing a diverse workforce: Unity in diversity is the new business mantra

Composition of workforce is getting diverse at present situation. Diversity is not only created by age, gender, educational background and religion but also by the nature, personality and background of workers. However, with a more diverse workforce, some usual issues such as harassment or discrimination may arise. To control such instances, a company must formulate and implement strict rules and regulations.

4. Dealing with the “new normal” – Globalization

We live in a global world today. In fact, mergers, acquisitions, collaborations, takeovers are a common phenomenon. While internationalization of firms is obviously a sign of success, it is also a challenge as with globalization, you also have to deal with several challenges related to different languages, work culture, management approach, culture and tradition. You are also required to handle various functions such as scheduling meetings, managing holidays and outsourcing of talent to overcome these challenges.

5. Resistance to change-What if I am replaced by a machine in the future?

This is a common fear which plagues the mind of many employees. Especially the ones who consider change to be a threat and think that their roles within the company will be replaced by a machine or computer that can do the job cheaper or faster.

As with any change in the workplace, changes in technology could cause anxiety or even resistance among your employees. The role of the human resource manager would be to develop strategies to combat this resistance to change which begins by assuring employees of their worth for the business. They must be able to perceive the technology as an aid not an obstacle to their work.

6. Maintaining privacy and managing vital business information

As the technology within an organization advances, so do the privacy and security concerns connected with those technical changes. Ensuring that your employees are well trained in securing data and hence preventing privacy breaches Providing employee training on how to secure data and preventing any breach of privacy thus ensuring the safety of sensitive business information is a key challenge for human resources. Communicating with technology vendors and keeping up-to-date with the technical aspects of the company are some more ways for human resources managers to recognize and confront this challenge.

7. Maintaining discipline and ensuring successful achievement of business goals

Discipline is one of the key issues, lack of which can cause various problems impacting the productivity of the company. For instance, if discipline is not maintained; employees may neglect their tasks and duties or even procrastinate their tasks and misbehave with co- workers. The ultimate result of these activities is decreased productivity of your company.

You need to make your policies clear and inform every employee about your disciplinary procedures as

well as let them know who they can appeal to. You must follow different processes depending on the severity of the employee's actions. There is a need to ascertain whether discipline is due to employee performance issue or if it is misconduct..

Personnel Management vs. HRM

The main difference between Personnel Management and Human Resource Management lies in their scope and orientation. While the scope of **personnel management** is limited and has an inverted approach, wherein workers are viewed as tool. On the other hand, **human resource management** has a wider scope and considers employees as the asset to the organization. It promotes mutuality in terms of goals, responsibility, reward etc. that will help in enhancing the economic performance and high level of human resource development.

In early centuries, when Human Resource Management (HRM) was not prevalent, then the staffing and payroll of the employees were taken care of, by the Personnel Management (PM). It is popularly known as Traditional Personnel Management. Human Resource Management have emerged as an extension over the Traditional Personnel Management. So, in this article, we are going to throw light on the meaning and differences between Personnel Management and Human Resource Management.

Comparison Chart

BASIS FOR COMPARISON	PERSONNEL MANAGEMENT	HUMAN RESOURCE MANAGEMENT
Meaning	The aspect of management that is concerned with the work force and their relationship with the entity is known as Personnel Management.	The branch of management that focuses on the most effective use of the manpower of an entity, to achieve the organizational goals is known as Human Resource Management.
Approach	Traditional	Modern
Treatment of manpower	Machines or Tools	Asset
Type of function	Routine function	Strategic function
Basis of Pay	Job Evaluation	Performance Evaluation
Management Role	Transactional	Transformational
Communication Labor Management	Indirect Collective Bargaining Contracts	Direct Individual Contracts
Initiatives	Piecemeal	Integrated
Management Actions	Procedure	Business needs
Decision Making	Slow	Fast Groups/Teams
Job Design	Division of Labor	

Personnel Management

Personnel Management is a part of management that deals with the recruitment, hiring, staffing, development, and compensation of the workforce and their relation with the organization to achieve the organizational objectives. The primary functions of the personnel management are divided into two categories:

Operative Functions: The activities that are concerned with procurement, development, compensation, job evaluation, employee welfare, utilization, maintenance and collective bargaining.

Managerial Function: Planning, Organizing, Directing, Motivation, Control, and Coordination are the basic

managerial activities performed by Personnel Management.

Conclusion:

From the last two decades, as the development of technology has taken place and the humans are replaced by machines. Similarly, this branch of management has also been superseded by Human Resource Management. Human Resource Management is that specialized and organized branch of management which is concerned with the acquisition, maintenance, development, utilization and coordination of people at work, in such a manner that they will give their best to the enterprise.

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