



UNIT 21. LESSON ONE.

Difference between Human Resource Management and Personnel Management

is reprinted courtesy of slideshare that has generously allowed us save work stored at the following location:.

To give credit for the work please visit the following link for the citations:
http://www.slideshare.net/kiran2512/difference-between-human-resource-management-and-personnel-management?next_slideshow=1

Human Resource Management Past And Present

Human resource management has changed a lot in the past 100 years. Previously, HRM was called personnel administration or personnel management, that is, it had to do with the staff or workers of an organisation. It was mainly concerned with the administrative tasks that have to do with organising or managing an organisation, such as record keeping and dealing with employee wages, salaries and benefits. The personnel officer (the person in charge of personnel management) also dealt with labour relations, such as problems with trade unions or difficulties between employers (those who employ workers) and their employees. Before we look at the role of HRM in organisations today, we will examine the way people were managed in organisations in the past.

Definition

Personnel Management - Personnel Management is thus basically an administrative record-keeping function, at the operational level. Personnel Management attempts to maintain fair terms and conditions of employment, while at the same time, efficiently managing personnel activities for individual departments etc. It is assumed that the outcomes from providing justice and achieving efficiency in the management of personnel activities will result ultimately in achieving organizational success.

Human Resource Management is concerned with the development and implementation of people strategies, which are integrated with corporate strategies, and ensures that the culture, values and structure of the organization, and the quality, motivation and commitment of its members contribute fully to the achievement of its goals.

HRM is concerned with carrying out the SAME functional activities traditionally performed by the personnel function, such as HR planning, job analysis, recruitment and selection, employee relations, performance management, employee appraisals, compensation management, training and development etc. But, the HRM approach performs these functions in a qualitatively DISTINCT way, when compared with Personnel Management.

HRM has a long history of growing from a simple welfare and maintenance function to that of a board level activity of the companies. In recent years, the focus on people management from human capital/intellectual capital perspective is also shaping firmly. However, the hard

fact is that this growth can be generally witnessed in management literature and rarely in practice. Peripheral observation of people management in organization can mislead the observers since; hardly there could be any organization that is yet to rename its old fashioned title of industrial relations/personnel/welfare/administration department into HRM department. But, in practice, these organizations continue to handle the people management activities the way they had been handling earlier. The reasons for this could be many and varied. Among them, the potential reason is lack of clear understanding about the differences between personnel/IR and HRM.

Professor John Storey brilliantly portrayed these differences in 27 areas of people management in 1992 in his book titled *Developments in the Management of Human Resources*. These differences are illustrated in Table

Dimensions	Personnel and IR	HRM
Beliefs and assumptions		
1. Contract	Careful delineation of written contracts	Aim to go beyond contract
2. Rules	Importance of devising clear rules/mutually	'Can-do' outlook; Impatience with 'rule'
3. Guide to management action	Procedures	Business-need'
4. Behaviour referent	Norms/custom and practice	Values/mission
5. Managerial task vis-a-vis labour	Monitoring	Nurturing
6. Nature of relations	Pluralist	Unitarist
7. Conflict	Institutionalized	De-emphasized
Strategic aspects		
8. Key relations	Labour management	Customer
9. Initiatives	Piecemeal	Integrated
10. Corporate plan	Marginal	Central
11. Speed of decision	Slow	Fast

Line management		
12. Management role	Transactional	Transformational leadership
13. Key managers	Personnel/ IR specialists	General/business/line managers
14. Communication	Indirect	Direct
15. Standardization	High (e.g. 'parity' an issue)	Low (e.g. 'parity' not seen as relevant)
16. Prized management skills	Negotiation	Facilitation
Key levers		
17. Selection	Separate, marginal task	Integrated, key task
18. Pay	Job evaluation (fixed grades)	Performance-related
19. Conditions	Separately negotiated	Harmonization
20. Labour-management	Collective bargaining contracts	Towards individual contracts
21. Thrust of relations with stewards	Regularized through facilities and training	Marginalized (with exception of some bargaining for change models)
22. Job categories and grades	Many	Few
23. Communication	Restricted flow	Increased flow
24. Job design	Division of labour	Teamwork
25. Conflict handling	Reach temporary truces	Manage climate and culture
26. Training and development	Controlled access to courses	Learning companies
27. Foci of attention for interventions	Personnel procedures	Wide ranging cultural, structural and personnel strategies

Summary: Difference between Human Resource Management and Personnel Management

Human resource management is the new version of personnel management. There is no any watertight difference between human resource management and personnel management. However, there are some differences in the following matters.

1. Personnel management is a traditional approach of managing people in the organization. Human resource management is a modern approach of managing people and their strengths in the organization.
2. Personnel management focuses on personnel administration, employee welfare and labor relation. Human resource management focuses on acquisition, development, motivation and maintenance of human resources in the organization.
3. Personnel management assumes people as a input for achieving desired output. Human resource management assumes people as an important and valuable resource for achieving desired output.
4. Under personnel management, personnel function is undertaken for employee's satisfaction. Under human resource management, administrative function is undertaken for goal achievement.
5. Under personnel management, job design is done on the basis of division of labor. Under human resource management, job design function is done on the basis of group work/team work.
6. Under personnel management, employees are provided with less training and development opportunities. Under human resource management, employees are provided with more training and development opportunities.
7. In personnel management, decisions are made by the top management as per the rules and regulation of the organization. In human resource management, decisions are made collectively after considering employee's participation, authority, decentralization, competitive environment etc.
8. Personnel management focuses on increased production and satisfied employees. Human resource management focuses on effectiveness, culture, productivity and employee's participation.
9. Personnel management is concerned with personnel manager. Human resource management is concerned with all level of managers from top to bottom.
10. Personnel management is a routine function. Human resource management is a strategic function.

Difference between Human Resource Management and Personnel Management

Human resource management involves all management decisions and practices that directly affect or influence the people, or human resources, who work for the organization. In other words, Human resource management is concerned with 'people centric issues' in management.

The Human Resources Management (HRM) function includes a variety of activities, and key among them is deciding what staffing needs you have and whether to use independent contractors or hire employees to fill these needs, recruiting and training the best employees, ensuring they are high performers, dealing with performance issues, and ensuring your personnel and management practices conform to various regulations. Activities also include managing your approach to employee benefits and compensation, employee records and personnel policies. Usually small businesses (for-profit or nonprofit) have to carry out these activities themselves because they can't yet afford part- or full-time help. However, they should always ensure that employees have -- and are aware of -- personnel policies which conform to current regulations. These policies are often in the form of employee manuals, which all employees have.

DIFFERENCES BETWEEN HRM AND PERSONNEL MANAGEMENT

ALTHOUGH both human resource management (HRM) and personnel management focus on people management, if we examine critically, there are many differences between them. Some are listed below:

i) Nature of relations: The nature of relations can be seen through two different perspective views which are Pluralist and Unitarist. There is a clear distinct difference between both because in personnel management, the focus is more on individualistic where individual interest is more than group interest.

The relationship between management and employees are merely on contractual basis where one hires and the others perform. Whereas, HRM focuses more on Unitarism where the word "uni" refers to one and together.

Here, HRM through a shared vision between management and staff create a corporate vision and mission which are linked to business goals and the fulfillment of mutual interest where the organization's needs are satisfied by employees and employees' needs are well-taken care by the organization. Motorola and Seagate are good examples of organizations that believe in this Unitarist approach which also focuses in team management and sees employees as partners in an organization.

Relation of power and management: The distribution of power in personnel management is centralized where the top management has full authority in decision-making where even the personnel managers are not even allowed to give ideas or take part in any decision which involves "employees".

HRM, on the other hand, sees the decentralization of power where the power between top management is shared with middle and lower management groups.

This is known as "empowerment" because employees play an important role together with line and HR managers to make collective and mutual decisions, which can benefit both the management and employees themselves.

In fact, HRM focuses more on TQM approach as part of a team management with the involvement and participation of management and employees with shared power and authority.

The nature of management is focused more on bottom-up approach with employees giving feedback to the top management and then the top management gives support to employees to achieve mutually agreed goals and objectives.

ii) Leadership and management role: Personnel management emphasizes much on leadership style which is very transactional. This style of leadership merely sees the leader as a task-oriented person. This leader focuses more on procedures that must be followed, punishment form non-performance and non-compliance of rules and regulations and put figures and task accomplishments ahead of human factors such as personal bonding, interpersonal relationship, trust, understanding, tolerance and care.

HRM creates leaders who are transformational. This leadership style encourages business objectives to be shared by both employees and management. Here, leaders only focus more on people-oriented and importance on rules, procedures and regulations are eliminated and replaced with:

- Shared vision;
- Corporate culture and missions;
- Trust and flexibility; and
- HRM needs that integrates business needs.

iii) ***Contract of employment:*** In personnel management, employees contract of employment is clearly written and employees must observe strictly the agreed employment contract. The contract is so rigid that there is no room for changes and modifications. There is no compromise in written contracts that stipulates rules, regulations, job and obligations.

HRM, on the other hand, does not focus on one-time life-long contract where working hours and other terms and conditions of employment are seen as less rigid. Here, it goes beyond the normal contract that takes place between organizations and employees. The new "flexible approach" encourages employees to choose various ways to keep contributing their skills and knowledge to the organization.

HRM, with its new approach, has created flexi-working hours, work from home policies and not forgetting the creation on "open contract" system that is currently practiced by some multinational companies such as Motorola, Siemens and GEC.

HRM today gives employees the opportunity and freedom to select any type of working system that can suit them and at the same time benefit the organization as well. Drucker (1996) calls this approach a "win-win" approach.

iv) Pay policies and job design: Pay policies in personnel management is merely based on skills and knowledge required for the perspective jobs only. The value is based on the ability to perform the task and duties as per the employment contract requirement only. It does not encourage value-added incentives to be paid out. This is also because the job design is very functional, where the functions are more departmentalized in which each job falls into one functional department. This is merely known as division on labour based on job needs and skill possessions and requirement.

HRM, on the contrary, encourages organizations to look beyond pay for functional duties. Here, the pay is designed to encourage continuous job performance and improvement which is linked to value-added incentives such as gain sharing schemes, group profit sharing and individual incentive plans.

The job design is no more functional based but teamwork and cyclical based. HRM creates a new approach towards job design such as job rotation which is inter and intra-departmental based and job enlargement which encourages one potential and capable individual to take on more tasks to add value to his/her job and in return enjoy added incentives and benefits.