

# Human Resource Management –

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## **Critically and evaluate the similarities and differences between Personnel Management and Human Resource Management**

Human Resource Management (M6X01291)

BSc – Logistics and Supply Chain Management

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## Introduction

“People in an organization carry out the entire task, from setting strategies and goals to allocating financial resources and from producing goods and services to marketing them. Therefore, human beings are considered to be ‘human resource’ or ‘human capital’ in an organization” (Bratton and Gold, 2001).

This quote from the book “Human Resource Management: Theory and Practice” shows how humans are considered most of the time in companies. Today, a lot of them try to substitute humans by machines, but humans are essential to operation, that’s why they have to be managed.

Human management can be a source of trouble, but more importantly it can be a way to improve the performance of companies operations, to increase profits, and make people happy to achieve their aims. Human management is an art of utilizing the human resources of an organization, in the most efficient and effective way. (HRM Exam, May 2019)

The vision of human management hasn't stopped to progress since the late 19th century.. Through this assignment I will especially focus myself on Personnel Management (PM) and Human Resource Management (HRM). These departments are essential to the growth of any company, these two types of management have changed during the years, with the development of the technology, and the approach of workforce welfare.

First of all, I will see how HRM and PM have been setting up inside organizations and which role they played. After that I will see their operations inside today’s organizations, and what are their differences and similarities. Finally, I will study the operation of HRM and PM inside an industry as logistics. The aim of this assignment is to show how these methods can improve performance inside a sector of activity.

# 1 Human Resource Management development

## 1.1 Human Resource Management introduction

Human resource management has not stopped developing itself since the late 19th century. Around the end of 19th, Frederick Taylor developed the idea of scientific management, with horizontal and vertical organization of work. This standardization of work will be adopted in Europe and the United States during the 20th century. Standardization allows to establish a salary bound to the productivity of workers.

Despite the growth of organizations productivity through Taylorism, the high pace of work execution and the assembly-line work makes the task of the working class difficult. If the volume of productivity increases, the quality objective is not automatically achieved. (Vie-publique, 2019)

Because of these issues, many companies in the beginning of the 20th century wanted to give a bigger place to workforce welfare inside organizations. So, Bit by bit the concepts of Human resource management have been developed, and apply in the majority of companies.

Since the 20th century, the vision of employees doesn't stop to progress, employees are not just resources or capital anymore but also people, who have needs and wishes.

## 1.2 Role of Human Resource Management

“Human resource management (HRM) is the practice of recruiting, hiring, motivating, evaluating, deploying and managing an organization's employees” (SearchHRSoftware, 2019). Human management is fundamental in any organization with humans, that is essential to the growth of the company.

Through the Human Resource Management department, companies try to give to employees the best setting of work, to motivate the workforce, and push them to give the best. The purpose of Human Resource Management is to maximize the productivity of an organization by optimizing the effectiveness of its employees. (Inc, 2020)



*Functions of Human Resources Management (HRMexam)*

Today, a lot of companies try to innovate in terms of human resource management, with new types of work environment like open space, or also innovations in terms of scheduling organizations.

For motivation and incentives to work, organization must first be tied to a goal. Then they must employ needs assessment and human resource development strategies in pursuit of its mission. This human resources development must be focused on the specific

organizational and individual needs whose satisfaction will lead to enhanced productivity (M. Riccucci, 2015).

Despite all of that, and according to Edwards L. Gubman “the basic mission of human resources will always be to acquire, develop, and retain talent; align the workforce with the business, and be excellent contributors to the business, Those three challenges will never change.” (Journal of Business Strategy).

## 2 Personnel Management development

### 2.1 Personnel Management introduction

The personnel management have been developed with the evolution of human and employment rights but also technological innovations. Throughout the Industrial revolution, which took place between 1760 and 1820, workers as a collective group were of course vital, but individually they were expendable.

During the 20<sup>th</sup> century the world of work changed a lot, women started to be included in the industrial workplace, to perform the jobs that had been vacated by the males being set to the front during World War One. However this industrial system functioned well enough for the own, but the life of the worker was hard and usually short. (hronline, 2015)

Step by step, organizations started to substitute this work for unskilled labour with machine glade to the technological revolution. From this point, workers have to be more qualified and need some knowledge to respond to the requirement of organization.

Nowadays humans have taken an increasingly important place in organization. Human management went from being non-existent to essential in the space of a century.

## 2.2 Role of Personnel Management

“Personnel management can be defined as obtaining, using and maintaining a satisfied workforce. It is a significant part of management concerned with employees at work and with their relationship within the organization.” (MSG)

The Personnel Management department is in charge of the employment, development and compensation of the staff. However these departments do not perform alone, decisions are taken with consultation of other departments. The Personnel Management exists to assist the line manager in personnel matters.

The aim of the Personnel Management is to develop the potential of workers to improve operations of an organization. It is based on human orientation and welfare rather than productivity control, but the welfare of workforces and productivity are linked to each other, because a glad worker will be more productive than a worker always under pressure and unhappy.

## 3 Personnel Management versus Human Resource Management

Human resource management may seem similar to personnel management, as they both try to improve the human presence in companies to generate more profits and benefits. To achieve this goal, these two methods can use similar but also different methods.

### 3.1 Similarities

The principal aim of Personnel Management and Human Resource Management is to put the right people on the right jobs as one of the overall goals of managing people at the workplace (Legge, 1989). Furthermore, both methods share the same field of activity, from recruitment and selection to remuneration and performance management (Grin, 2002)

They have a lot of similarities between Personnel and Human Resource Management in the methods used. Every organization wants to be the best, and better than competitors, but to achieve this target, humans need to be managed in the most efficient way possible.

Both methods used humans to achieve organizational goals, and are derived from the business strategy. Another similarity found by Legge (1898) is that both concepts the management and development of human inside organizations is not only a specialist function but also lies to the line managers. (Grin, 2002)

Despite all these similarities, Personnel Management and Human Resources management, still remain two different concepts of personnel development within organizations, with different approaches and different methods.

### 3.2 Differences

Human Resource Management and Personnel Management can look similar but they have differences between these two departments.

First of all, while Personnel Management is the department who deals with the workforce within the organizations, Human Resource Management aim is to use, by the best possible way, the enterprises's manpower (hrmexam, 2019).

In Personnel Management humans are considered like tools or machines, in Human Resource Management he is treated as an important asset of organization. We can say, Human Resource Management is the advanced version of Personnel Management.

Personnel Management see the workforce as a group of employees, who have a union leader to represent it in the negotiations. Whereas Human Resource Management wants to

treat each employee as a unique person who has a personality and needs. In the same way, in Personnel Management the pay is based on job evaluation, against a pay based on performance evaluation in HRM (hrmexam, 2019).

Personnel Management can be criticized for its only loose link with business objectives, while the Human Resource Management takes place at a strategic level within the organization. Moreover, Human Resource Management is largely integrated into line management unlike Personnel management. That's why Human Resource has divided employees into teams or groups to perform and increase the satisfaction and the motivation of each employee. With the Human Resource concept, employees have a high trust in the organization, they feel supported as a person and not as a group of people who are used like a tool or a machine.

Human Resources Management regards workforce as a valued asset, which has to be preserved and listened to. Personnel management is more focused on general activities, like hiring, remunerating, training and ho.

Human Resource Management really tries to develop humans to their maximum, with the goals to develop the organization in the same way, and improve operation. This method places humans as value for the companies, who need to be managed with the aim of getting the better of each person.

## 4 Logistics industry

### 4.1 Human Resource Management in Logistics

“Today a lot of companies prioritise technological implementation and partner selection over logistics workforce development. Logistics organizations can achieve a competitive advantage by investing in the performance of labour and management resources “(Supply Chain Secrets, 2017).

To increase the potential of the workforce, the organizations have to put the right Human Resource Management strategy in place , to use the manpower in the most effective way possible.

In Logistics industry, Human tasks can be difficult due to the unskilled jobs which have to be done. That’s why the Human Resource Management department can have a leading role in the strategy of the companies. His role is to hire, retain and optimize the workforce, to achieve the aims set by the managers.

Time is very important in the Logistics area, because Logistics organizations sell services to deliver a product from a point A to B in a period. So each person in the company must be focused on his target to do his jobs in the most efficient way he can, and without mistakes. That’s why, pay system in Human Resources Management is related to performance and not on job evaluation. This remuneration increases the motivation of workers and their concentration.

Logistics can be very stressful too, so the Human Resource Management department has to take care of its workforces, to give them the best work conditions. That’s the main objective of this management method in the Logistics areas, helping the workforce to do their best, by training, developing, hiring.

## 4.2 Personnel Management in Logistics

Objective of Personnel Management in the Logistics area will be the recruitment, staffing, development, and compensation of the workforce and their relation with the organization to achieve the organizational objectives (Hrm exam, 2019).

Thanks to these functions the Personnel Management will search to develop and to get the most efficient workforce possible. The Personnel Manager performs both managerial and operative functions.

- The operative functions of the personnel manager are the activities that are concerned with procurement, development, compensation but also employees welfare, job evaluation, maintenance and collective bargaining (Hrm exam, 2019)..
- Managerial functions are most focused on the basic managerial activities as planning, organizing, motivate, directing, control (Hrm exam, 2019). So we can clearly divide the Personnel managers functions in two categories.

The Personnel management department makes the link between the manpower and management. In this method, the negotiations are made for the collective bargaining with a union leader, so the workforce could participate in these negotiations thanks to the union leader.

Personnel management will deal with ordinary activities such as staffing, remunerating, training and harmony (Hrm exam, 2019). It also assists the top management, which sets up the primary policies.

These Personnel Management functions are essential for a logistics organization, to organize operations , control and evaluate the workforce but also to recruit new employees. As well, the task of Logistics employees can be difficult because of the repetition of the works, so they must be assisted to be in the best condition to perform, and that will be a competitive advantage for the organization.

## Conclusion

Since the end of the 19th century, the vision of the workforce has changed a lot. The technological progress has replaced the unskilled labour by machines and a lot of jobs have changed or disappeared.

Years after years, the concepts of human resources management and personnel management have evolved with the development of human and work rights.

Nowadays, Human Resources Management and Personnel Management are both focused on personnel management and welfare of employees. These two concepts of management try to improve the presence of humans inside an organization to develop an advantage thanks to the manpower.

These two methods have similarities but also differences, they are essential to every organization with employees and they bring benefit and advantage for any company. They can be used in every sector of activities and in every type of organization with humans.

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