

HRM assignment 1

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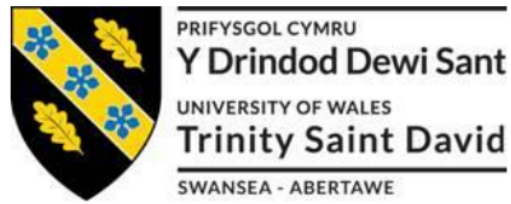
Submission date: 30-Oct-2017 11:16PM (UTC+0000)

Submission ID: 76557186

File name: 6536_Luke_Atherton_HRM_assignment_1_70785_414163790.docx (110.57K)

Word count: 2943

Character count: 18916



M6X01291 Human Resource Management

Assignment Title: Compare and critically evaluate the similarities and differences between personnel management and human resource management

Submission date: 30/10/2017

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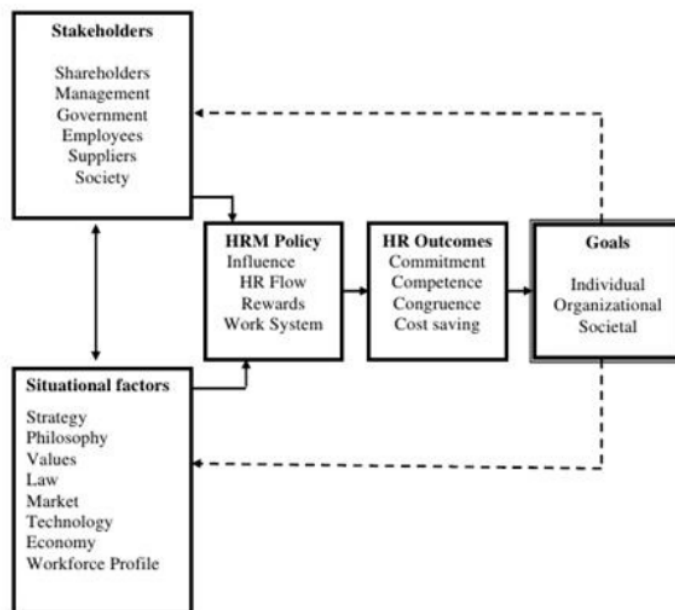
There are two approaches used in employee management, Human Resource Management (HRM) and Personnel Management (PM). Whilst these approaches are seemingly different, they do in fact share some similarities (Management Heaven, 2017). However, identifying clear similarities and differences between the two approaches has proven problematic for many years, for both academics and managers, particularly in the UK (Poole, 1999, p.216). This has been further echoed in recent times, as suggested by (Henderson, 2011, p.2), *'The definition of terms such as 'personnel management' and 'human resource management' is one area of particular confusion and irritation to general managers'*. As a resulting consequence, (Henderson, 2011, p.2) further proposes that Personnel Management and Human Resource Management should both fall under the same classification of 'People Management' function, described by (Henderson, 2011, p.2) as, *'All the management decisions and actions that directly affect or influence people as members of the organisation rather than as job-holders'*.

'Human Resource Management (HRM) is the basis of all management activity, but it is not the basis of all business activity' (Torrington et al., 2017, p.5)

Human Resource Management was established within organisations during the late 1920's, as a result of the human relations movement (HRMP, 2017). Elton Mayo (1880-1949), is widely known as the founder of the human relations movement, and is famous for conducting The Hawthorne Studies at Western Electric Company, in Chicago during 1924-1927 (HRMP, 2017). The Hawthorn Studies consisted of a series of experiments comprised by Mayo, in an attempt to establish the effects on worker productivity and quality, by manipulating physical working conditions (HRMP, 2017). The experiments confirmed Mayo's hypothesis, that *'people are motivated by additional factors rather than by purely economic factors'* and Mayo further concluded from the results that, *'people's work performance is dependent on both social issues and job content'*. (HRMP, 2017).

The term Human Resource Management was being coined by Peter F. Drucker (1954) in 'The Practice of Management' (Marciano, 1995, p.223). The usage of this term was not thought to carry any particular significance at the time, and was deemed as just another label for personnel management, or personnel administration (Henderson, 2011, p.2). However, Human Resource Management has developed considerably over the last few decades, and this development has lead to employees within organisations now identified as being the core importance of an organisation, and key to running a successful business (Whatishumanresource.com, 2017). It is suggested by (Henderson, 2011, p.7) that, *'The people management policies and practices which are usually termed 'HRM' originated in manufacturing industry in the USA during the late 1970s and early 1980s'*. According to (Marciano, 1995, p.223), it was developments in Human Resource Management during the early 1970's which saw Human Resource Management become popular in management circles. However, as suggested by (Beardwell and Claydon, 2007, p.5), *'Despite the increase in popularity of the term HRM, there is still no universally agreed definition of its meaning'*.

When defining the term 'HRM', D.E. Guest (1987) suggested that, '*HRM comprises a set of policies designed to maximize organizational integration, employee commitment, flexibility and quality of work*' (Armstrong, 2009, p4). Correspondingly, it was stated by (Beer et al., 1984) that, '*Human resource management involves all management decisions and actions that affect the relationship between the organisation and employees - its human resources*'. (Beer et al., 1984) also introduces the concept of four major areas which define Human Resource Management policy, with human resource flow, employee influence, reward systems and work systems contributing to the development of 'Harvard model' or 'Map of the HRM Territory' (Beer et al., 1984, pp.7-16), as illustrated in (Figure 1).



(Figure 1) – The Harvard 'Map of the HRM Territory' (Beer et al., 1984, p.16)

The conceptual foundation of Human Resource Management has been defined from compiling numerous research studies focusing on behavioral sciences, various strategic management, human capital and industrial relations theories (Armstrong, 2010, p.8). However, it can be noted in various literature, that there are still many different perceptions of what Human Resource Management really is, and therefore there are currently a wide variety of Human Resource Management definitions in use (Lapiņa, Maurāne and Stariņeca, 2014, pp.581). In further relation to this, (Lapiņa, Maurāne and Stariņeca, 2014, pp.581) comment that, '*Some authors support the unitary approach to HRM, when employers and employees are viewed as having common interests and the key function of HRM is how people can best be managed in the interests of the organization.*'. Fundamentally, the intended practice of Human Resource Management is to cover aspects regarding how personnel are employed and managed within an organisation or enterprise (Armstrong, 2010, p.8). These aspects include:

- Resourcing (HR planning, selection and recruitment, managing talent)
 - Human capital management
 - Knowledge management
 - Performance and reward management
 - Learning and further development
 - Organisational development
 - Employee relations
- (Armstrong, 2010, p.8)

Human Resource Management can be described as strategic in nature, and carries an integrated, strategic and coherent approach towards the employment, development and welfare of personnel working within an organisation (Armstrong, 2010, p.8). According to (MSG, 2017), Human Resource Management goes beyond the administrative tasks of personnel management, incorporating a broad vision of how effectively utilising management of personnel and resources can bring many added benefits to an organisation.

The term of 'Personnel Management', sometimes referred to as 'Personnel Administration', is often described as a more traditional administrative approach towards people management (Henderson, 2011, p.6). The concept of people management first originated in the UK during the Industrial Revolution in the nineteenth century, during the time when factory operations begun (Henderson, 2011, p.6). According to (HR Online, 2015), due to the absence of welfare state during this period, workers were subjected to long working hours, and very poor working conditions, conditions which in today's world would likely be considered to be 'inhuman'. The introduction of the 'Factory Acts' in the 1840's saw factory owners being increasingly pressured in to taking appropriate actions to improve the welfare of workers, and lead to capitalist owned companies like Cadbury and Rowntree employing welfare officers in a move to monitor and improve working conditions for employees (Henderson, 2011, p.6). (Henderson, 2011, p.6) further summarises that, *'Caring for the welfare of employees was thus the first true 'people management' role in the sense of organisational responsibility beyond that of specific job performance.'*

The twentieth century saw a substantial rise in trade unionism in the industrial sector, alongside the rise of scientific management, also referred to as 'Taylorism' introduced in to organisations to measure the productivity of workforces (Henderson, 2011, p.6). Frederick Winslow Taylor (1856-1915) has long been referred to as the 'father' of scientific management (Management Study HQ, 2017), as a resulting outcome of experimenting with various scientific management techniques in the workplace. *Scientific Management*, originally written by Frederick Winslow Taylor (1856-1915) was subsequently published in 1947, and introduced the four fundamental principles which underlined scientific management theory in the workplace, including:

- Replacing 'rule-of-thumb' work methods with proven methods via scientific study.
- Scientifically selecting, training, and developing each worker as opposed to leaving workers to own devices.
- Co-operating with workers to ensure that the scientific methods are being implemented in the workplace.
- Equal division of labour between managers and workers, allowing for managers to apply scientific management principles to the planning aspect of work, so workers could successfully perform assigned tasks, and therefore leading to increased productivity

(Taylor, 1947, pp.15-20)

Taylor's main focus was productivity orientated, which in turn led to the introduction of a productivity based wage structure being introduced in the workplace (Management Study HQ, 2017). Taylor reiterated the importance of time and motion study techniques for effectively measuring productivity, whilst instilling a 'humanistic approach' (Management Study HQ, 2017). Taylor was a known idealist, and carried the belief that the interest of owners, managers, and workers were paramount for successful productivity, and should be harmonized where possible (Management Study HQ, 2017).

The aftermath of World War II saw the emergence of social science in the workplace, in an attempt to alleviate undesired side effects of scientific management, yet with the aim of maintaining the productivity and economical benefits of scientific management (Henderson, 2011, p.6). Whilst this may have had no significant effect on the management of people, social science did influence a change in culture, with the general opinion that the introduction of social science in the workplace improved the selection and recruitment process of employing personnel, which subsequently impacted the policies and practice of people management.

By the 1970's a consistent model had now been developed for people management, which was now being labelled as 'Personnel Management' (Henderson, 2011, p.6). Personnel Management now encompassed a scope of activities concerning the workforce, covering aspects such as administration, payroll, staff requirements, and the handling of contractual agreements (MSG, 2017). The term of Personnel Management was now being characterised as a predominantly administrative based function within an organisation, with a traditional approach towards managing employees by compliance of set rules and policies instilled by the organisation (Businesstopia, 2017). The fundamental aspects which now characterised Personnel Management, are summarised by (Businesstopia, 2017), as, *'Planning, job analysis, recruitment and performance appraisal along with training and compensation management. Personnel management also focuses on managing labor relationship by handling employee grievances.'*

Peter F. Drucker (1954) renownedly criticised the term of Personnel Management when comparing to Human Resource Management, labeling it *'personnel administration with a set of unrelated, albeit individually important activities'* (Henderson, 2011, p.7). Interestingly though, it is still the viewpoint of some industry professionals, that there are no significant differences between Human Resource Management and Personnel Management, that they have no difference in meaning, and that they are seamlessly interchangeable (Differencebetween.net, 2017). Furthermore, (Storey, 1989, pp.26-27) suggests when comparing both Human Resource Management and Personnel Management models that there are distinct similarities between the two, further claiming that Human Resource Management and Personnel Management both share a heavy weighting of emphasis on the importance of integrating practices combined with organisational goals. It is further suggested that both Human Resource Management and Personnel Management share a similar emphasis on the importance of developing individuals in an organisation to perform to the best of their abilities, enhancing skill set, increasing personal achievement and overall worker satisfaction (Storey, 1989, pp.26-28). It is evident that Human Resource Management and Personnel Management similarly both focus on the aspect of line management, however, it is also important to differentiate between the different concepts of line management involved, as (Storey, 1989, p.28) suggests; *'HRM is vested in line management as business managers responsible for coordinating and directing in the business unit in pursuit of bottom-line results'*, whilst comparatively suggesting that, *'all managers manage people, so all managers in a sense carry out 'personnel management'*.

Contrastingly, (Beardwell and Claydon, 2007, p.15) state that there are notable differences between Human Resource Management and Personnel Management, and refer to the work of Walton (1985). The work of Walton (1985) was considered Bureaucratic traditional, and involved differentiation of strategy within an organisation for 'imposing control' and 'illicit commitment', as described by (Bamberger and Meshoulam, 2000, pp.142-146). It is suggested by (Beardwell and Claydon, 2007, p.15), that the differences in Human Resource Management and Personnel Management are based on the work of Walton (1985), further suggesting that, *'the control model is based on Taylorist and Theory X (McGregor, 1960) assumptions about worker competence and motivation whereas the commitment model reflects Theory Y assumptions'*.

(Nayab and Wistrom, 2015) claim that, *'Human resource management is the new version of personnel management'*, and further stipulate that Human Resource Management has a broader scope in approach, and has evolved from Personnel Management. (Nayab and Wistrom, 2015) further point out that Personnel Management carries a more traditional approach, whilst Human Resource Management represents a modern approach towards managing people within an organisation. This is further supported by (Accounting-Management, 2017), relating to the focus of HRM on acquiring and developing personnel, and the careful monitoring of personnel motivation within an organisation. This is as opposed to Personnel Management, which is predominantly administrative based, and tends to incorporate the following functional aspects of; payroll, law compliance, staff planning/recruitment, staff training, job analysis/evaluation, and performance appraisals (Nayab and Wistrom, 2015). Human Resource Management is considered to be proactive, whilst it is suggested that Personnel Management has a more reactive approach towards operations (Differencebetween.net, 2017). Furthermore (Nayab and Wistrom, 2015), suggest that Human Resource Management includes all the activities associated with Personnel Management, but covers additional aspects such as, *'organizational developmental activities such as leadership, motivation, developing organizational culture, communication of shared values'*.

'The real difference between HRM and Personnel Management as 'not what it is, but who is saying it. In a nutshell HRM represents the discovery of personnel management by chief executives'. If this is so what factors simulated such a belated discovery?' (Poole, 1999, p.223).

In conclusion, it is clear that there is a great deal of uncertainty amongst managers, authors and academics when attempting to define and outline the principles of Human Resource Management and Personnel Management as two different theoretical models. There are however, some common elements over which there is generalised agreement. Personnel Management is considered to be the more traditional of the two approaches, with Human Resource Management being a more recently introduced modern workplace concept. Personnel Management focuses on the administrative elements concerning the workforce, such as, employee recruitment and selection, training and remuneration. Human Resource Management, on the other hand, puts a primary focus on motivating the workforce, through making workers feel like valued assets of the organisation, and therefore leading to increased productivity. Human Resource Management is proactive in its approach, seeking to anticipate future concerns and to plan accordingly whilst being vision drive. Personnel Management is viewed as being reactive.

In reality, most successful organisations are likely to have in place a management strategy that is a seamless blend of both theoretical models. This is to be expected, as the historical background of the two models suggests a gradual evolution from Personnel Management to the broader, more encompassing concept of Human Resource Management, over many decades. This is perhaps a more realistic basis on which to analyse the two models. It is therefore understandable that there is much confusion and irritation when managers are asked to label which model underpins the management strategy adopted by any particular organisation. As Personnel Management is now rarely seen in isolation within an organisation, but is now part of the broader Human Resource Management umbrella, it stands to reason that the term Personnel Management should be dropped from current usage, and confined to descriptions of historical management theories and practices. This in turn, would prevent the problems caused by the inaccurate use of the two terms interchangeably, and would reduce the confusion when management strategies are being discussed. To summarise overall, it is worth remembering that when attempting to distinguish between the similarities and differences of Human Resource Management and Personnel Management, that they are effectively both of the same entity.

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