

Example of traditional personal management vs. human resource management essay

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Traditional Personal Management Vs. Contemporary Human Resource Management

Human resource management was earlier known as personal management. Personal management used to take care of numerous duties for organizations, and the same is done by the HRM in modern times. HRM has gone through significant changes in the past hundred years. The role of HRM is wide and not limited to the recruitment of the employees and management of their records and wages. HRM is responsible for a variety of the tasks that affect the performance of an organization right from selection and retention of the talent, performance management and overall employees' development. It further deals with training of the employees, performance appraisal and promotion, and wages and benefits. HRM also ensures an amicable working environment for employees and helps in building a good relationship between the staff and management. This paper intends to discuss personal management and human resource management along with presenting their comparative analysis.

Guest (1991) in their article mentioned that personal management evolved significantly over a period of time by utilizing findings generated through different empirical studies and conceptual framework. The author mentioned that the development has touched all major and minor dimensions of personal management and become human resource management.

According to the author, in spite of various changes and innovations only little positive changes can be observed in the outcome of HRM. Traditional personal management approaches were focused on record keeping and maintaining transparent employment conditions (Guest, 1991).

Lawler (2005) said that the changes in personal management /HRM practices are occurring at good rate due to higher expectations of management of the organizations, changing rules and regulations, and changing awareness level of the employees. Companies expect a large role from human resource department and want it to add value to the present system. Companies are facing different challenges related with recruitment and retention of the talent. It is a challenge for the companies to find a right talent in the market (Lawler, 2005).

HRM has replaced the personal management by adopting several changes in its ideas and functioning. The idea of Personal management was emerged in the twentieth century, and its main functions were confined to maintaining files, records and ensure smooth operation in an organization. Personal management used to take care of fair employment terms and at the same time, it used to manage staff activities of all departments. Personal management also used to take care of employees' interests and benefits without compromising with the success of the organization (Schmitt, 2012). During earlier times, the role of personnel management was limited to record keeping of the employees. Organizational processes were not technology driven, and labors were not informed about their rights. Companies used to hire labor or employees to do hard work. However, things have changed over a period of time. Now companies believe in adopting latest technology, and want skilled, experienced, and innovative manpower. Efficiency of employees can be measured and monitored under human resource management (Mello, 2011). However, in personal management employees performance was not linked with quantitative goals, and the

focus was not on integration of personal management department with other key departments and activities.

Schuler & Jackson (2008) in their book talked about how personal management evolved to HRM. According to the author, the importance of people management has increased significantly over past few years.

Companies realized that people play an important role in the success of an organization. In contemporary world, success of companies largely depends on customer satisfaction, which cannot be achieved without efficient employees. Employees, at levels of value chain, starting from procurement of raw material, manufacturing of the products, retailing of the products, and after sales service, impact the performance of the company (Schuler & Jackson, 2008, p 271-293).

Human resource management takes care of several other things apart from completing tasks that personal management used to do previously. HRM is concerned for the development of employees and adopts various strategies in order to do so. HRM adopts various strategies and for the development of employees as well as the organization. HRM is responsible for Preserving the structure, culture, inspiration, excellence and mission of organizations. It ensures achievements of an organization with preserving interests of employees.

Though HRM carries out similar responsibilities that were earlier performed by the personal management but there are a number of differences in the working of both these management ideas. Through various advanced techniques and strategies, HRM helps human resource managers in managing employees and dealing with various challenges that come while

managing an organization. HRM is the advanced version of Personal management and is free from all shortcomings of its predecessor (Mathis & Jackson, 2012).

In personal management approach, the leadership style that used to be depicted by leaders was transactional and authoritative. Employers were meant to give instructions and employees were supposed to follow those instructions. However, in present human resource practices leadership style depicted by the leaders is transformational and supportive. Leaders now carefully listen to the employees, understand their requirements or points, before making any instruction or assigning work. Involvement of employees is also emphasized in decision-making process.

Price (2011) mentioned that under personal management, the communication between employees and employer was very formal and indirect. The communication used to be made by handouts, newsletters, or booklets. Under current human resource management, the communication is direct, and employees can communicate directly with their seniors and management of the company. Various large multinational organizations such as Apple, Google, and Nike, etc. encourages its stakeholders including employees to participate in the common forums and meetings. Employees are also free to communicate with senior management by using e-mails, or face-to-face meeting (Price, 2011, p 12-13).

Lee & Jin (2014) in their article mentioned that how companies are deploying hard efforts to create learning organization. In large organizations employees often get disconnected with each other, hence, sharing of information and knowledge does not occur. Personal management does not focus on

collaborative learning and knowledge sharing, but HRM considers collaborative learning very important for the development of the organization. Collaborative learning plays a major role in developing business strategies, increasing knowledge on products & industries, and in bringing new ideas or concepts. Continuously increasing competition compelling organizations to bring innovative products or services to the customers, and innovation can be achieved through collaborative learning. Innovations also provide companies a competitive advantage over its competitors which facilitate success of the organizations (Lee & Jin, 2014). Aswathappa (2005) mentioned that long journey from personal management to present human resource management has witnessed significant changes. The major areas that get impacted by the transformation are employee recruitment, employment contract, pay and wages, job design, training and development, and performance appraisal. Under personal management, recruitment process was a separate and neglected task. However, presently recruitment is made by adopting a proper procedure. Majority of the companies now have designated employees who look after recruitment process (Aswathappa, 2005, p 16).

Breaugh (2013) in his article mentioned the recruitment of employees' impacts knowledge and learning of the organizations. The author mentioned that present HRM practice focuses on a systematic selection of the employees. Companies first analyze the job or position that is vacant, and what skills, knowledge and experience is required to fill that position. Employees get selected after rounds of interviews, discussions and negotiation. During recruitment process, companies ensure that the selected

person has capabilities required for the position. Under personal management, the recruitment process was not an important process.

Employees used to be selected by adopting general process or through references (Breaugh, 2013).

Armstrong & Taylor (2012) said that personal management does not place importance on training and development of the employees. During earlier times, employees' development and learning were nowhere in the priority list, and companies did not allocate any separate budget for training programs. However, under contemporary HRM practices, training & development of the employees is among top priorities of the companies.

Companies not only allocate some budget for training programs, but ensures that all employees undergo through mandatory days of training. Companies also fund some educational courses for their employees on certain terms & conditions (Armstrong & Taylor, 2012).

Present human resource management emphasizes on identification of training needs of the employees based on his role & responsibilities and performance. In various organizations training and development programs are part of annual appraisal process. Employees can nominate themselves or by their supervisors for the training programs depending upon the need (Saks et al., 2010). Organizations also organize training programs on new technology or processes that companies want to implement in the organization. For example a company will organize training program on SAP if it's planning to implement SAP system. Training and development not only ensures the career development of the employees, but increase the knowledge base and expertise of the organization. Sung & Chai (2014) in

their article mentioned about positive relationship between training & development and overall performance of the employee (Sung & Chai, 2014). Carraher (2011) in his article describes the impact of benefits and pay on employees' satisfaction. According to the author, salary and benefits not only help companies in attracting talent, but also ensure employees' satisfaction. Companies who offer better wage rate or compensation attract and retain talent. Contemporary HRM techniques emphasize on allocation of wages and benefits depending upon the knowledge, work experience, and skills of the employees. However, Personal management did not have a say in affairs of wages, salaries and other benefits (Carraher, 2011).

In personal management employees used to get whatever salary was fixed by the management irrespective of their capabilities. No proper mechanism was available to raise the demands regarding the salary and other benefits during the time of personal management. HRM on the other hand deals with all issues related to wages, benefits and salaries of employees in a systematic and effective manner. Employees can negotiate their salary with the management and HRM plays very significant role in this affair (Shaw et al., 2013).

HRM now analyses the qualification, performance, work-experience and skills of employees while ascertaining their salary. Promotions and appraisal are made on the basis of employees' performance in modern times. HRM has an effective policy that deals with performance and promotion of employees while in earlier times employees had no such privileges. A unified salary structure was fixed for employees without considering their qualification and skills. Policies regarding promotion were also not very transparent, and

people who were close to the management used to get promotions and appraisals. HRM has made these things easier and fairer.

Having observed an overview and succinct analysis of the above-mentioned subject, this paper concludes that HRM is the advanced version of the personal management. HRM has adopted a number of changes, techniques and ideas that make it effective than its previous version i. e. personal management. HRM includes various things that personal management could not address. The area, effect and scope of personal management were confined while HRM has a wider are and scope. Personal management used to deal with keeping records and maintaining files, but HRM provides a broader horizon to human resource. HRM has redefined employee- employer relationship and deals with performance and organizational behavior in a new perspective. With the evolution of HRM, employees witnessed a new era in the organizations. Earlier there was no communication between employer and employees, but HRM advocates for such relationship and arranges such communication where employer and employees share their ideas with each other.

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