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Human resource management versus personnel management

The main purpose of the paper is to show main differences between the concept of human resource management (HRM) and the concept of personnel management. HRM should be viewed as a strategic approach to the management of the people who individually and collectively contribute to the achievement of organizational goals. The human resource management itself is characterized by hard and soft approaches. The hard approach to HRM is based on the quantitative aspects and “rational” methods. The soft approach to HRM is rooted in the school of human relations and behavioral sciences based on communication, theories of motivation and leadership concepts. The basic idea of the soft approach is to achieve the employee commitment to business objectives to involve them in creating the favorable environment for communication and information exchange and organizational culture. Despite of using “hard” approach to HRM in some Kazakhstani organizations there is no clear understanding discrepancy between these two concepts. The strategic orientation of the concept is developed in the model of David Gest and The Harvard Map of Michael Beer. Using these models and also “soft” approach would let the Kazakhstani management become more effective.

Key words: human resource management (HRM), personnel management, soft approach to HRM, hard approach to HRM, the Harvard Map, David Guest’s model.

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Адам ресурстарын басқару және қызметкерлерді басқару концепциялардың айырмашылықтары

Мақалада қызметкерлерді басқару концепциясынан адам ресурстарын басқару (АРБ) концепциясының негізгі ерекшеліктерін көрсету мақсаты қойылған. Қазақстанда, кейбір ұйымдарда АРБ «қатан» тәсілдеме қолданғанына қарамастан, екі концепция арасындағы айырмашылықта анық түсініктеме жоқ. АРБ концепциясының стратегиялық бағыттылығы Дэвид Гест моделі және Гарвардтық Бир моделінде көрсетіледі. Осы модельдерді АРБ, сондай-ақ «жұмсақ» тәсілдемені қолдану қазақстандық менеджменттің тиімді болуына мүмкіндік береді.

Түйін сөздер: адам ресурстарын басқару (АРБ), қызметкерлерді басқару, АРБ «жұмсақ» тәсілдеме, АРБ «қатан» тәсілдеме, Гарвард моделі, Дэвид Гест моделі.

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Концепция управления человеческими ресурсами в сравнении с концепцией управления персоналом

В статье ставится задача показать основные отличия концепции управления человеческими ресурсами (УЧР) от концепции управления персоналом. В Казахстане отсутствует четкое понимание разницы между двумя концепциями, несмотря на использование «жесткого» подхода к УЧР в некоторых организациях. Стратегическая направленность концепции УЧР проявляется в модели Дэвида Геста и Гарвардской модели Бира. Использование этих моделей УЧР, а также «мягкого» подхода позволит казахстанскому менеджменту стать более эффективным.

Ключевые слова: управление человеческими ресурсами (УЧР), управление персоналом, «мягкий» подход к УЧР, «жесткий» подход к УЧР, Гарвардская модель, модель Дэвида Геста.

Human resource management (HRM) is a constantly ongoing activity, which constitutes the critical part of managers’ work and plays a crucial role in the prosperity of an organization. Such view of HRM is substantiated. According to managers who treat people as human resources, employees of the

organization are the primary and most valuable assets.

In general, human resources are a collection of individuals, each of whom has a special personality, intellect, ability for self-development and creativity [1, p. 223].

There are two common misconceptions about HRM and Personnel Management:

- HRM and personnel management are opposite concepts, activities in these areas are quite different.
- HRM and personnel management are the same concepts and mean identical activities.

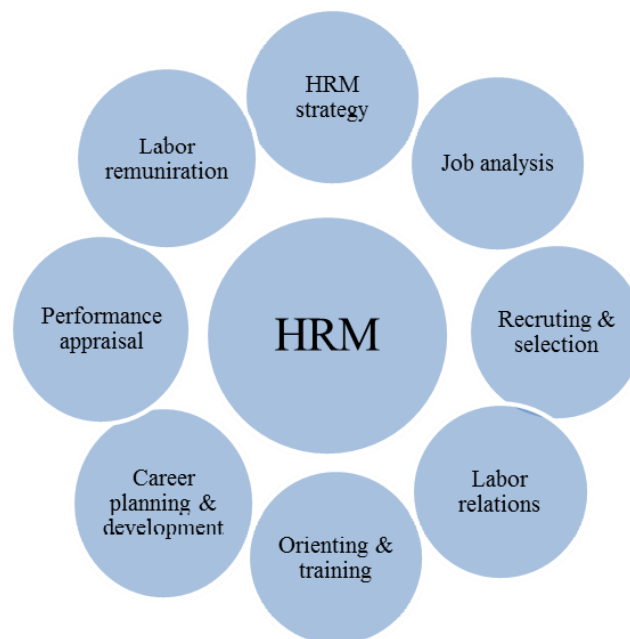
The concept of human resource management is relevant and reflects not only the system of views on the essence, goals and objectives, but also the modern paradigm of this type of an activity. In this paper the concept of HRM is expressed in the design and organization of work with human resources: the formation of positive social and psychological climate of the organization, creating the conditions for maximizing employee development potential, providing favorable work conditions, fair treatment of all employees [2, p. 20].

Each of the depicted components in the picture 1

is a function of HRM system. Depending on the size and type of an organization, top management determines how many people implement HRM activities and within which structure.

The main component in this system of human resource management is a strategy of HRM, integrated into the overall strategy of the organization. This position is a cornerstone of the HRM concept.

In Kazakhstan, on average, the company allocates activities of HRM in a separate post, if the number of employees is above 50-80 people. In small business with the staff below 50 people, HRM activities are performed by several people, for example, this first head, his deputy, an accountant and an office manager. In large organizations, the HR direction is led by the Vice-President for Human Resources, under whose control dozens of people work, and the structure of this unit can represent an organizational structure of a small company.



Picture 1 - Components of the HRM System

No matter what people think about HRM, in many Kazakhstani companies directors, managers and specialists in human resource management have already been working. It must be recognized that the term “human resource management” has become a part of managers’ jargon, gradually replacing the term “personnel management.”

HRM is a strategic approach to the management of the most valuable assets of the organization, namely the people who individually and collectively contribute to the achievement of organizational goals. But the human resource management itself can be characterized by hard and soft approaches to the personnel.

The hard approach to HRM is based on the quantitative aspect of employee management and their number control and is implemented by the same “rational” method applied for any other economic factor. This approach is focused on the following aspects:

- meeting the top managers’ interests;
- realization of the strategic approach consistent with organization strategy;
- creation of an additional value through the development of human resources and employee performance management;
- need for a strong corporate culture as expressed in the mission and values of the organization supported by communication, learning and performance management [4, p. 7].

The soft approach to HRM is rooted in the school of human relations and behavioral sciences based on communication, theories of motivation and leadership concepts. By Storey’s definition [4, p. 8], this approach requires treating employees as a valuable asset creating a competitive advantage by their work commitment, adaptability and labor quality (skills, an

ability to work effectively, etc.). The basic idea of the soft approach is to achieve the employee commitment to business objectives to involve them in creating the favorable environment for communication and information exchange and organizational culture.

To the present date the several interesting models of HRM have been suggested by scientists. One of them is David Guest’s (1989, 1997) model of HRM that includes 6 dimensions of analysis:

- HRM strategy;
- HRM practices;
- HRM outcomes;
- Behaviour outcomes;
- Performance outcomes;
- Financial outcomes.

The model is prescriptive being based on the assumption that HRM is distinctively different from traditional personnel management (rooted in strategic management, etc.).

According to David Guest’s model (1995) financial outcomes within the HRM concept is distinguished by long-term orientation in contrast to the short-term focus of personnel management (Table 1) [3]:

Table 1 – Personnel management and HR – Management

#	Aspects	Personnel management	HR-management
	Financial outcomes	short-term	long-term
	Psychological contract	‘fair day’s work for a fair day’s pay’, compliance	‘reciprocal commitment’
	Employee relations	pluralist, collective and ‘low trust’	unitarist, individual and ‘high trust’
	Design of organizations	‘mechanistic’, top-down and centralized design features	‘organic’, bottom-up and decentralized
	Policy goals	administrative efficiency, standard performance, minimization of cost	adaptive workforce, an improvement in performance, maximum utilization of human potential

The table 1 shows the workers’ irresponsibility and lack of interest in concept of personnel management and, on the contrary, the employee interest and high responsibility in the HRM concept.

According to these stereotypes, HRM is different from personnel management because:

- HRM is integrated into strategic management;
- HRM seeks employees’ commitment to organizational goals;

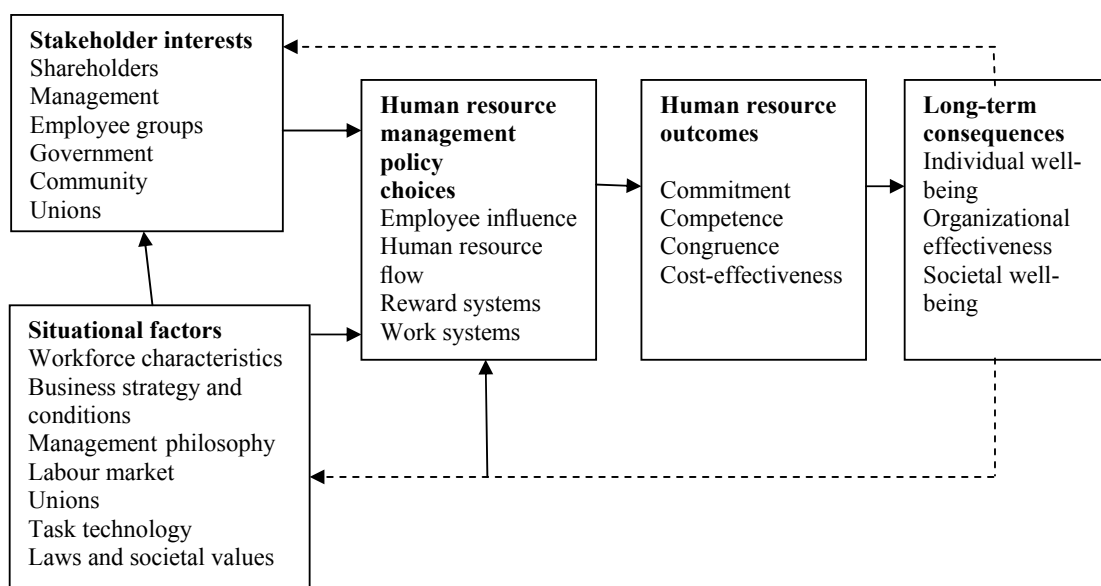
- HRM’s perspective focuses on the individual;
- HRM works better in ‘organic’ structures;
- HRM prioritizes the full utilization of human assets.

The Harvard model of HRM is another analytical framework, which is premised on the view that if general managers develop a viewpoint of “*how they wish to see employees involved in and developed by the enterprise*” (Mi-

chael Beer) then some of the criticisms of historical personnel management can be overcome. The model was first articulated by Michael Beer in 1984. It stresses the 'human' aspect of HRM and is more concerned with the employer-employee relationship. The model depicted in the picture 2 [4, p.14], highlights the interests of different stakeholders in the organisation (such as shareholders, management, employee groups, government, community and unions) and how

their interests are related to the objectives of management. The Harvard framework (Picture 2) consists of six basic components:

1. Situational factors
2. Stakeholder interests
3. HRM policy choices
4. HR outcomes
5. Long-term consequences
6. A feedback loop through which the outputs flow directly into the organization and to the stakeholders.



Picture 2 - The Harvard model of HRM

The Harvard Map or model outlines four HR policy areas:

1. Human resource flows: recruitment, selection, placement, promotion, appraisal, assessment, termination, etc.
2. Reward systems: pay systems, motivation, etc.
3. Employee influence: delegated levels of authority, responsibility, power.
4. Work systems - definition/design of work and alignment of people.

Which in turn lead to the 'four C's' or HR policies that have to be followed:

- commitment;
- congruence;
- competence;
- cost effectiveness.

According to Boxall (Boxall, 1992) [4: p. 15],

the advantages of this model are:

- recognition and approval of a wide range of the various stakeholders' interests;
- recognition of the importance of trade-offs, both explicit and implicit, between the interests of the owners of the organization and the interests of its employees, as well as between the interests of different stakeholders;
- expanding the context of HRM with the inclusion of aspects of the «growing influence of workers», improvement of labor organization and study of the issues related to the management style;
- recognition of the effects of a number of external factors on the process of selecting the organizational strategy and a proposal to combine the factors of the commodity market with the socio-cultural factors;
- emphasis on the priority of the active strategic

choice, not subject to a situational or external influence.

The Harvard model has had a significant influence on the theory and practice of HRM, particularly highlighting the fact that HRM must be implemented by all managers, not just by HR managers.

In fact, the discrepancy between HRM and personnel management lies in the difference in a vision and positioning of its employees by an organization, the role that top management assigns members of the organization, how much he/she appreciates them and how to treat them.

We believe that the concept of human resource management must be supplemented by the following provisions:

- treatment of employees as the most valuable resources;
- providing extensive rights to the head of HRM by positioning him/her as an equal partner;
- development of HR strategy;
- focus on employee career planning and development.

Thus, summing up the paper content despite the widespread use of the term «human resource management», in Kazakhstan there is no complete understanding of the term. Moreover, Kazakhstani

managers are not aware of the hard and soft approaches, knowledge of which could have a positive impact on the effectiveness of Kazakhstani management.

The analysis of the current situation has shown that even if the concept of human resource management is used, it is obviously based on the rigid approach. From the perspective of the development of the region, we consider it is necessary to study and introduce the soft approach to human resource management.

The transition to the soft HRM model must be accompanied by the following measures:

- taking into consideration the all stakeholders' interests while managing human resources in the organization;
- focusing on the issues of conflict management;
- strengthening of the workers' role and their involvement by formation of the adaptive organizational structures and the participatory organizational culture;
- selecting an organizational strategy basing on the needs of the commodity market and socio-cultural factors using the systems management;
- management based on the strategy of the organization.

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