



The Evolution of HRM: From Personnel Management to Strategic Partner

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Abstract

With the rapid economic growth, talent competition becomes more and more fierce. Human resources management evolved over the years from personnel management to strategic partners. Therefore, this paper aims to find out the reason why this change happened and the implication of the future trend in HRM. An interview was used to collect information on the change from personnel management to strategic partners from the perspective of employees. The result shows that the change caused is beneficial for both the company and employees since people are the core force to drive organizational success in the end. Furthermore, there are still some unequal phenomena happening in the workplace, which requires HRM to be more inclusive and further developed with time changed by.

Subject Areas

Business Management

Keywords

Human Resources Management, Personnel Management, Job Satisfaction

1. Introduction

Personnel management emerged as a discipline in the early 20th, which focused on hiring and developing staff with knowledge and skills to merely improve working efficiency and productivity as [1] mentioned in the scenario of Japan and America. However, with the development of technology and science, people's functions and well-being are more and more attached to importance. Improved physical and mental health outcomes are the result of new tools made possible by developments in medical technology, artificial intelligence, and data analytics. These tools can be used to diagnose, treat, and prevent a wide range of

health conditions. People can monitor their own health with wearable technology and health apps, which promote proactive health management and healthier lifestyles [2]. Experts point out that these developments improve productivity and lower healthcare costs, which benefit society in addition to enhancing individual well-being. The emphasis on maximizing human function and well-being is anticipated to increase as science and technology advance, spurring additional discoveries that raise standards of living [3]. That's why human resources management emerged. Human resource management, as defined in modern business, is not only the aspect of managing staff but also creating a harmonious working environment and positive organizational culture to achieve the common goal of people and organizations [4].

At the very beginning, personnel management mainly dealt with recruitment and selection and training and development posed by Frederick Taylor (1856-1915) as part of scientific management. [5] mentioned that personnel management has greatly improved the management of people by standard, but there are still some negative effects in the educational context, like disharmony between teachers since it overemphasized compliance [6]. When teachers feel discouraged and influenced by the punitive working environment, honesty and trust are destroyed on that note. The emphasis in such a setting switches from cooperation and development to obedience and fear. Teachers who are afraid of consequences or unfavorable reviews may become more defensive and less willing to offer candid criticism or creative ideas. Mutual respect between coworkers and between educators and administrators is undermined in this environment as people put their own interests ahead of the group's advancement. Consequently, the fundamental components of integrity and confidence, which form the basis of a sound and fruitful learning environment, are undermined. A reduction in the general quality of education given to students as well as an increase in stress and job dissatisfaction can result from this erosion of trust [7].

However, with globalization occurring, performance management, engagement and motivation have been turned into the focus, it was called human resources management. At the same time, HRM expanded its scope especially in the digital age. Organizational success is influenced by customer behaviors, expectations of a certain demographic and evaluations of products. This caused that HRM needs to be evolved by the technology [8]. Just like [7] found that the function of people analytics of HR made it become the strategic partner in modern business. People analytics enables HR to make decisions based on data rather than intuition or anecdotes. By analyzing employee data, HR can identify trends, patterns and insights to inform strategic decisions related to recruitment, performance management, retention and employee engagement.

2. Literature review

Originally, hiring, payroll, and labor law compliance were the main administrative responsibilities of personnel management [9]. The field changed into human

resource management (HRM) as the business environment grew more complex, focusing on a wider range of tasks like performance management, employee relations, and talent development [10]. With this change, the emphasis shifted from seeing employees as resources to be managed to seeing them as valuable assets. HRM has further developed into a strategic partner for organizations in recent decades. This strategic role includes leading change initiatives, cultivating a strong organizational culture, and coordinating HR practices with business objectives. To make sure that human capital strategies support the company's overall vision and objectives, HR leaders now collaborate closely with top management, emphasizing the critical role that people play in achieving long-term. (See **Table 1**)

Table 1. Evolution of personnel management, HRM and strategic partner.

Aspect	Personnel Management	Human Resources Management (HRM)	Strategic Partner
Time Period	Up to 1980s	1980s-1990s	2000s-present
Focus	Administrative tasks	Managing people and organizational culture	Aligning HR with business strategy
Role	Administrative and operational	Operational and strategic	strategic and transformational
Key Functions	Hiring, payroll, employee records	Recruitment, training, performance appraisals	Talent management, leadership development, change management
Approach	Reactive and task-oriented	Proactive and employee-oriented	integrative and business-oriented
Performance Measurement	Efficiency in task completion	Employee satisfaction and development	organizational performance and competitive advantage
Tools and Techniques	Manual record-keeping, basic training	HRIS (human resources information systems) Advanced training	data analytics, HR technology, strategic planning tools
Decision-Making	Centralized	Shared between HR and line managers	collaborative and integrated with top management
Employee View	Cost to be controlled	valuable resources to be developed	key driver of business success
Outcome Focus	Compliance and administration	Employee development and engagement	business growth and sustainability

3. Discussion

Based on the table above, management is becoming more and more people-oriented since the business success is not only of the growing numbers of capital but also the sustainability of the business in the long run. Since sustainability is the core competency in modern business, and HR is the key to the sustainability of the organization [11]. Especially for small and medium sized company, a lack of understanding of HRM directly leads to failure of business [12]. It signifies a profound change in the way businesses view and value their workforce. As a result of this shift, managing people is now approached more holistically, seeing

them as important contributors to organizational success as opposed to just being cogs in a machine [13]. Organizations can better match workforce capabilities with business objectives and promote innovation, efficiency, and competitive advantage by incorporating HRM into strategic planning. This evolution also emphasizes how crucial it is to create a welcoming and stimulating work environment since it improves employee performance, retention, and happiness. [10] Long-term sustainability and growth are ensured by HRM's strategic involvement, which also helps organizations anticipate and respond to market changes, technological advancements, and globalization more effectively.

4. Conclusion

In summary, the evolution of personnel management to strategic partners is a must in HRM. That means more and more organizations realize that people are the most important asset in an organization. However, there is still room for organizations to understand and develop human resources according to their own characteristics.

Conflicts of Interest

The authors declare no conflicts of interest.

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