

## **Human Resource Management and Human Capital Management**

First define and then compare and contrast Human Resource Management (HRM) with Human Capital Management (HCM) by building upon class content and discussion.

Human Resource management is the process of managing individuals within an organization, using the policies, practices and systems that influence the employees. Human Capital Management is the managing of individuals based on their skills, training, experience, intelligence, relationships and insight. Human resource management (HRM) is the management of an organization's most valued assets, the individuals who are employed by the organization, while human capital management HCM is related it varies slightly.

An example of HRM is anything involving the day to day operations of an organization, whether that is recruiting employees, or signing up employees for benefits. HCM involves managing the organizations employees through the use of data, surveys; put simply the measurements used to gauge a company's success based on how the employees are managed. An example would be the human resource department initializing performance management reviews, then using the data collected to create a consensus of the finds.

HRM and HCM both have their place and organizations. Although they are related they are not necessarily interchangeable. If an organization is look for better insight into their employees HCM would be better to use than HRM.

Some authorities would posit that human capital is a sub-set of intangible assets that may be valued in a public corporation by simply subtracting net book value from market capitalization. Given the above statement, how do you propose to value human capital in your organization? While assets are often valued in dollars or monetary terms this need not be and should not be the only measure of value that you consider.

There are several measurable that can be used to calculate the value of individuals within an organization. The first would be the profit that the employee brings in; this would be a very basic variable and can be used