

Understanding the Role of HR in a Small Business

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Did you know that the role of HR is intertwined in all aspects of your business? A company's success relies on the quality of the workforce, and yet many business owners don't make time to truly understand the role of HR and its value.

As we work with clients and potential clients, we hear the same basic complaint. "We cannot find good employees." Research indicates that there is a growing talent shortage to fill present job openings. In addition, It's becoming increasingly important for companies to develop employee retention strategies. By understanding the hiring and training role of HR, successful leaders can build and maintain a highly productive workforce. If small business owners or entrepreneurs do not have the expertise or time to perform these HR responsibilities, then outsourcing the role is a prudent decision. Here are 6 responsibilities handled by Human Resource Management.

Your Compensation: Successful entrepreneurs understand the importance of creating a realistic and complete financial plan for their business. This plan includes budgeting appropriate salaries for themselves as well as their employees and independent contractors. Even start-up companies need to provide for an owner salary in the financial picture and should not be overlooked. The company's profit should be the amount of revenue over expenses that includes all of the workers' salaries.

Recruiting, Interviewing, and Hiring: This process of finding good talent, is probably one of the most important responsibilities of the HR processes. If you are an entrepreneur, you may outsource the entire hiring procedure from proper application procedures, advertising, reference checks, assessing skills and knowledge to onboarding activities assuring all the activities are in compliance with governmental regulations. However, the outsourced work should be carefully handled. It is required by government that you post information, both Federal and State regulations, in a conspicuous place regarding FLSA, OSHA, minimum wage and others.

Carefully crafted job descriptions, and an employee policy manual are extremely important and will be useful references as you monitor the work output of the staff. We recommend that a hiring policy manual be created so that the recruiting, interviewing and hiring strategies are consistent and free of any discrimination issues.

Training and Development, and Performance Management: These talent management activities are vitally important for your team as the company grows and changes over time. As a small business owner, staff retention is necessary because replacing staff is costly and disruptive to the company culture. A company is only as good as its people, so providing professional growth opportunities allows you and the culture to stay abreast of industry changes. and keeps employees motivated to work at peak performance.

Job Responsibility Agreements: Everyone associated with the organization must be informed exactly what is expected from them. These duties and responsibilities are delineated in the hiring contract and the corresponding job description. Modify the job descriptions when changes occur with the organization's operations. Such review and updates allow the workforce to remain efficient and productive. Be sure your job descriptions are compliant with regulations.

Benefits, Insurance, Vacations, and Savings Plans: All types of benefits are part of the HR role. Benefits such as flexible work schedules, expanded vacation time and work-from-home options are becoming more popular with parents and millennials. By considering cost-effective ways of adding benefits to your team's overall compensation package, successful leaders are boosting their workforce retention and creating a happier workplace environment.

Records: The operations of the company must be documented. Leadership must maintain an individual file for each employee and contracted service provider that documents their work history. All performance reviews and disciplinary action must be documented and maintained in these files. In a separate file, the I-9 government form should be kept while the worker is employed and for a specified time after parting from the company. In a third file, medical information is maintained and protected. These personnel files are kept locked so that no one has access to personal data.

Small business professionals benefit greatly by assessing their HR responsibilities. Allowing time to handle the HR related issues is an important function within the business administrative process.

About the Author

Dr. Ann Gatty is a business learning expert. She helps her clients build businesses to work brilliantly. Through a collaborative mentoring process, she and her clients create workable strategic business plans and success initiatives, while improving their workplace processes. She is frequently featured in the media and contributes blog posts for www.AllBusiness.com and www.WomenOnBusiness.com. Her interactive speaking engagements assist participants in discovering new-found talents and skills that they can immediately apply in the workplace. Watch her on YouTube videos [here](#). Also, join her [Facebook Group](#) for insights on how to successfully build your business to work for you.