

You're Not too Small for Human Resources Policy

By Oksana Dlaboha, HRTieBreaker

In today's economy, small businesses have a great impact on America's economic health and significantly contribute to the country's gross domestic product. In 2016, 28.8 million small businesses' contribution to the national economy stood at 99.7%. That same year, small businesses employed 56.8 million workers or 48% of all American employees.

Small business owners every day deal with a long to-do list of tasks and obligations, and they must wear many hats. As a result, small business owners are under painstaking pressure to find enough time in a day to rotate those hats and get their jobs done.

As practice has shown, very often small business owners put all their efforts into growing their businesses and revenues but they put little or no attention at all to having their human resources matters up to date and making sure that everything in their human resources area is in line with federal and local laws.

Frequently, many small business owners, after hiring the right person for the job, relegate human resources tasks to the bottom of their lists. All businesses have to have in place mechanisms for making all aspects of their companies work together successfully. Human resources management is one of the most vital areas of any business, even if the company has just one employee.

Human resources entails a lot more than just hiring the right people. HR engages many business segments – from people management to employee relations – and many points in between. Not paying attention to human resources could have the dire consequence and put the business and its owner at risk for legal consequences.

One of the common mistakes small business owners make is not thinking of the hiring process as a complex series of steps that are important for the company holistically and financially. The hiring process for small businesses should have the same components as hiring for a big company. It should start with recognizing hiring needs and then follow a clear job description. Job description should include duties, responsibilities and other essential qualifications for the position.

Complete and clear job description will attract the right people for the job and it is part of the firm's lawsuit-fighting arsenal. Statistics show that small business owners imprudently practice a rushed hiring process, and as consequence they hire unqualified candidates. Rushed hiring process also glosses over vital elements such as multiple interviews, background and reference checks. A holistic hiring process should include all of the necessary elements such as vacancy announcement, interview, reference and background check and job offer. Why is the hiring process crucial? The answer is simple. Hiring the wrong person is very costly because it could reduce productivity and ruin the company's reputation. Also, the financial aspect of incorrect hiring is significant, not to mention wasteful in time and effort.

Another mistake small business owners make is habitually not providing proper orientation and training for new employees. Introducing new employees to the company, its products and services, its culture and policies, and showing them how to perform their jobs safely and efficiently are imperative and crucial. Orientation and training reduce apprehension in new workers, develop realistic job expectations, and create positive attitudes and job satisfaction. These aspects make new employees feel welcomed and, according to statistics, this practice reduces employee turnover.

The list of regular mistakes continues when small business don't have an employee handbook, which can be considered a "rule book" for the company, any company big or small. An employee handbook with written policies and procedures should be accessible to all employees because every business owner wants the employees to abide by definite rules. However, if these rules are not in the employee handbook, written in simple language, employees may not follow these rules and the business owner will not have any legal defense option. The employee handbook has to be the company's bible and it will have the desired results when it creates for each company specific rules, regulations, procedures and everything that is important for the company, its employees and owner.

Another mistake small businesses make regarding human resource management is not understanding, belittling or ignoring basic employment laws. Basic employment laws include rights, obligations and responsibilities of both sides in an employer-employee relationship such as child labor laws, discrimination by age, gender, pregnancy, disability, overtime and minimum wage, gender-pay differences, sexual harassment, and immigration – just to name a few.

Every small business owner has to be on top of all employment laws because disregarding them can cost small the business millions of dollars. Remember, ignorance of the law is no excuse. To avoid lawsuits, small business proprietors must be educated about federal and state employment laws and check with local chambers of commerce or Small Business Administration offices. Don't hesitate to ask for help with legal issues that can make or break the company.

Not every small business keeps employee documentation complete and up to date, which is another slipup. The term employee documentation is quite broad – it covers issues such as performance evaluations, raises, disciplinary action and time-off requests. If a company doesn't have its documentation recorded accurately, owners could be setting themselves up for a lawsuit. Three files – Employee General File, I-9 File and Employee Medical File – must be created, updated and managed with confidentiality.

This list of mistakes is not exhaustive. We all make mistakes and we become smarter and wiser when we learn from them. Human resources management is probably one of the more complicated aspects of running a small business but it is vitally important to the existence of the business. Employees are one of a company's greatest assets and it is absolutely fundamental to protect and manage those assets, according to regulations and set of laws.