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The Complete Guide To Human Resources For Small Business (<https://wheniwork.com/blog/what-is-human-resources/>)



by Rob Wormley (<https://wheniwork.com/blog/author/rob-wormley/>)

in People Management (<https://wheniwork.com/blog/category/smb/people-manage>)

 Jun. 3, 2015  62,527 views  3 comments



Human resources is probably one of the more complicated aspects of running a small business. The complexities of working with people don't fit nicely on a spreadsheet. Yet HR is incredibly important; employee salaries and benefits make up a huge chunk of your operating expenses.

Your employees are one of your greatest assets. You must protect and manage that asset.

This blog post will teach you everything you need to know about human resources.

What Is Human Resource Management?

Human Resource Management (HRM) deals with your employees, whether in regards to recruitment, management, or other forms of direction and assistance. HR will often be in charge of (among other things):

- Hiring
- Performance management and reviews
- Employee development, motivation, and training
- Safety and wellness
- Benefits
- Communication between employees and/or management

HR carries a big responsibility. They have a huge effect on the culture and environment in your workplace, setting the tone for how employees communicate, settle disputes, and work with each other. Some small businesses prefer to outsource a large component of human resources (<http://www.inc.com/fiscal-times/human-resources-big-savings-for-small-business.html>), but there is no getting around human resources completely.

Human Resources: The Three Basics

HR is rife with laws and regulations, which is part of why small businesses often put off dealing with it. Generally, for businesses with fewer than 50 employees, there are three basic things you must implement to cover the bases

(<https://www.reallyeasyhr.com/hrbasics/>), according to HR expert Jack Hayhow.



You must keep three specific files for each employee in your business. These files are:

- **I-9 File:** (<http://www.uscis.gov/i-9>) This form is used by the U.S. Government to identify and verify that your employees are eligible to work in the U.S. Keep all of your employee I-9 files together, in one file, instead of under individual employee names.
- **Employee General File:** This is a file you create for your own benefit. It contains any documentation associated with that employee that you've collected during their time with you. This includes resumes, reviews, disciplinary action, training verification, evaluations, W-4 forms, payroll details, and so on. You'll use this file often.
- **Employee Medical File:** These files will contain notes from doctors, disability information, and any medical information that you have on an employee. Because you are dealing with medical information, you must protect and secure these files from others. That is why these are separate from general files. Be sure to keep them in a locked and secure place.

2. Employee Handbook

Having an employee handbook is a must. Your handbook serves two important purposes: letting your employees know what you expect of them, and protecting your business in case there is a dispute.

An employee handbook can be as simple or as complex as you want, but there are some general approaches, depending upon the nature of your business, that you need to consider. According to the Small Business Administration (<https://www.sba.gov/content/employee-handbooks>), your handbook might include:

- **NDNA:** Some industries will benefit from having employees sign non-disclosure agreements, but it isn't applicable to all businesses. If you have trade secrets to protect, use it.
- **Anti-Discrimination Policies:** If your business is in the U.S., discuss how you will comply with the Americans With Disabilities Act (<http://www.ada.gov/>), as well as with other employment discrimination laws (<http://www.eeoc.gov/laws/types/>).



- **Safety and Security:** Lay out your policies on how you will keep employees feeling safe at work, both physically and emotionally. U.S. businesses should discuss compliance with OSHA (<https://www.osha.gov/>), as well as your own policies on bad weather and emergency situations, video surveillance, and so on. You should also include what you expect from your employees in this regard, including using passwords on computers, locking doors, using mobile devices to take photos of co-workers or in the office and publishing those photos online, or reporting threatening behavior.
- **Compensation and Benefits:** Define the benefits that you provide your employees, both those required by law (<https://www.sba.gov/content/required-employee-benefits>) and others that are unique to your business. Let them know how to receive the benefits, and what is required of them. Outline salary or compensation levels, and what it takes to get there.
- **Work Schedules, Vacation, and Leave:** Outline your business's policy on schedules, absences, lateness, vacation and leave, absenteeism, special requests, and so on. If you allow telecommuting, indicate clearly what is acceptable. Even if you have a "flexible" work schedule, you need to write down any expectations you have of your employees.
- **Standards of Conduct:** This might include dress code, behavior, online and computer use during work hours, use of mobile devices during work hours, ethics, legal aspects, and other similar topics. Outline the repercussions of breaking the standard of conduct so employees see it in writing. This is necessary if an issue arises later.
- **General Employment Information:** Your business will have its own policies and procedures apart from what the law requires. Clearly define what your policies are on work ethic, promotions, employee reviews, termination, referrals, employee records, and so on.

Be sure your employee has received a copy, reads it, and signs a statement acknowledging that they received, read, and understand the employee handbook. Put that statement in their file. Make a copy of the handbook, either digital or paper, readily available to all employees for reference when they need it.

3. Display Required Posters

Depending on the laws of the country and/or state your business is in, you may be required to post information in an easily accessible place. These vary from place to place, so you will want to work with a local government agency or legal counsel to make sure you have met the requirements. There are also companies that provide packets of posters (<http://www.allinoneposters.com/>) depending upon your location to help make this process easier.



Human Resources Mistakes To Avoid

There are five common HR mistakes businesses make, according to author Margaret Jacoby (http://www.huffingtonpost.com/margaret-jacoby/5-human-resource-manageme_b_5724568.html). These mistakes can cost your small business in the long run, both in money and wasted time.

1. **Wrong Hire:** Small businesses fall victim to filling open positions with any person they can. They don't have the money or ability to do extensive background checks or hiring procedures. There's no other way around it: the wrong person will cause problems and eventually have to be replaced.
2. **No Job Definitions:** Business culture now seems to like the idea of "open ended" job descriptions, but you're better off telling your employees specifically what you expect of them. You can't possibly hire the right person if you don't know the specific job you want them to do.
3. **No Performance Documentation:** All performance reviews, meetings, and issues need to be documented, whether good or bad. If there are performance problems, discuss it with the employee, outline an improvement plan, and document it. You'll need this if you end up firing an employee, or you put yourself at risk for legal action.
4. **Ignoring Employment Laws:** You are responsible to follow the employment laws where your business is located. Ignorance or purposeful disregard will not protect you from legal action or problems that may arise.
5. **Improper Classification:** Does your small business use contract employees (<http://www.dol.gov/elaws/esa/flsa/docs/contractors.asp>)? Are you sure you are complying with the laws in regards to how you've classified them? Many businesses use contract employees to save money and headache, but actually treat them as if they were full or part time employees. The IRS has strict guidelines (<http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Independent-Contractor-Self-Employed-or-Employee>) that could come back and haunt you.



Human Resources And Technology

Technology has changed the face and scope of human resources. Online and social media activity of employees has added entire new categories of rules and restrictions (<https://www.sba.gov/blogs/email-phone-and-social-media-monitoring-workplace-know-your-rights-employer>) for small businesses, and opened the doors to understanding employees more than ever before. Let's look into a few key areas.

1. Social Media Research and Monitoring

Stories in recent years of employers digging into potential employee social media activity have scared some people into cleaning up their online presence, despite a growing trend of employers avoiding employees that have no social presence (<http://www.shrm.org/hrdisciplines/technology/articles/pages/lack-of-social-media-presence-can-hurt-job-seekers.aspx>).

Additionally, there are questions employers cannot ask of their potential or current employees. Some employers have tried to circumvent that by using social media research to discover that same information.

While there is nothing to keep an employer from performing an online search on the web and on specific social networks (53% of employers now do it (<http://www.shrm.org/hrdisciplines/technology/articles/pages/lack-of-social-media-presence-can-hurt-job-seekers.aspx>)), be aware that you should not ask a potential or current employee for their social media login information in order to dig into their life. By doing so, you are likely breaking the social network's terms of service, and you are crossing the line as far as employee privacy is concerned.

What an employee puts out for the public to see might be open game (but not always (<http://www.shrm.org/hrdisciplines/laborrelations/articles/pages/profane-facebook-post.aspx>)), but forcing an employee to turn over passwords or insist that they add you as a friend in order to gain access to private information is not acceptable. States are individually passing laws (<http://www.ncsl.org/research/telecommunications-and-information-technology/employer-access-to-social-media-passwords-2013.aspx>) to make this a legal issue. Despite this, a 2015 Harris Poll

(<http://www.shrm.org/hrdisciplines/technology/articles/pages/lack-of-social-media-presence-can-hurt-job-seekers.aspx>) revealed that 35% of employers send friend requests to potential employees.

In regards to monitoring, hopefully you've included in your employee handbook your expectations of how employees handle work-related social media accounts, whether they are accessing the official account of the business or are using an account under the auspices of being a representation of the company.

While you cannot really control what an employee does on their private social accounts on their own time, you should have a clear policy of what they can do on your time and on any accounts associated with your business. Tread carefully in how you use social media in hiring and discipline. Before you fire an employee because of social media activity, do some investigating first (<http://www.shrm.org/legalissues/federalresources/pages/stupid-tweets.aspx>).

2. Overwhelmed By Technology

Employees, particularly those who are telecommuting, can easily feel overwhelmed (<http://www.shrm.org/hrdisciplines/employeerelations/articles/pages/workplace-stress-.aspx>) by (and because of) technology. Lines are blurred between work life and personal life because mobile devices and connectivity allow us to answer emails and deal with work issues at any moment.

If your business is one that encourages this kind of dedication, be sure that your hiring procedures make this clear. Otherwise, let your employees know in the employee handbook that you do not expect nor want constant connectivity.

3. HR Data Security

You have a responsibility to keep your employee's data secure. As with any data, technology has provided a door for those wanting to get their hands on that information using everything from malware-infected resumes (<http://www.shrm.org/hrdisciplines/technology/articles/pages/how-hackers-infect-resumes-to-target-hr-data.aspx>) to well-publicized data breaches (<http://www.shrm.org/hrdisciplines/technology/articles/pages/why-data-breaches-on-the-rise.aspx>).

As a small business, you probably don't think this affects you. And, if you are using paper files and a locked room, you may be right. Most businesses, though, keep files on computers and in the cloud. If this is the case, you are responsible to make sure that computers and software are password protected using strong passwords, that backup hard drives are not easily accessible, and that any cloud backup is encrypted.

4. HR From Anywhere

Even if your small business isn't global or made up of workers who telecommute from different locations, you can still benefit from the cloud-based HR apps that are available. Time management, employee tracking, and recruiting and hiring are all part of where technology-saturated HR is headed.

As with any cloud app, you get the benefits (no updates, no installations, access from any computer) without the hassle. Here are a just a few, in an ever-growing list:

- **TribeHR:** (<http://tribehr.com/>) A robust app that provides nearly everything you'd need to handle your HR. Employee leave and development, notes, resources, job postings – it's all there.
- **BambooHR:** (<http://www.bamboohr.com/>) Another app that has nearly everything you need, from time tracking to benefits to custom reports to records storage.
- **EffortlessHR:** (<http://www.effortlesshr.com/>) This app works like an employee portal, making it the central place for employees to get mail, track time, and store other information.
- **iEmployee:** (<http://www.asuresoftware.com/products/time-and-labor/iemployee/>) This app focuses mostly on tracking time and pay, with a few other features thrown in.
- **WhenIWork:** (<http://wheniwork.com/>) Make scheduling who works when much easier with this mobile app that gives both you and your employees a sense of ownership over the schedule.

5. HR Resources and Help

As a small business owner, it's pretty easy to feel overwhelmed at this point, but there are a lot of HR resources available to you.

- **SHRM:** (<http://www.shrm.org/pages/default.aspx>) The Society For Human Resource Management has a website full of extremely helpful articles. Whether you choose to join SHRM or just read their articles regularly, you'll find a lot of information to put to use.
- **DOL:** (<http://www.dol.gov/>) If your business is in the United States, you'll want to use the U.S. Department of Labor website to research and find answers to questions of compliance.

Having your human resources program and policies in order as early as possible sets you up to deal with the inevitable problems that arise as your business grows.

Employee complaints

(http://humanresources.about.com/u/ua/employeeretentio1/employ_complain.htm), legal issues, and clear communication all depend on HR to sort things out.

Free Guides, Forms, and Templates

If you're ready to start beefing up human resources at your business, take advantage of our free collection of HR documents (<http://wheniwork.com/hr>). We've got templates and forms that will help you with hiring, onboarding, creating job descriptions, firing, writing rejection letters, and more.

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Rob Wormley

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performance bike (<http://www.employeeperformancereview.net>)

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idris @ touchpoint (<http://www.cogentsite.com/vms>)

August 4, 2016 at 11:12 am (<https://wheniwork.com/blog/what-is-human-resources/#comment-193137>)



Security and safety has become very imperative these days for all the employees who are involved in the business place. I have seen most small businesses have either a weak or no security and safety policy in place. When the organization is small or medium the security and safety management falls under HR and/or admin department as organisations may not have security and facility managers in specific.

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