

Having an understanding of human resources for small business can be what sets your venture apart from others. As a small business owner, you may very well function in the role of HR and the following resource guide provides insights to gain an understanding of the field.

While the [definition](#) of a small business may vary by industry, the U.S. Small Business Administration Office of Advocacy defines a small business as having less than [500 employees](#). Data from Census Bureau's Annual Business Survey, reported by the Pew Research Center, identifies that the [majority of small businesses](#) have fewer than 100 employees. For small businesses owners, it is important to understand the various aspects that make up the human resources landscape to effectively manage their workforce in compliance with federal rules and regulations.

Having a great human resources department can be what sets your business apart from others. As a small business owner, you may very well function in the role of HR. However, choosing to play all roles may limit owners' abilities to hire and enrich employees who will contribute to the growth of their business. Small businesses operating without an HR member may put their business in jeopardy and can result in legal and organizational consequences. Having knowledgeable HR specialists who can handle hiring, benefits such as [employee ownership plans](#), and leave policies will foster fairness and consistency in the organization. The following resource guide provides insights to gain an understanding of the field.

You can also receive free professional business advice and free or low-cost training from [your local Small Business Development Center](#)!

Evaluating your Businesses Human Resources Needs

Human Resources plays a vital role for small businesses. For a new business, many HR functions can be handled by the owner, however, once a business reaches 50 or more employees, it is recommended to consider hiring someone to assume HR responsibilities. Before bringing on a professional, businesses should first assess what HR functions their business would benefit the most from. Organizations should decide on the culture they would like to create and how HR will play a role in that, in addition to the benefit packages they'd like to offer employees. Once businesses have concluded what their HR needs are, exploring outsourcing or in-house options is the best next step. Here are some pros and cons of hosting HR in-house or outsourcing to a third party:

In-House vs. Outsourcing

- Evaluate the cost. Hiring an in-house [HR specialist](#) can be more expensive than

outsourcing to a third party. Give thought to the state of your business [finances](#) to chose the most feasible option.

- Think of oversight. Having an internal HR department will give owners more control over HR tasks. For example, businesses can choose which policies they would like to implement that will complement the culture of their organization.
- Building Relationship. Hosting in-house will give an HR specialist a deeper understanding of company culture. Face-to-face, consistent communication will allow HR to build relationships with employees through great discussions or events that will help boost employee engagement.
- What level of experience does your business need? Owners should evaluate their HR needs. Depending on the responsibilities that need prioritizing, a firm may benefit from having an individual who understands compensation and benefits packages or a team of skilled experts versed in all human resource matters.

Benefits

Establishing human resources for your small business will greatly benefit owners and

employees:

- Simplified Hiring Process. Finding and hiring the right [talent](#) for your small business can be a difficult time-consuming task. An HR department has the skill and time to focus on staffing your business with a diverse workforce, as well as understanding how to retain talent and construct a smooth onboarding process.
- Management – A knowledgeable expert can ensure that your business complies with labor laws. They can also develop and enforce procedures that will benefit the culture of your business. A human resource department will take responsibility for minimizing risk or lawsuits and justify employee termination.
- Employee Relations. HR managers can build a positive work culture by making great improvements, establishing great rewards, encouraging teamwork, and helping employees feel heard.
- Improves Organization Performance. Job satisfaction is very important to employees, and plays a big role in productivity and personal motivation. In a study conducted by Pew Research, [44% of employees](#) were satisfied with opportunities for training and ways to develop new skills. Having an HR team member who is focused on boosting employee morale can keep track of employee performance but also ensure that they are prioritizing programs or changes that employees would like to see in the organization.

Federal Agency Resources

Outlining employees' rights in the workplace gives employees confidence in the culture of the organization. Business policies also help protect your small business and provide a more pleasant work environment for all employees. This section touches on federal agencies that layout the various rules and regulations for managing the workforce.

U.S. Equal Employment Opportunity Commission (EEOC)

- Small Business Resources Center - [resources](#) answering common questions for small

businesses

Internal Revenue Service (IRS)

- Small Business and Self-Employed Tax Center - [resources for taxpayers](#) who file Form

1040, Schedules C, E, F or Form 2106, as well as small businesses with assets under \$10 million.

- [Independent Contractor \(Self-Employed\) or Employee? - information](#) to determine the difference between independent contractors and employees as well as the tax implications.
- Employment Taxes - guide to better understand [employment taxes](#)

U.S. Department of Labor (DOL)

- Small Business Resource Center - [resources to assist small business owners](#) understand

the rules and regulations the Department administers.

- Wages and Fair Labor Standards Act (FLSA) – the [FLSA](#) establishes minimum wage, overtime pay, record keeping and youth employment standards.
- Internship Programs Under the FLSA – [DOL fact sheet #71](#) provides general information to help determine whether interns must be paid the minimum wage and overtime under the FLSA for services they provide for “for-profit” private sector employers.
- U.S. Department of Labor Workplace Posters – [statutes and regulations](#) enforced by the DOL require that notices be provided to employees and/or posters in the workplace. DOL provides free electronic copies of the required posters.
- [Wage & Hour Division: Resources for Employers](#) – offers a number of useful [compliance resources](#) intended to provide employers with readily accessible, easy-to-understand information relevant to both their rights and their responsibilities under the law.
- Wage & Hour Division: Compliance Information for New and Small Businesses – [laws administered by WHD and DOL](#)
- Wage & Hour Division: Fact Sheets – numerous [topic specific fact sheets](#)
- Wage & Hour Division: State Labor Offices – listing of each state and their [labor office contact information](#)
- Occupation Safety and Health Administration: Small Business – [OSHA’s Small Business Assistance](#) provides numerous OSHA resources and information designed specifically for small business employers.

U.S. Bureau of Labor Statistics

- National Occupational Employment and Wage Estimates - [estimates for all industries](#) in

metropolitan and nonmetropolitan areas in every state and the District of Columbia.

- Statistics on Unemployment - [information on joblessness](#) at national, state, and local-level

National Labor Relations Board

- Employer/Union Rights and Obligations - independent Federal agency created to

enforce the [National Labor Relations Act](#). Provides examples of conduct that could violate the law along with information on collective bargaining.

- The NLRB Process - process charts for [Unfair Labor Practices](#) and Representation Election.

Human Resources for Small Business Topics

HR is responsible for many key areas that help organizations foster an enjoyable work environment for a diverse set of employees. No matter the [industry](#) a small business is a part of, Human resources is essential for a company's success. The section addresses the key components that make up the human resources landscape.

Our blog post, "[Competing for Talent](#)," addresses some key staffing considerations when recruiting.

Compensation and Benefits

- WorkForce Payhub - [resource guide to a compensation](#) and benefits strategy.

- Forecast Employee Benefits Budget - [guide](#) on considerations to estimate costs of benefits for an employee for the year.
- Set Up Employee Benefits Package - [steps](#) to develop an employee benefits package
- How to Set Employee Salaries - [tips](#) for considerations on setting employee salaries and deciding on salary or hourly pay.
- How to Set Salaries - [tips](#) for setting fair and equitable employee wages
- Glassdoor Salaries - [search](#) salaries and compensation
- PayScale - [browse](#) of salary data & career research center (United States)

Training and Learning

- How to Create an Employee Handbook - [resource guide](#) compiled by SCORE highlighting

the importance of an employee handbook and the essential components.

- Employee Handbook Template - [handbook](#) on benefits to employment details, the handbook covers many aspects for an employee handbook
- Employee Handbook Guide - [guidance](#) on how to write your own employee handbook
- Characteristics of an Employee Training Program - [list](#) of nine characteristics of top employee training programs
- How to Design Training - [techniques](#) to design training programs

Labor and Employee Relations

- Improving Relations Between Managers and Employees - examples employee relations

and [tips](#) on improving them.

- Employee Relations - provides [guide](#) on how to maintain strong relations with employees.
- Overcoming Common Challenges - [article](#) exploring Insight into key challenges and opportunities for employee relations.
- Workplace Laws - [list](#) of laws, small business need to know about employment

Organizational Development

- What is Organizational Development - [guide](#) discussing the definition of organizational

development and the 5 phases of the OD process.

- Comprehensive Guide to Organizational Development - [guide](#) providing various models that small business can follow to reach a positive work culture

Human Resource Associations

- Society for Human Resource Management (SHRM) - [global organization](#) serving as a

leader on issues affecting today's evolving workplace providing resources, and sample documents. Many resources are available free to the public while others are restricted to members.

- Association for Talent Development - the world's largest association dedicated to those who [develop talent in organizations](#).
- American Payroll Association - [providing education, skills, and resources](#) for payroll professionals.
- WorldatWork: Total Reward Association - [association providing resources for professionals](#) engaged in compensation and benefits to cultivate an engaged and productive workforce.
- Human Capital Institute - [talent management network](#) of HR professionals that conducts training, certifications, and industry events.

Additional Small Business Resources

Already in business or thinking about starting your own small business? Check out our various small business resources:

- View small business help topics here: [Small Business Information Center](#)
- View more business reports here: [Small Business Snapshots](#)
- View industry-specific research here: [Market Research Links](#)
- View business plans samples here: [Sample Business Plans](#)
- View our small business cybersecurity resources here: [Cybersecurity](#)
- View our pandemic business resources here: [COVID-19 Publications](#)

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