

SMALL BUSINESSES NEED HUMAN RESOURCE KNOWLEDGE:

How to Avoid Common HR Mistakes

By William J. Maroni

Every company, no matter how small, relies on people for its success. And that means somebody has to handle human resource duties—from finding and retaining top talent, to managing benefits and training, and more. But many smaller firms don't have HR staff or departments to guide them. This can lead to costly and damaging mistakes, particularly during challenging economic times.

“Fairly common employment-related mistakes can really cost an organization, whether in lost productivity, diminished efficiency, effectiveness, sales and revenues, or decreased profitability,” said Patricia Mathews, president of Workplace Solutions and former member of the Society for Human Resource Management’s Employee Relations Special Expertise Panel.

Fortunately, even the smallest business can avoid the most common HR management mistakes. Being aware of what those mistakes are is the first step.

NOT KNOWING EMPLOYMENT LAWS.

Today more than ever, employment laws affect companies of all sizes, change frequently, and can be difficult to understand. Besides federal statutes, there are also state and local statutes and regulations. Business owners must be aware of them all, and understand how they can affect their organizations and their people.

LACK OF KNOWLEDGE ABOUT IMPORTANT BUSINESS AND HR CONCEPTS.

Without an understanding of basic HR concepts, employers can inadvertently find themselves in trouble. Two of the most commonly misunderstood workplace concepts are “at will” employment and “probationary periods.”

The former refers simply to the ability of an employer to hire and fire employees “at will.” Many businesses assume they are “at will” employers, but they actually must act within a variety of constraints. There are correct and incorrect ways to manage people in these critical situations, even if they are “at will” employees.

“Probationary periods” for new employees also can be misunderstood. Even if that designation has been made, employers

must still show cause for terminating an employee at the end of the probationary period. As an alternative, employers should consider using the term “introductory employment period,” and take steps to ensure that what’s expected of new employees is



clearly stated from the beginning.

BEING IMPATIENT IN HIRING EMPLOYEES.

In a small business, it may be hard to find time to choose the right person for an open job, especially when an already undersized staff is stretched thin to fill in for a vacancy. An impatient manager or owner may quickly settle for an adequate candidate, rather than wait for the right person.

Without a dedicated HR department, employers might not know that there are personality and assessment tests to help identify the best person for the job and the organization. Also, be careful of questions posed during an interview, because some can be illegal to ask. Taking the time to craft incisive and appropriate questions will help find an employee who will do well in the job and fit in with the company culture.

INFERIOR PERFORMANCE DOCUMENTATION PRACTICES.

Proper documentation is important for employers and employees. Not having it can hurt a small business when it’s necessary to fire an employee quickly or respond to a lawsuit. Whenever an employee is reprimanded or shows behavioral or performance problems,

meet with the individual to discuss the issues, and then take care to write a full report.

USING ANOTHER BUSINESS’S EMPLOYEE HANDBOOK AS YOUR OWN.

Some small businesses use another organization’s employee handbook to save the time and expense of creating their own. This is a dangerous practice. The other organization may have a different mission, structure or set of operating goals. It could be governed by the rules of a different state or region, or its handbook could be outdated, containing data that is not compliant with current employment law. Take the time to write an employee handbook specific to your business. Doing so will ensure that the handbook is current and compatible with your organization’s culture, policies and practices.

Smaller businesses, even those without human resource professionals, can avoid the most common HR mistakes by keeping abreast of federal and state employment laws and HR best practices. Consult with your local chamber of commerce, trade group or professional association for the most up-to-date information. You also can check your library and book store for resources, and visit the Web sites of organizations such as the Society for Human Resource Management (SHRM; see www.shrm.org), the world’s largest HR organization.

It’s your business and your people are your most important asset. Taking the time to learn and practice smart people strategies can help ensure your success. ★

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