Chapter 1

The World of Human Resources

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A good deal of debate has traditionally existed over just how much responsibility (and how much time and money) a company needs to devote to the needs and priorities of employees as opposed to the needs and priorities of its business operations and customers.

To me, there has really never been much of a debate. I believe that a company's employees are not only integral to its success but also its heart and soul. Without them, there would *be* no business. No matter what products or services a company offers, the talents and abilities of every employee are what ultimately determine how well it performs. Whether you call them your employees, personnel, workforce, team, staff, or any other name, these special individuals differ from physical or financial assets of the company because they're all people — people with unique talents and needs.

Human resources (HR) is the field devoted to building strong teams of people and maximizing their value to an organization. But this is not a one-way proposition: As HR helps develop a company's people, their skills are enhanced in the service of their careers.

As a business owner or senior manager, operator of a nonprofit organization or educational institution, or representative of another type of employer, one of your primary jobs is to ensure the welfare and enhance the morale of your employees. Whether you turn over handling the details of this job to someone else or tackle them yourself, the role of HR management is a critical one. The effectiveness of the person(s) responsible for managing your employee base greatly affects the ongoing success of the business and your ability to differentiate yourself from the competition.

Grasping Key HR Responsibilities

Human resources management is the decisions, activities, and processes designed to support the needs and work performance of employees. The most common areas falling under HR management include

✔ **Staffing:** Strategically determining, recruiting, and hiring the human resources you need for your business

✔ **Basic workplace policies:** Orienting your staff on policies and procedures, such as general company compliance guidelines, schedules, safety, and security

✔ **Compensation and benefits:** Establishing legally compliant, effective — and attractive — wages and perks

✔ **Retention:** Continually assessing the quality of your workplace and HR programs to encourage people to stay with your organization

✔ **Training and developing employees**: Ensuring that your staff grows in knowledge and experience, and that their skill sets support the goals of the business, to help your organization expand and continue to meet the changing needs of customers

✔ **Regulatory issues:** Complying with the ever-increasing number of federal, state, and local regulations

After they reach a certain size, most employers find it more efficient to create an HR department — even if it consists of only one person. Because of the increasing complexity of HR issues, larger organizations have boosted the size of their departments and typically employ specialists in areas such as benefits administration, compensation, recruiting, and training. But smaller firms that don't have the resources for such specialization must ensure that the people who handle their HR functions are solid *generalists* — that is, they possess skills in several areas of HR rather than in one particular specialty. If your organization is on the smaller side and you want to meet the needs of your employees today, you'll need to know a lot about a lot of things — and the more you know, the better.

REMEMBER

The human resources function in general has undergone enormous changes in the past 20 years. HR is a much more collaborative discipline, meaning that, instead of setting and enforcing policies in a vacuum, HR practitioners and line managers work cooperatively to set basic guidelines and carry out programs.

In this chapter, I give you a bird's-eye view of these key HR responsibilities.

Building Your Team: Staffing Strategically

One of the primary jobs of an HR professional is recruiting and hiring the very best people for the business. However, that means much more than hanging out a help wanted placard and signing up anyone who happens to come through the door.

Instead, much more thoughtful and comprehensive planning is needed. It all starts with developing an overall workforce plan. This involves putting your current employees in the right places to best address the organization's most critical tasks and also attracting additional people with the talent and attributes that complement both your short- and long-term business goals. Whew! There's a lot in that sentence, but that's because there's a lot involved in workforce planning. It's the foundation of everything else you do in regard to building strong teams. At its heart is strategic staffing — taking advantage of the strengths of your people and augmenting their ranks in a thoughtful, focused way rather than a haphazard one that doesn't jibe with the overall objectives of your business. (See Chapter 4 for more on strategic staffing.)

A carefully crafted job description — and job postings based on it — are critical to bringing the best people onboard. Both should focus on the actual demands of a job rather than past responsibilities that may no longer apply. Home in on the specifics of the job (for example, duties, relevant skills, and experience) to attract the best applicants possible. When you do this, you also diplomatically discourage others who may apply, whether they're qualified or not. (See Chapter 5 for more on writing a job description.)

From there, you have a broad array of potential candidate sources — all of which have pluses and minuses. These include Internet job boards, social media and online networking sites, and, of course, your own company website. Other sources include recruiting services, college campuses, job fairs, open houses, professional groups and associations, and government employment services. And don't forget employee referrals, an exceedingly fertile source. (See Chapter 6 for more on recruiting.)

Now comes the process of reviewing applicants and culling the field. You need to pick the most promising people to interview by reading between the lines in their résumés, looking for specifics about their experience and history of achievement and professional development. Then investigate other ways to further narrow your pool of candidates by using telephone interviews and online searches. (You'll also want watch the legal pitfalls here.) When it's time for the all-important in-person interviews, you need to bone up on job interview techniques and strategies, with a special emphasis on nondiscriminatory interview questions. (See Chapter 7 for more on evaluating applicants and Chapter 8 for tips on interviewing.)

As you near the final hiring decision, it's important to set up a system to help select the right candidate, including how to conduct lawful background and reference checks (see Chapter 9). Final considerations include ways to craft and present a job offer and, from there, techniques to negotiate salary, including setting parameters on how far you're willing to go with salary and benefits to be competitive and win over an attractive candidate.

Keeping Your Best People: The Art of Retention

Recruiting and hiring great employees is crucial but represents only one side of the workforce management coin. Keeping employees onboard is no less critical to the long-term growth of your business. Staff retention begins the minute new hires first walk through the door (see Chapter 10). One of your first responsibilities is to familiarize new employees with your firm's internal policies and procedures. You'll want to create an employee handbook that states policies applying to everyone in the company and, where appropriate, a separate manual that documents how people should perform their jobs.

You also need to know onboarding strategies to help new staff members get off to a strong start. It's important to make those first few days on the job as anxiety free as possible, while setting reasonable but concrete goals for the next several months and beyond. Consider a comprehensive checklist of items you need to cover so you don't overlook anything important. The onboarding process is also about following up on what employees learned at the initial orientation. Company values and best practices, for example, should continue to be stressed through the actions of role models such as supervisors and mentors, as well as through internal communications.

Every business needs an effective system to pay employees. Look into developing an overall compensation philosophy that can help establish pay levels and wage plans throughout the company (see Chapter 11). That thinking also should apply to raises, bonuses, and other forms of incentives. It's also important to understand the distinction between exempt and nonexempt employees and how that impacts overtime pay and other issues. Next, of course, are the benefits themselves (see Chapter 12). You need to understand the key components of health insurance, retirement packages, and workers' compensation, as well as encourage employee wellness and on-the-job safety.

An employee-friendly workplace means more than a sweet paycheck. It also takes in other elements that are important contributors to a motivated and satisfied workforce. Get to know the essentials of alternate work arrangements (for example, telecommuting arrangements and flexible work hours)

and their value in retaining top performers (see Chapter 13). Consider, too, the importance of good corporate citizenship and workplace surveys — two components boosting employees' sense that they work in a business that does the right thing and values feedback from its people.

Training and Developing Employees

Keeping employees happy also means encouraging their professional development. Connecting employee training to your business goals makes the effort a win-win for the employee *and* the company (see Chapter 14). Investigate the variety of training options available — traditional classroom instruction, as well as a growing array of e-learning programs, which are often very cost-effective and convenient.

Whereas training programs typically are about hands-on task and skills improvement, career development emphasizes longer-term qualities and expertise that employees need to enrich their careers in general (see Chapter 15). Understand the role of mentoring relationships to foster personal growth, as well as leadership development and succession planning programs to identify and groom future leaders.

Employers need to offer feedback if they expect the people working for them to accomplish what's needed — and improve on their performance. That's why organizations create performance appraisal systems. These systems can confirm that employees have the skills and personal attributes required to do a particular job, address difficulties in the supervisor-employee relationship, and give underperforming employees the guidance they need to improve. Appraisal systems also provide an objective, legal basis for decisions about merit pay increases, promotions, and job responsibilities. (See Chapter 16 for details on establishing a performance appraisal system for your organization.)

Looking At the Legal Aspects of HR

There's no substitute for the guidance of an attorney, but HR professionals need to have a basic understanding of the many legal issues and challenges that come with hiring and managing employees — and with terminating the employee relationship.

Here and throughout this book, the legal-related information I provide is the result of a collaborative effort with the law firm of Paul Hastings LLP. All this information I present as useful guidelines and to increase your knowledge of employment-related law, but I strongly recommend consulting a knowledgeable and experienced lawyer regarding anything you encounter in your work that is legally complex.

First and foremost, you need to know how to avoid charges of discrimination and other employment-related legal claims. It's also important to understand the concept of disparate impact and steps you can take to keep your business as compliant with employment laws as possible. And, although your lawyers should take the lead in any formal legal actions or responses, you also need to be well acquainted with issues and situations covered by the Americans with Disabilities Act; the Family and Medical Leave Act; the Fair Labor Standards Act; and other important federal, state, and local laws that can impact your business.

A successful business takes an ethical approach to all its interactions with customers, as well as its employees. Driving every transaction is a culture that places integrity at the forefront. But problems do come up, no matter how conscious a business may be about ethics and fairness. You need to have strategies at the ready to address and resolve problems. These include defusing grievances, settling disputes, and developing thoughtful and effective disciplinary procedures across a variety of situations.

As an HR professional, you need to know how to sensitively but firmly handle what are undoubtedly the least pleasant aspects of your role. These include, but are not limited to, dismissals, layoffs, and sexual harassment or hostile work environment claims. (See Chapter 17 for a discussion of key HR-related laws and Chapter 18 for more on the specifics of termination and other difficult situations.)