

Your Guide to Human Resources



What It Is and Why It's Essential to Your Business's Success

By: Cyndi Ramirez Ryan, SPHR

Copyright 2018 - All Rights Reserved

Introduction

Employees are the backbone of any organization. That's why it pays (literally!) to keep them happy, motivated, and excited about your business.

Accomplishing this isn't always easy, but it's definitely not rocket science, either. As with most things you hope to achieve, it takes investment—time, money, and emotion. Increase these and begin reaping the benefits.

“Increasing employee engagement investments by 10% can increase profits by \$2,400 per employee, per year.”

— Workplace Research Foundation.

This is where Human Resources (HR) comes into play, now an essential function of every organization.

The field encompasses various processes and strategies used to enable employees to meet a company's goals.

The employees of any organization *are* the human resource, and Human Resource Management (HRM) is the policy guidelines and practices used in managing them.

Today, most companies adopt some form of preferred HRM practices. The implementation of these can fall to a dedicated department or become outsourced to experienced professionals whom assume this important responsibility.

The latter is an increasingly appealing option for startups and small to medium-sized enterprises (SMEs) [for a variety of reasons](#).

Regardless of what you choose, it's important that you understand *why* you're even choosing in the first place. This guide will serve as a resource to remind you of just that, By providing you a comprehensive understanding of all the ways in which an effective HR team will help your business. Furthermore, I've provided some helpful tips to ensure you are getting the most out of your investment.

And with that, we're off...

“True motivation comes from achievement, personal development, job satisfaction, and recognition.”

— Frederick Herzberg

Why do we need Human Resources?

The Benefits of Human Resources

Human Resources can bring many benefits to organizations. There are a variety of approaches and specialities, depending on the organization and their business needs, HR may fill critical needs.

Two variables in human resources approaches are surrounding whether there is a need for Operational or Strategic Human Resources, let's take a look at the difference in the two.



Fundamentals - Operational Human Resources

Your Guide to Human Resources: What It Is and Why It's Essential to Your Business's Success

Operational HR typically requires support of a regulatory, legal or day-to-day organizational need. Although the description is Tactical, and has been known in the past as “Personnel,” the need continues to be essential for organizations. HR Professionals in this capacity are charged with providing the fundamentals for organizations, leaders and employees. They are knowledgeable in employment law, understand regulatory and legal requirements, provide a general or specific area subject matter expertise and many times interact with employees through the organization daily.

The fundamentals of human resources can entail anything from recruiting employees, managing the onboarding process, payroll, workers compensation, compliance with employment laws, employee investigations, developing and communicating benefits, delivering training, etc. Human Resources professionals with the Operational HR expertise, typically are earlier in their career, have a deep rooted knowledge in a smaller scope of human resources, or have an interest in the Strategic HR areas however lack exposure or development in those areas. Many times, Operational HR Leaders have been with organizations for a large tenure of time, they have a understanding of the business, and have a robust relationship with business leaders.

These are all functions of HRM, and essential in building a strong foundation for any business. Keeping your Business Compliant and Preventing Lawsuits is an essential function of Operational HR. We’ve outlined tips below to elevate performance in both these areas.

Keeping Your Business Compliant

I don’t know anyone who started a business because of their passion for dealing with a plethora of regulatory issues and laws (maybe a few lawyers? And myself, of course!). If you breach a code or make the simplest of errors you can potentially face the threat of legal issues.

44 percent of organizations encounter legal and regulatory interventions within [their first three years](#).

If addition to handling employee relations, the duty of ensuring compliance with various employment laws also lies with HR. Some of these regulatory laws include the following:

- [Fair Labor Standards Act](#)
- [The Federal Civil Rights Act](#)
- [Employee Retirement Security Act](#)
- [Health Insurance Portability and Accountability Act \(HIPAA\)](#)

These, and others, govern the different aspects of employment which your company must abide by. HR ensures all the regulations related to employee management are followed and implemented at their proper levels. A company may also have internal laws and regulations that the employees must follow.

Here are five specific compliance issues that trained HR professionals can help your business navigate.

1. Classification of Employees

Compliance issues can arise if you don't classify your employees or contractors properly. You can encounter issues with the IRS and the misclassified individual may also not be entitled to their benefits. Such benefits could include:

- Unemployment insurance
- Medical leaves
- Exempt or nonexempt status

Don't hang your employees out to dry, or unnecessarily involve the IRS by making sure you have an experienced team that knows the law.

HR will analyze and classify each employee and independent contractor accurately to dodge this avoidable mistake.

2. Hiring Regulations

The state and federal government ensures proper recruitment regulations are followed by all companies in the U.S. It is HR's responsibility to follow all necessary laws and regulations regarding

hiring practices. These can deal with a variety of issues, especially discrimination in terms of the following:

- Race
- Gender
- Religion
- Age
- Disability

The HR manager must also determine if the candidate is authorized to work in the U.S. Instruments like the Form I-9 are used by the HR department to validate that candidates meet the requirements of the [U.S. Citizenship and Immigration Services](#).

3. Compensation

Employee compensation is full of regulations, and you don't want to deal with unhappy employees and lawsuits for something a professional could have easily helped with. Some of the various types of wages to be mindful of include:

- Hourly wage
- Minimum wage
- Overtime
- Independent contractor
- Exempt Vs. Non-Exempt



The regulations related to compensation are vast and impact the payroll directly. HR professionals review and ensure that wages are paid according to the applicable regulations.

4. Benefit Plans

An employee is also eligible for various benefits. Your benefit plans must be in accordance with state and federal regulations. It is the job of HR to research and identify suitable benefit plans that meet regulations. Some of these benefits may include:

- Medicare
- Accident insurance

- Retirement plans
- Worker's compensation
- Flexible spending accounts
- Tuition assistance
- Sick leave
- Paid vacation

5. Workplace Regulations

A company will have its own set of rules when it comes to dealing with the employees and their conduct. This could be related to their social media postings, company information sharing, code of conduct, employee communication and other areas. HR will assist in the development of your company's policies to build a the culture that best suits your business needs.

Tips for Better Compliance and Preventing Lawsuits

There are some simple, yet effective, steps that your HR team can take to prevent compliance issues or lawsuits from employees.

Create an employee handbook.

Recording your specific company's procedures and update it regularly. It should become an instant reference of all policies and procedures guiding compliance, code-of-conduct, export control, and any other regulations specific to your workplace. Each employee should receive a copy, and any updates should be made known company wide.

Train, train, and train again.

Then, train some more! Train your managers in worker safety and dealing with cases of discrimination and harassment. They should also be made aware of the federal and state employment rules, policies and best practices. The more eyes you have available to identify and prevent such cases from occurring in the workplace, the better!

Train from top to bottom.

As you can see, training is the key to prevention. Your employees should also be trained and updated on your policies and company guidelines. They should be encouraged to relay any concerns and report matters which they find problematic. Practical training in workplace safety is also necessary.

Get your audit on.

HR should run frequent audits to ensure there are no compliance issues arising from the employees or operation.

Be consistent.

HR should ensure that all policies and regulations are consistent for *all* employees--no special treatment! Setting different standards comes across as favoritism and singling out certain employees could be considered an act of discrimination, taking you from the boardroom to the courtroom.



Strategic - Human Resources Business Partner

Your Guide to Human Resources: What It Is and Why It's Essential to Your Business's Success

Strategic Human Resources many times is an elevated relationship with business leaders, and considers the big-picture of the organization. Understanding the business, trends in the market, the organization's competitive advantage, competitors, etc. are important for SHRBP's to know. With this type of information, SHRBP's are able to provide expertise Strategic Planning as it relates to employees. They are uniquely able to develop employee capabilities and programs in response to projected business needs. While exposure may be similar to Fundamental HR, business needs and capability of a Strategic HR Business Partner (SHRBP) varies. A SHRBP typically has been in the profession for many years and have a depth of expertise in longer-term disciplines of HR: Talent Management, Organizational Development, Life-cycle Employee Experience, Merger & Acquisition, Workforce Planning, Succession Planning, etc.

Strategic HR typically also focuses on enhancing employee and/or leadership performance which ultimately translates to increased organizational performance and outcomes.

Leading Chief Human Resources Officer Trends

The head of an HR Department, depending on the size of the organization and scope, is typically led by a Chief HR Officer (CHRO), Vice President of Human Resources (VPHR) or Director of Human Resources.

Many leaders in this capacity are differentiated with the following characteristics:

1. **Business Acumen** - Having the business expertise to understand the business model of the organization, they understand what drives profits, what the organizational weaknesses are, they see the big picture of where the organization wants to go and translates that vision into how it's people can make that happen. Many CHROs spend the majority of their time in a senior leader capacity working with other top leaders of the organization on organizational strategy.

2. Diagnosing Problems - Leaders in this capacity are able to quickly understand processes, follow the trail of what's occurring, quickly access the situation and have an intuitive approach in diagnosing where concerns are.
3. Predicting Outcomes - Many Leaders have had experience in several organizations, they understand best practices and leading strategies. With this knowledge, Heads of HR are able to see what's coming by the business trends, gap in performance, and predicting what will occur if changes aren't initiated.
4. People Strategies that add Business Value - Developing People Strategies that drive Business Values and Results can be second nature for Leading HR Executives. They have a subject matter expertise of many areas of human resources, they are intimately knowledgeable about cutting edge approaches, they are aware of how and where enhancements need to be made to improve performance or business value.
5. Courage to Fight the HR Battle in the Boardroom - For some, this may seem to be a "No Brainer" Capability for HR Executives, however it continues to differentiate the Best from the mediocre. HR Leaders in this skillset have the established relationships with organizational leaders, they understand the organizational politics and climate, they know who the key influencers are and what it will take to fight the HR battle toward success. The right balance of Confidence and Courage to influence the fight, with a balance of humility and respect are projected from leaders in this area.

How to begin building your HR team

An HR team is crucial in creating the culture you've envisioned for your company. It also enhances your business's credibility and professional appeal to candidate. Together, with executives, the HR team will devise and implement the best ways to think, act, and behave in the workplace, which ultimately benefits the company performance and the employee themselves.

A well-established corporate culture is what attracts new talent; A positive and engaging culture established with the HR department's help makes the employees more competitive and makes them aware of what is expected from them.

Employees who advance the established culture can be rewarded with incentives and benefits developed by HR, sending a message to other employees that when expectations are met, it does not go unnoticed. This becomes a loop of positive reinforcement that, as time goes on, needs less and less effort to maintain.

Human resources is vital to this process. In the long run it helps to establish an employer brand that the labor force is happy to work for.

HR that is accessible and affordable.

HR teams have many tools available to impact the corporate culture and mitigate compliance risk, but are often an afterthought with many businesses.

This is changing as more companies realize the unessen value of a talented team or department. Companies who are trying to change or join the better corporate world cannot do without smart HR consultation. A flexible HRM practice is also important for organizations looking to become more successful.

As business has evolved, so has the way HR teams are built. While many major companies still host entire departments, smaller businesses and start ups are turning to Fractional HR.

What is Fractional HR?

Fractional Human Resources allows you to outsource your human resources needs to a third party, instead of relying on an internal department that will increase overhead and expenses. This cost-effective HR solution provide you with expertise in a particular area depending on the current needs of your business, and the flexibility to have experienced human resources professionals on-demand or over a set period of hours per month.

Your fractional HR team can consist of various roles—HR Administrator, HR Generalist, HR Manager, HR Coordinator, HR Director. And depending on your specific needs, it can be a single individual or an entire team. Combined, the roles generally assume the following five responsibilities:

1. Recruiting

Managing the hiring process for all open positions, interviewing and screening candidates, developing interview questions and tools, and coordinating the pre-employment requirements.

2. Infrastructure

Assistance with compiling often-overlooked, necessary templates for your growing business: employment applications, offer letters, termination letters, employee surveys, performance reviews, and more.

3. Culture

Assessing your organizational culture. Get a read on what employees are thinking, how engaged they are or what the temperature is around diversity and inclusion. We conduct surveys, focus groups and one-on-one interviews to give you an assessment of your culture and recommendations for improvement.

4. Benefits

Managing the onboarding process for employees, coordinating enrollment of benefits, overseeing third-party benefits administration relationships, resolving escalated issues, and guiding the employee claims processes.

5. Compliance

Conducting HR Audits to ensure your organization is complying with current federal, state and local laws/regulations. A determination of your organization's strengths and weaknesses, improving your competitive advantage by understanding best practices or specific functional area assessments, and managing employee relations situations.

THE MÁS TALENT ADVANTAGE

Mas Talent is a human resources firm, focusing on organizational effectiveness, talent management and diversity management solutions, for companies both large and small.

We tackle the most relevant issues facing organizations and entrepreneurs with a business model built on enhancing a business' bottom-line, by maximizing its "people capabilities." The result is a transformative human resources delivery model that incorporates key concepts of Fractional HR.

HR Solutions for any size business

Our firm excels at balancing an organization's resources while coaching its leadership on a wide variety of progressive business practices, such as affirmative action requirements, inclusive leadership, preventing harassment in the workplace and much more. This allows us to offer specialty human resources support, enabling a business to maximize its budget and personnel and increasing its chance for success.

Our key to success is a 5-step approach that will ensure any business reaches that next level:

- 1. HR Innovation*
- 2. Strategic positioning*
- 3. Cultural integration*
- 4. Credible Activist-based solutions*
- 5. Merger & Acquisition integration*

Take your business to the next level, and invest in your employees by providing them the support they need to enhance your business. You

now know the importance of HR, how HRM is implemented, and how an effective team can dramatically impact your business.

Going forward, use this guide as a reference as you begin to build your team, your business, and your success.