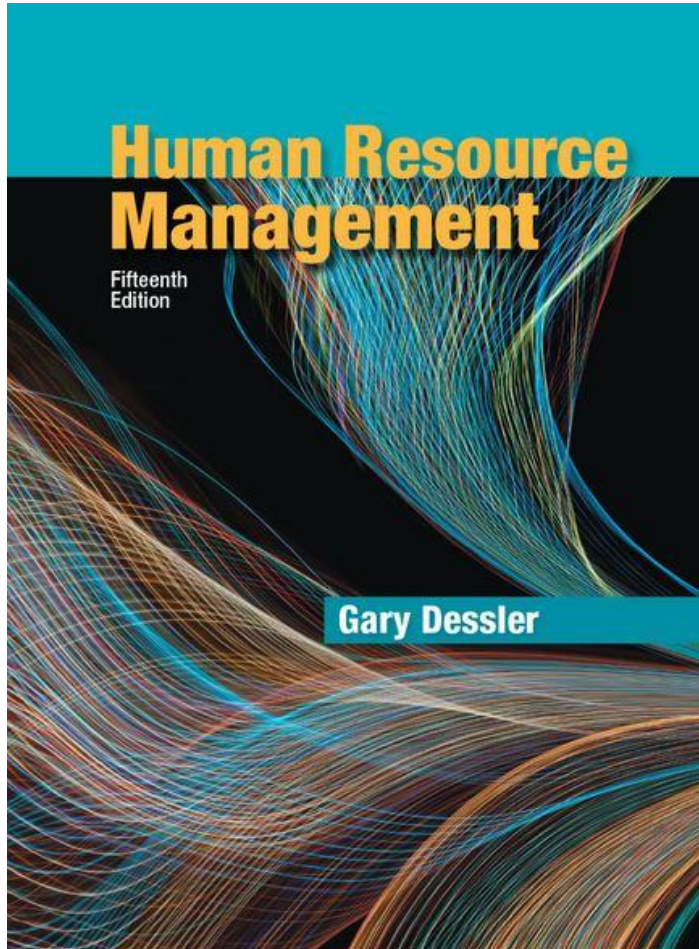


Human Resource Management

Fifteenth Edition



Chapter 18

Managing Human Resources in Small and Entrepreneurial Firms

Learning Objectives (1 of 2)

- 18-1. Explain why HRM is important to small businesses and how small business HRM is different from that in large businesses.
- 18-2. Give four examples of how entrepreneurs can use Internet and government tools to support the HR effort.



Learning Objectives (2 of 2)

- 18-3. List five ways entrepreneurs can use their small size to improve their HR processes.
- 18-4. Discuss how you would choose and deal with a professional employee organization.
- 18-5. Describe how you would create a start-up human resource system for a new small business.

I.

Explain why HRM is important to small businesses and how small business HRM is different from that in large businesses.

The Small Business Challenge

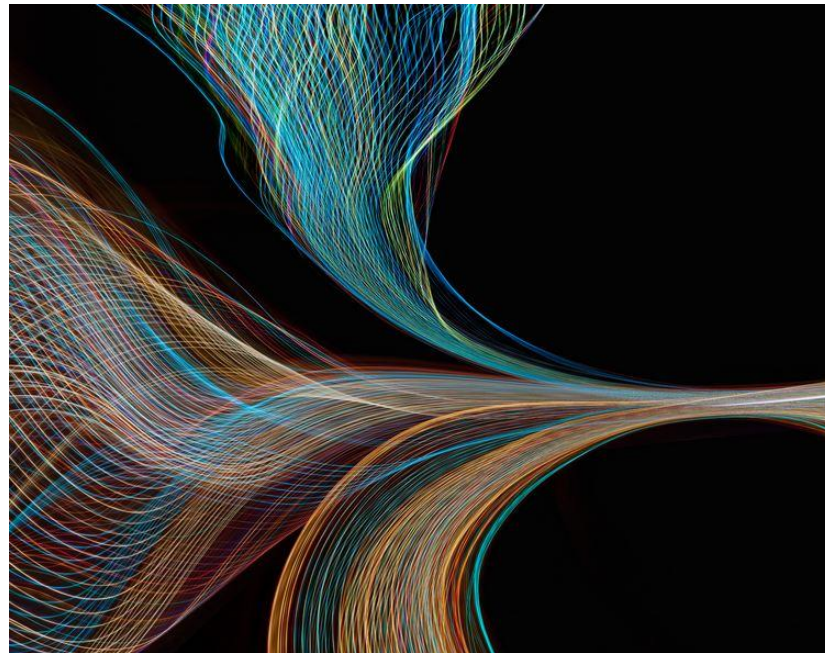


How Small Business HRM is Different

- Size
- Priorities
- Informality
- The Entrepreneur
- Implications



Diversity Counts Necessity and the Entrepreneur



Why HRM Is Important to Small Business

- Positive Performance
- Customers



II.

Give four examples of how entrepreneurs can use Internet and government tools to support the HR effort.

Using Internet and Government Tools to Support the HR Effort

- Complying with employment laws
 - DOL
 - EEOC
 - OSHA
- Employment planning and recruiting
 - Web-based recruiting



Trends Shaping HR: Digital and Social Media (1 of 2)

Internet Recruiting

Let's take a look...

Employment Selection

- Keep it in the industry
- Automate the Process
- Test Online
- Poll your inner circle
- Send a recording
- Comply with the Law



Employment Training

- Private vendors
- The SBA
- NAM



Employment Appraisal and Compensation

- Oracle
- Halogen
- Salary.com



Employment Health and Safety

- OSHA



Review

- Employment laws
- Planning and recruiting
- Selection
- Training
- Appraisal and compensation
- Safety and health



III.

**List five ways entrepreneurs
can use their small size to
improve their HR processes.**

Leveraging Small Size with Familiarity, Flexibility, Fairness, and Informality

- More Personal Familiarity
- Being Flexible
- Informal
- Simple, Informal Employee Selection Procedures



Improving Performance: HR Tools for Line Managers and Small Businesses

Streamlined Interviewing Process

Let's talk about it...

Flexibility in Training

- Few career development
- Specific competencies
- Informal Methods (Covey)



Flexibility in Benefits & Rewards

- Work/life flexibility
- SIMPLE IRA



Fairness and the Family Business

- Set the ground rules
- Treat People Fairly
- Confront Family issues
- Erase Privileges



IV.

Discuss how you would choose and deal with a professional employee organization.

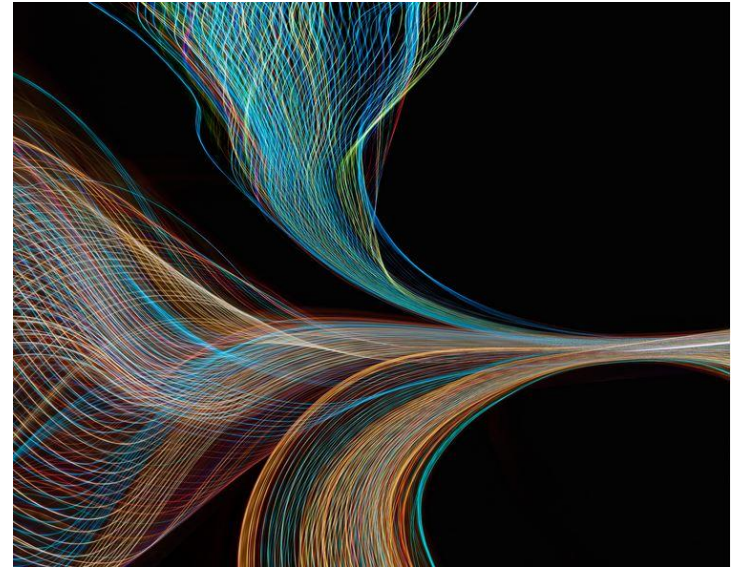
Using Professional Employer Organizations (1 of 7)

- PEO's
- HRO's
- Employee /staff leasing



Using Professional Employer Organizations (2 of 7)

1. How do PEOS work?
 - PEOs vs. HROs



Using Professional Employer Organizations (3 of 7)

2. Why use a PEO?

- Lack of specialized HR support
- Paperwork
- Liability
- Benefits
- Performance



Using Professional Employer Organizations (4 of 7)

3. Caveats

- Warning signs
- Lax due diligence



Using Professional Employer Organizations (5 of 7)

Figure 18-4 Guidelines for Finding and Working with PEOs

Employers should choose and manage the PEO relationship carefully. Guidelines for doing so include:

- **Conduct a needs analysis.** Know ahead of time exactly what human resource concerns your company wants to address.
- **Review the services** of all PEO firms you're considering. Determine which can meet all your requirements.
- **Determine if the PEO is accredited.** There is no rating system. However, the Employer Services Assurance Corporation of Little Rock, Arkansas (www.Escorp.org), imposes higher financial, auditing, and operating standards on its members. Also check the National Association of Professional Employer Organizations (www.NAPEO.org), and www.PEO.com.

Using Professional Employer Organizations (6 of 7)

- Check the provider's bank, credit, insurance, and professional references.
- Understand how the **employee benefits will be funded**. Is it fully insured or partially self-funded? Who is the carrier? Confirm that employers will receive first-day coverage.
- See if the contract assumes the **compliance liabilities** in the applicable states.
- **Review the service agreement carefully**. Are the respective parties' responsibilities and liabilities clear?
- Investigate how long the **PEO has been in business**.
- **Check out the prospective PEO's staff**. Do they seem to have the expertise to deliver on its promises?

Using Professional Employer Organizations (7 of 7)

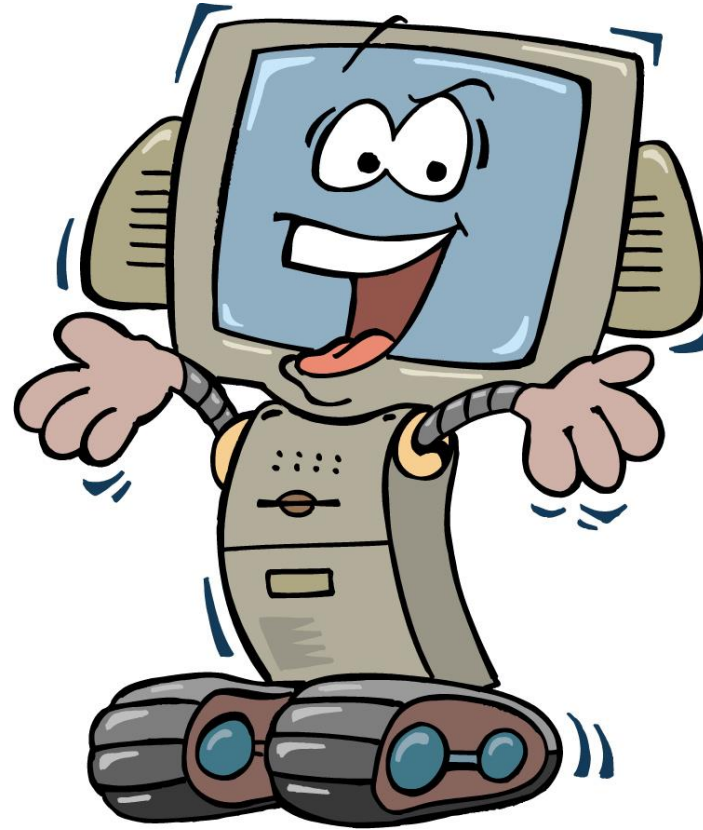
- Ask, **how will the firm deliver its services?** In person? By phone? Via the Web?
- Ask about upfront fees and how these are determined.
- **Periodically get proof that payroll taxes and insurance premiums are being paid properly** and that any legal issues are handled correctly.

Source: Based on Robert Beck and J. Starkman, “How to Find a PEO That Will Get the Job Done,” *National Underwriter* 110, no. 39 (October 16, 2006), pp. 39, 45; Lyle DeWitt, “Advantages of Human Resource Outsourcing,” *The CPA Journal* 75, no. 6 (June 2005), p. 13; www.peo.com/dmn, accessed April 28, 2008; Layne Davlin, “Human Resource Solutions for the Franchisee,” *Franchising World* 39, no. 10 (October 2007), p. 27; and see for example, www.adp.com/solutions/employer-services/totalsource/what-is-a-peo.aspx, accessed September 24, 2015.

V.

**Describe how you would create
a start-up human resource
system for a new small
business.**

Managing HR Systems, Procedures, and Paperwork (1 of 4)



Improving Performance: The Strategic Context

City Garage

Let's talk about it...

Managing HR Systems, Procedures, and Paperwork (2 of 4)

Basic components of manual HR systems



Basic Components of Manual HR Systems

Table 18-1 Some Important Employment Forms

New Employee Forms	Current Employee Forms	Employee Separation Forms
Application New Employee Checklist Employment Interview Reference Check Telephone Reference Report Employee Manual Acknowledgment Employment Agreement Employment Application Disclaimer Employee Secrecy Agreement	Employee Status Change Request Employee Record Performance Evaluation Warning Notice Vacation Request Probation Notice Job Description Probationary Evaluation Direct Deposit Acknowledgment Absence Report Disciplinary Notice Grievance Form Expense Report 401(k) Choices Acknowledgment Injury Report	Retirement Checklist Termination Checklist COBRA Acknowledgment Unemployment Claim Employee Exit Interview

Managing HR Systems, Procedures, and Paperwork (3 of 4)

- Automating Individual HR Task
- Human Resources Information System (HRIS)

Reasons for Installing HRIS system

- Improved Transaction Processing
- Online self-processing

Other Reasons for Installing HRIS system

- Improved Reporting Capability
- HR System Integration

Managing HR Systems, Procedures, and Paperwork (4 of 4)

- HRIS vendors
 - Automated Data Process, Inc.
 - Business Information Technology, Inc.
 - Human Resource Microsystems,
 - Lawson Software
 - Oracle Corporation
 - SAP America, Inc.

Trends Shaping HR: Digital and Social Media (2 of 2)

HR on the Cloud

Let's take a look...

Chapter 18 Review

What you should now know....

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