

Why Small Businesses Benefit from Establishing an HR Team

Many small business proprietors are accustomed to managing all aspects of their business independently, including HR responsibilities. In fact, 54% of small businesses handle HR internally. However, often, owners delegate HR tasks to staff members with limited experience in employee management.

As per a report, 31% of employees admitted feeling unqualified for their roles. If your staff exceeds 20 members, merely assigning HR responsibilities to individuals in finance or operations may not suffice. The establishment of your own HR team can enhance the overall employee experience and allow you to concentrate more on your core business activities.

Let's delve into some of the essentials of Human Resource Management (HRM). Although industries vary, every company, regardless of size, encounters specific HR functions, such as:

1. Recruitment and hiring
2. Performance management
3. Employee training and development
4. Employee compensation and benefits
5. Expense management
6. Time tracking and attendance
7. Risk mitigation
8. HR data and analytics
9. Employee satisfaction and retention

How HR Management Benefits Small Businesses

1. Attract Top Talent

Streamline talent acquisition, defining company culture to attract the best candidates with industry-specific insights.

2. Enhanced Onboarding

Establish onboarding procedures, ensuring new hires excel from day one.

3. Improved Employee Retention

Strategic HR solutions boost engagement, uncover hidden factors affecting performance, and offer performance management tools for a more productive workforce.

4. Comprehensive Employee Benefits

Potential access to premium benefits, exceeding medical coverage, ensuring compliance, and attracting top talent for growth.

5. Mitigation of Compliance Issues

Ensure compliance with complex regulations, providing expert support on federal, state, and local levels, allowing focus on business growth.

How to Establish HR for a Small Business

Setting up your HR team requires careful consideration of your business and industry needs. This ensures your HR professionals possess the necessary skills to handle staff and unique business challenges, emphasizing strong people skills. Whether building an in-house team or outsourcing, follow these tips for success:

In-House HR Department

Hire an HR Professional

For larger budgets, consider an in-house HR team to oversee hiring, retention, benefits, firm culture, and internal communications. Depending on your firm's size, hiring a team of specialists might be necessary. For smaller businesses (50 or fewer employees), an HR generalist could be a cost-effective option, handling tasks like compliance, payroll, benefits, and onboarding.

Outsource HR Department

Outsource Human Resource Management

Outsourcing provides flexible support, potentially costing less than hiring full-time staff while offering expertise. This allows you to hire assistance for specific tasks like recruitment or benefits management.

Online HR

Utilize HR Software

HR software automates tasks, enhancing organization and efficiency for small businesses. These tools can simulate a full HR staff, assisting with hiring, onboarding, training, payroll, documentation, and employee dismissals. As your business expands, consider additional strategies to supplement the use of software and apps for continued support.

- 1. Do you currently have an HR team or HR strategies in place?**
- 2. Have you gained experience highlighting the importance of having a robust HR team in your business?**
- 3. What type of HR team best suits your business: in-house, outsourced, or online?**

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