Managing Human Resources

As discussed in Chapter 6, the legal and factual aspects of the HR function are usually summarized in the employee handbook. This document formalizes the relationship between a corporate entity and people that comprise its labor force. It usually consists of general policies and rules that define the company’s conduct with respect to its employees and vice versa: how people are hired, compensated, and terminated; how the company complies with labor laws and OSHA regulations; how the employees should treat the company’s property, their responsibilities, each other, and so on.

The quintessential tasks and procedures associated with the recording of HR activities and the processing of payroll transactions were detailed in Chapter 8. And the business’s obligations with respect to employment taxation were addressed in Chapter 33.

However, these mechanistic topics do not exhaust the extent of HR management in its broader sense—as a function that deals with the effective utilization of a valuable resource in the business process. The labor force consists of various people separated from each other by their own personal ambitions and needs. Yet, together they must be integrated into a system focused on facilitation of the employer’s strategic goals. An ability to bond disparate individuals into a collective power distinguishes true managerial talent. Achieving such unification requires a combination of considerable efforts in the organization, development, and retention of employees.
Organizing Human Resources

In my experience, many workers confuse the employer’s rationale for hiring them with their own reasons for seeking employment. Businesses don’t employ people to pay them salaries, so that they can put food on their families’ tables and pay rents and mortgages. It is actually the other way around: if a company could sustain its existence without tasks performed by one or another employee, it would do so and save the money paid as compensation. But it is crucial for the company that the jobs are done, and with sufficient quality, and that is why it retains employees.

There is a reason we call payments received from employment *earnings*—they are to be earned. The successful fulfillment of functions, essential to operational process, by a competent person compensated for his efforts, constitutes the basis of workforce utilization. Understanding that they come to work to earn their wages by doing their jobs well changes employees’ perspectives regarding their daily activities. It is the managers’ job to show their subordinates that the company’s growth coincides with their personal interests, that the company’s prosperity will benefit them materially and provide them with a sense of self-worth. To facilitate the effective labor utilization that leads to high-performance results, managers must organize people and tasks in the most efficient way.

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**Note** While attending to organizational matters, don’t forget that you are not an outsider, but an integral part of the system as well. You have your own functions and relations to other team members (i.e., other units of labors to incorporate into the working organism).

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The first step of departmental organization is the creation of a logical structure that accommodates functional processes. In accounting and finance, the basic structuring occurs naturally because tasks can be grouped into distinct cycles: billing, AR, AP, payroll, treasury, general accounting, and so on. With small departments consisting of three to five people, the exercise never extends beyond this elemental level. Organizing a larger staff with an elaborate division of labor is a more demanding undertaking. At the very least it involves the following activities:

- Defining the scope of responsibilities for each position, assigning specific tasks to individual employees, and providing them with corresponding timelines and schedules.