

# Human Resource Management Requirements for Business Owners

**“We are what we repeatedly do. Excellence then, is not an act, but a habit.” Aristotle**

There are three main Human Resource Management (HRM) requirements that every employer must meet to prevent employee issues from arising. They include understanding and complying with all Federal and state labor laws and regulations. The creation of an employee handbook that clearly and succinctly communicates the policies and procedures you want your employees to follow. The use of digital employee files where confidential employee information can be securely stored, updated and retrieved as needed.

## Labor Law Compliance

Compliance with Federal and state labor laws is paramount. There are new laws promulgated concerning wages, hours worked, overtime, record keeping, and required postings (posters that stipulate employees' rights) every year. Failure to comply with labor laws can result in penalties and interest that can effectively close a business.

## Employee Handbook

Your employee handbook is the core document of all your HRM policies, systems and procedures. It must explain your expectations of your employees and clearly delineate what you consider to be acceptable and unacceptable employee behavior. In the event of an employee dispute, your employee handbook is always the first point of reference.

Employers should keep a paper and digital copy available for all their employees to refer to on an ongoing basis.

It is the employer's responsibility to make sure each employee has signed a declaration they received, read, understand and promise to comply with the policies and procedures described in your employee handbook. Keep each employee's signed agreement with a copy of the employee handbook and each employee's other employment documents.

## Employee Files

We believe in the digital world we live in that is critical your employee files be digital not just paper. All documents must be secure and available only to the people who must work with them in a bonafide business capacity.

There are three primary employee files that must be created and maintained on an ongoing basis.

They are “Form I-9 Employment Eligibility Verification,” “Employee Information” and an “Employee Medical” file.

Labor law mandates all employers must have a completed I-9 form on file for each employee. They must be produced when demanded from an authorized U. S. Government official. We highly recommend you keep all your I-9 forms in a single file so they can be retrieved quickly when they are required.

You should maintain a separate “Employee Information” file for each of your employees. It should contain at least the following information:

- Resumes and employment applications
- Offer letters, employment agreements or contracts
- Payroll information
- Basic employment data including W-4s
- Information about participation in benefit programs
- Awards, recognition or disciplinary documents
- Performance evaluations
- Termination documentation and exit interview information

All employee information related to health and medical issues must be kept securely in an “Employee Medical” file. This file must include the following minimum data:

- Applications for insurance
- Notes from a doctor excusing a person from work
- Medical examination information
- Information related to a disability

According to the “Health Insurance Portability and Accountability Act” (HIPPA), all medical records must be secure and available only to the people who absolutely must have access to them. They should be used for official business purposes only.

We feel a company’s greatest asset is their employees. They are the lifeblood of every business. Consequently, one of the most important concepts of all employer and employee relations is **consistency**.

Good HR policies must be followed without bias, favoritism or preferential treatment. It is critical to create, support and maintain a culture of fair, legal and equally applied performance guidelines to protect the business owner and all their employees from misunderstandings and disagreements.

## **How We Can Help You**

**Pacific Crest Group**

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[Pacific Crest Group \(PCG\)](#) provides professional services that keep your business focused on your critical objectives. We provide strategic Accounting and Human Resource (HR) services created specifically to help you meet your goals. Through exemplary customer service, clearly defined policies and procedures as well as a forward-looking perspective, we provide the outsourced solutions your business needs to grow. A PCG professional is happy to meet with you to discuss solutions for your unique requirements designed to maximize all of your business opportunities.