

19.12: Evaluating HR Needs

Learning Objectives

- Describe how to evaluate the need for additional human resources



Many small business owners and CEOs of small businesses absorb the responsibilities of an HR department to save on costs. In that same vein, they also make the coffee and sweep up the office after everyone has left for the day. When that becomes too much for the CEO to absorb into his or her day, these duties get redelegated to other employees in the office. And then, those employees start to buckle under the weight of additional duties.

Do You Need New Employees?

If you're an HR manager at a small business, the first sign that additional human resources may be needed is a decline in productivity. Co-workers who are stressed, unable to address all the work coming their way, and requesting excessive time off are all things the HR manager should be watching closely. It's certainly normal for the employees in a small business to wear many hats, but when they're collapsing under their workloads or spending too much time on non-essential tasks, that can mean trouble.

A decline in customer service, or employees' inability to keep up with work, is another flag alerting an HR manager that additional human resources may be needed. Often, small businesses fail because they're unable to grow fast enough to keep up with the demand for their product or service, but it's not always due to their reluctance to add additional employees. If inefficient work processes are at fault for the issues, perhaps training or job redesign is needed.

Sometimes, the signs that a new employee is needed are not so clear. HR professionals in a five- or ten-person office may notice that workloads are exceeding employee capabilities, but in a company with a hundred or so employees, they might not see all the red flags. Luckily, there are some methods by which a human resource professional can conduct a needs analysis:

- **Questionnaire.** A questionnaire allows the employees in an organization to offer feedback about their position and department. Perhaps additional knowledge and skills would make their jobs easier, or maybe a new position in their department would better fill a need.
- **Industry benchmarks and guidelines.** Often, organizations like the Society of Human Resource Managers, or an association directly related to the industry in question, can provide benchmarks and guidelines for an industry. For instance, if an organization is earning \$X gross with services offered, that organization is likely to have Y number of employees. These benchmarks can help an HR manager understand if his or her organization is adequately staffed.
- **Manager consultation.** An HR professional should always be in touch with the needs of organization managers and creating a "safe space" for managers to talk can often unearth problems that would not otherwise be revealed. Encouraging managers to talk about needs within their own areas, as well as deficiencies they see in areas managed by others, can help an HR manager determine if additional human resources or training is needed.

Practice Question

<https://assessments.lumenlearning.co...essments/18250>



Budgeting for a New Employee

Determining the need for additional human resources is only the beginning. Once it's determined that an extra person might come in handy, it's time to do some math to ensure the expense of an additional head will ultimately benefit the business. In other words, can you afford the new guy?

A few obvious things to think about when budgeting for a new employee:

- Will this employee be part time or full time?
- What is the industry average salary for this position?
- What are the other costs associated with the hiring of this new person (additional training, payroll tax, benefits and worker's compensation)?

Less obvious, but still considerations when determining the value of a new employee:

- Will customer service improve to the point that it leads to new customers?
- Will this new employee free up time to market the business to more prospective customers?

If the benefit of additional production, along with new business, covers the cost of this new employee, then it's time to increase those human resources!

Now, there's more that goes into adding additional human resources than just what's described above. There are laws to follow, lines of authority to determine, job descriptions to draft. Don't worry...just keep reading. We're going to cover that.

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