

19.10: Why It Matters- Human Resources in Small and Entrepreneurial Businesses



Why learn about managing human resources in small and entrepreneurial businesses?

Small businesses are a big deal. In fact, 99.9% of all U.S. companies are classified as small businesses (that is, businesses with 250 to 1,500 employees). Around 58.9 million U.S. citizens, or 47.5% of the population, work for a small business. In 2015, small businesses created a net 1.9 million new jobs.^[1] Employees in the job market are almost as likely to land a job with a small business as a large one.

Still, in the third quarter of 2016, while 240,000 new small businesses started up, another 215,000 exited, resulting in a loss of 749,000 jobs.^[2] This is a good indicator that careful management—particularly careful HR management—is key to ensuring the success of a small business.

Human resources in large corporations often grow organically as the organization grows. Knowing when to add resources to support growth, establishing the means by which they are managed and retained, and understanding relevant small business employment laws can fuel an organization's growth and prosperity.

1. U.S. Small Business Administration, Office of Advocacy, *United States Small Business Profile, 2018* ←

2. Ibid. ←

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