



Who Governs HR When HR Is One Person, or No One?

Why small and mid-sized businesses need HR governance even when they do not have a traditional HR department

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In many small and mid-sized businesses, HR is not a department. It is a person. Perhaps it's an Office Manager, or an Administrative Assistant, cases where it is part of someone else's job. Sometimes there is no designated HR person at all.

I have seen HR responsibilities sit with an owner, COO, finance leader, office manager, payroll provider, administrative assistant, or a combination of all of them. The arrangement itself is not the problem. The problem starts when no one has clearly decided who owns what, who can make which decisions, and what happens when an employee issue moves beyond the routine.

That is where HR governance matters.

HR governance is simply the structure around how a company makes and manages people decisions. It answers practical questions: Who has authority? Who needs to be consulted? What needs to be documented? When does an issue move up the chain? Who is checking that the same standards are being applied across the business?

For companies with one HR professional, or no dedicated HR professional, those questions are not theoretical. They show up in hiring, discipline, leave, pay decisions, complaints, performance issues, terminations, policy exceptions, and everyday manager decisions.

Having Someone Handle HR Is Not the Same as Governing HR

A company can have payroll running on time, benefits enrolled correctly, job postings going out, and an employee handbook on the shelf and still have weak HR governance.

Administration tells me that work is getting done. Governance tells me whether the company has a reliable way to make decisions.

In a small organization, that distinction matters because one person may be carrying a very broad HR load. That person may be recruiting in the morning, working through a leave issue at lunch, talking a manager through a performance problem in the afternoon, and answering a benefits question before the day ends.

If every difficult decision also lands on that same person, with no defined review point or leadership support, the company has created a single point of dependency.

The same concern exists when there is no HR professional. Managers may be making decisions based on experience, common sense, or what happened the last time. That can work until two similar situations are handled differently, a complaint is not escalated, a policy no longer matches practice, or leadership realizes that important HR information exists only in someone's email or memory.

The Questions I Would Ask First

If I were reviewing HR governance in a small or mid-sized organization, I would start with a few basic questions:

- Who is responsible for HR overall?
- Which employee decisions can a manager make without approval?
- Which decisions require review by HR, senior leadership, or, in some instances, legal counsel?
- Who has authority to make an exception to policy?
- Where are significant employee decisions documented?
- How are complaints and sensitive employee matters escalated?
- Who reviews the handbook and individual policies, and how often?
- If the person who normally handles HR is out, who knows what to do?
- How does leadership know whether managers are applying policies consistently?

If several of those answers are unclear, the organization may have an HR coverage issue, but it also has a governance issue.

Where the Risk Usually Shows Up

1. Authority Is Assumed Instead of Defined

In smaller organizations, people often know who usually handles an issue, but that is not the same as defining authority.

A manager may assume they can approve an exception. An office manager may believe an employee complaint should go directly to the owner. The owner may believe the payroll company is watching an issue that the payroll company considers outside its role.

When authority is based on assumption, gaps appear quickly.

2. Managers Create Their Own Practices

Managers need room to manage. They should not need approval for every routine decision.

But they do need boundaries.

If one supervisor documents attendance problems and another handles the same problem informally, the company is building two different standards. The same thing can happen with scheduling, performance, discipline, leave, remote work, pay adjustments, and other employment decisions.

HR governance does not eliminate judgment. It gives managers a consistent lane in which to use it.

3. The Handbook Says One Thing and the Business Does Another

A handbook can look complete and still be out of step with the company.

The business may have changed its work schedule, leave practices, reporting relationships, technology, benefits, or management structure without updating the policy language that employees and managers are expected to follow.

I would rather see a shorter handbook that reflects the business than a polished handbook full of provisions no one follows.

Governance includes deciding who owns policy review, who approves changes, and how those changes are communicated.

4. The HR Function Depends Too Heavily on One Person

A strong HR professional can hold a tremendous amount of institutional knowledge. That is valuable, but it can also become a vulnerability.

If only one person knows how leave is tracked, how employee complaints are documented, which forms are used, why a policy exception was approved, or what steps are followed before termination, the organization has not protected that knowledge.

Good governance moves critical HR knowledge out of one person's head and into usable processes, records, and decision standards.

5. Leadership Gets Involved Only After Something Goes Wrong

Owners and executives do not need to personally handle every HR matter. They do need to have a way to see when the same problems keep happening, because repeated issues can signal larger organizational risk.

If leadership hears about HR only when someone threatens legal action, resigns unexpectedly, files a complaint, or a manager wants to terminate an employee immediately, the company is operating too late in the process.

Regular visibility does not have to mean another long meeting. It can be a short review of recurring employee issues, open risks, policy changes, turnover patterns, difficult cases, and areas where managers need support.

What HR Governance Can Look Like in a Smaller Organization

Small and mid-sized businesses do not need to copy the HR structure of a large corporation. In fact, they should not.

The goal is to create enough structure to support good decisions without building unnecessary layers.

For a company with limited internal HR resources, I would focus on five things:

Name the owner. Someone needs clear responsibility for coordinating the HR function, even if several people or outside providers perform pieces of the work.

Set the boundaries. Managers and leaders should know what they can decide, what requires review, and what must be escalated.

Create a record. Significant employee decisions should not live only in conversations, text messages, or memory. The company needs a consistent way to document what happened, what was decided, and why.

Keep policy connected to practice. Policies should reflect the way the company actually operates. When the business changes, the policy structure should be reviewed with it.

Give leadership a line of sight. Leadership should periodically see the issues that matter: recurring employee concerns, policy gaps, manager inconsistencies, turnover, difficult cases, and areas that may require outside expertise.

For the HR Department of One

One-person HR departments are often expected to be both the administrator and the adviser. They keep the operation moving while also being the person managers call when the answer is not obvious.

That role needs support.

The answer is not to bury the HR professional in more forms, more approvals, or more meetings. It is to make the decision structure clearer.

They should know which matters they own, when a leader needs to be involved, when legal advice is appropriate, and where they can go for a second professional perspective when an issue is complex.

That protects the HR professional as much as it protects the company.

A department of one should not become a department of one opinion, one memory, and one point of failure.

When There Is No HR Department

A business without an HR department still has HR work.

Employees are still hired. Managers still make performance decisions. Someone still answers questions about leave. Someone still receives complaints. Someone still decides whether an employee should be disciplined or terminated.

Those responsibilities do not disappear because there is no HR title on the organizational chart.

In that environment, governance becomes the structure that keeps HR from being handled differently depending on who happens to be available.

The business may decide to keep certain responsibilities with leadership, assign administrative work internally, and use outside HR or legal resources for specialized matters. That can work very well, but **only when the roles are clear.**

Outsourcing Does Not Remove the Company's Responsibility

Many smaller organizations use outside resources for payroll, benefits, recruiting, legal advice, or HR consulting. Those relationships can fill important gaps.

A payroll provider may process payroll. A benefits broker may manage enrollment. An attorney may advise on a legal question. An HR consultant may support employee relations, policy development, workforce planning, compliance, manager guidance, and other areas that fall outside the scope of payroll or benefits administration.

None of those providers are automatically responsible for the company's entire people function.

Leadership still needs to know who makes the final decision, who keeps the record, who follows through, and who notices when something falls between providers.

A Simple Governance Check for Leadership

Owners, Executive Directors, CEOs, COOs, and other business leaders should be able to answer these questions without having to search for the answer:

- Who owns HR in our company today?
- Who backs that person up?
- What employee decisions require leadership approval?
- What issues must be escalated immediately?
- Are managers working from the same standards?
- Does our handbook match what we actually do?
- Are important employee decisions documented in a consistent place?
- Do we know when to bring in outside HR or legal support?
- If our HR lead left tomorrow, what knowledge would leave with that person?
- What HR risks should leadership know about right now?

Those questions are not about creating bureaucracy. They are about making sure the business is not depending on guesswork.

Governance Matters More as the Business Moves Faster

HR governance is not reserved for large corporations, public companies, or businesses with a full HR team.

It matters anywhere people decisions affect the business.

For a company with one HR professional, governance gives that person support, defined authority, and a way to escalate what should not rest on one set of shoulders.

For a company with no HR professional, governance makes responsibility visible and helps keep employment decisions from becoming improvised.

The point is not to make HR bigger.

The point is to make the way the company handles people decisions clearer, more consistent, and easier to defend.

Whether HR is a team, one person, or part of someone's already-full job, someone still has to govern the work. And as technology allows managers and leaders to make those decisions faster, that governance becomes even more important.

When HR Decisions Get Faster Than the Business

There is another issue small and mid-sized organizations need to start thinking about.

HR decisions are getting faster.

A manager can now use AI to draft a performance improvement plan before anyone in HR even knows there is a performance problem. A supervisor can write a termination letter, job description, interview questions, or employee response without ever involving HR.

For an organization with no HR department, or an HR department of one, that can be useful.

It can also create risk *very quickly.*

The question is no longer simply whether a company has an HR policy. The question is whether the decisions being made across the organization actually follow it.

Consider a company with 40 employees and five managers. Each manager now has access to tools that can help write documentation, interpret a workplace situation, recommend language, or suggest what to do next. That gives a smaller company capabilities that once required a much larger HR function.

But it also means five managers can make five different decisions about similar situations, and those decisions can happen before anyone at the top realizes there is a pattern.

That is where HR governance starts affecting the bottom line.

The cost may be obvious, such as legal fees, settlements, unemployment claims, payroll corrections, or the expense of replacing an employee. But just as often, the cost is buried in the business.

It is the owner, CEO, COO, or Executive Director losing half a day trying to untangle an employee issue that should have been handled correctly the first time. It is a manager spending hours rewriting documentation because the original version was incomplete. It is paying outside counsel to review a termination after the decision has already been made. It is rehiring and retraining because a management problem was allowed to continue too long.

For a company with 5, 10, 25, 50, or 100 employees, those costs add up quickly.

Good HR governance helps reduce those costs because it creates clear decision points before a problem becomes expensive.

That may mean requiring review before a termination, using one process for employee complaints, identifying who can approve compensation changes, reviewing turnover and disciplinary activity for patterns, and setting clear rules for how AI can be used in employment matters.

In a smaller company, the same controls that reduce exposure also reduce the amount of money and management time spent fixing preventable problems.

A clear process can shorten the time spent resolving an issue. Better documentation can reduce the amount of time outside counsel needs to spend reconstructing what happened. Consistent management decisions can reduce avoidable turnover. Early review can prevent a small employee issue from becoming a larger legal or operational problem.

AI makes this even more important.

Smaller organizations can now move faster without adding staff, but **speed without oversight can create its own problems**. AI may help a manager prepare for a difficult conversation, organize documentation, or draft language. It should not replace judgment, determine whether someone should be terminated, or become the final authority on an employment decision.

The goal is not to create more HR bureaucracy.

The goal is to put a few strong controls in the places where the company has the most to lose.

For small and mid-sized organizations, that is where HR governance has real value. It allows the company to move faster, spend less time cleaning up avoidable problems, and reduce the risk that one bad employment decision turns into a much larger expense.



TWC Global Solutions provides human resources, workforce compliance, organizational development, and policy advisory services to public- and private-sector organizations.