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FACT SHEET

# Employing staff for the first time

## Quick Summary

- Recruiting people to your team shouldn't be a quick task and if it's done wrong, it can cause issues for you later down the line.
- Work out the best solution for your business needs and understand the legal obligations towards your employees. Think about:
  - Work locations
  - Salary and benefits
  - Employee benefits
  - Flexible working hours and bonus/performance related pay
- Use exit interviews to understand why an employee has left their position. Use this information to improve your overall business.
- Map out the key responsibilities for the vacant position

## Introduction

Before you start looking for a new employee, you need to consider what the best solution is to meet your business needs. If you have a short-term requirement, acquiring help from a freelance and/or consultant might be the best solution for you. If you do want to recruit, finding a temporary worker – perhaps from an agency – or a part time position, might be your best option.

Regardless of your requirements, you will need to be clear about what you want the person to do and what skills they will need. Recruiting new staff members can initially cost some time and money due to potentially lengthy recruitment processes therefore if you're not clear on the requirements, or fully committed to your recruitment option, you could find yourself investing unnecessary resources on staff you don't require.

## Legal Obligations

As an employer it is vital you understand your legal obligations towards your employees. You'll have to ensure your employees pay the correct tax and National Insurance Contributions (NICs) using the Pay As You Earn (PAYE) system. You will also have to make your own payment of Employers National Insurance, an additional cost for every employee you take on and this should be planned into your budget.

**Your legal obligations as an employer include the following:**

- Registering with HM Revenue & Customs (HMRC)
- Operating a PAYE (Pay As You Earn) system to deduct tax and National Insurance from your employee's wages, and pay employers National Insurance
- Providing your employee with a Written Statement of Employment (an employment contract)
- Paying your employee correctly: no less than the National Minimum Wage and including the correct information on pay slips.
- Understanding sickness, maternity and paternity pay, Working Time regulations and annual leave entitlement.
- Health & Safety

You may need to write employment policies so that you and your employees are clear on how your business operates.

## How to begin

Often the recruitment process starts with someone in the organisation wanting to employ a particular person. This might be a friend or family member, but employing someone 'on a handshake' means important steps in the recruitment process are missed, which could cause issues later down the line. Here are some top tips to help you get started:

- Involve members in the existing team to help with the recruitment. They will add input that'll help shape the role and assist you in picking the right candidate.
- This input will help give you a realistic view of what the role entails, allowing you to clearly define the role to the new recruit, holding them accountable for their tasks within your company
- Ask yourself, how did the vacancy come about? If someone left the role, find out why. This might help shape the role so not only do you pick the right person to fill the vacancy, but you lower the chances of the new recruit also leaving.

## Exit Interviews

Exit interviews are an opportunity to understand why an employee has decided to leave their position. Holding this interview at the point the employee resigns, you might decide you can address some of these reasons and work to help the employee stay in the role.

### How to conduct the exit interview

"People join companies and leave bosses" – maybe a generalisation, however there is some truth here. Do NOT use the exiting employee's line manager or supervisor. This authorative figure might not be able to illicit the truth, and might be in charge of offering the employee a reference, which could cause issues when discussing openly and honestly about their reasons for leaving the position.

Whoever conducts the interview needs to be clear with the employee who will have access to the data and how it will be communicated. The interview should also be held in private and discreet.

When it comes to the questions in the exit interview, DON'T skip questions just because you don't want to hear the answer! It is best practice to ask a standard set of questions to all who leave your employment. The interview can be held face to face, over the telephone or via a questionnaire form.

Remember, you can't force the exiting employee to open up. Or it's likely that some of the data you acquire from the exiting employee might need further investigation or validation. Other people in your workforce may hold important information, or at least valuable opinions regarding the reason the employee decided to leave.

You can find an example set of questions, exit interview forms and remaining employee questionnaire PDF documents over on the 'Guides' section on the Business Lincolnshire website.

## Job Descriptions

Whenever an employee leaves your business, or you want to appoint someone to a new post, it's time to review the requirements of the business and to define the remit of the role. If you want the new person to succeed you must provide them with clear direction about their role and responsibilities.

Although some jobs are quite broad and responsibilities can be complex, mapping out what is essential to success in the role in a simple document will inform the recruitment process from the beginning – which is critical.

### Here are some tips to help you write a good job description

- **Job Title.** The title denotes seniority for both the job holder and the existing team.
- **Role Purpose.** This is a brief statement which should answer the question "what do you do?"
- **Key Accountabilities.** This should be a list of the things they have to do to fulfil the responsibilities of the role

### Skills and abilities

- Which ones are essential to success in the role?
- You may need to invest in training - what core qualities are you looking for that can be built upon rather than training a recruit from the ground up?
- Looking to see HOW someone operates as well as WHAT they achieve? Look at their competencies

## Other things to consider

Try mapping out what makes your company's employees' unique and try and find people who get job satisfaction behaving in that way. If you are clear about what you need, the challenge of developing a thorough interview technique which tests candidates for their core values and beliefs that match your needs, will be easier. This will ensure you're bringing on board the right people to your team.

Below is a quick breakdown of other areas you need to consider:

**Work location –** If their home is their work base, they might expect the company to reimburse them for work related travel. Also integrating remote workers via meetings and email could prove difficult.

**Salary and Benefits -** The modern workforce values flexibility, especially in term of work-life balance. Juggling care for dependents, both young and elderly, having time for personal health and interests outside of work are what both male and female employees are now expecting.

**Employee benefits –** These need to be varied and tailored to the needs of the workforce that change over time. Having clear policies in terms of flexible working, staggered start/finish times, employee health initiatives and respect for employee 'down time' can increase your attractiveness as an employer and grow your image as an employer of choice.

**Flexible working hours -** The law dictates you have to consider flexible working for your employees, but employees may expect to earn or fight for the right for non-regular hours. If flexible working hours works for your business, use this as a recruitment tool! You may get better qualified candidates at a price you can afford if you accommodate their needs.

**Bonus and Performance related pay –** if you are willing to pay more if the employee succeeds in the role, communicate this as a plus point for your organisation. Express the potential earnings as OTE or 'On Target Earnings' – which is different from salary, but will encourage the type of employee who likes to achieve.

## Promoting your vacancy

Generating a broad response from candidates who meet your Job Specification criteria is the aim of any recruitment campaign. If you find yourself overwhelmed with applications, be strict on removing those who don't meet your essential and desirable criteria or those who live local to your work location, or have any additional experience or skills which may be beneficial as the company grows, or provide cover in times of sickness or holidays.

If you're going to use online advertising there are many specialist sites who have various costing structures. Some of the sites have sophisticated online back room candidate management tools which help you keep track of and short list candidates as applicants submit their details.

A good technique to pick the best site on which to place your job is to pretend to be an applicant and Google the type of position you have vacant, including the geographical location of the job opening. The job site you are directed to at the top of the Google listing is probably the one which most of your potential candidates will be directed to. This exercise can also help you understand how the website matches candidate requirements to the jobs which are posted. If you're unsure about this, ask the job site sales team how to maximise traffic to your job by manipulating key words in the advert.

## Selecting the best candidate

Prior to meeting your candidates face to face, there are two methods which may narrow down your search for the best candidate:

### Telephone interviews

If your vacant position relies on good communication, how they present themselves on the telephone is important. You can assess their ability to listen and respond to your questions, how they formulate their ideas into sentences and their general professionalism by a simple phone call. Also you can measure if they are keen to discuss their application – responding to job adverts online can be a quick click of a mouse, can they even remember your job and do they really want it?

If you have not advertised the salary on offer, discuss their expectations early to avoid wasting time. If they live at a distance, discuss travel arrangements. If bus routes are unavailable and they cannot absorb the cost of fuel, this is best established before the post is offered to them.

### Interview questions

Having a prepared set of standard questions to ask each candidate maintains consistency and helps you make objective selection decisions based on the candidate best suited to the job, rather than who you liked the look of. Questions should generate answers which allow candidates to demonstrate their competency in the essential areas of the job description. If you have the luxury of selecting from a number of candidates who meet the basic criteria, then you ought to consider who will fit best with the culture and the team.

Open questions which start with WHO, WHY, WHAT, WHEN, WHERE and HOW generate discussion and encourage the candidate to talk. Questions which elicit a closed YES/NO response shut down discussion and allow you to move onto another area.

It is important that the interview is carried out in a private room free from distractions. Take notes so the candidate knows you are taking notice of their answers. Even if the interview does not go well, be polite and respectful of the time they are putting into the process and thank them for attending.

You need to make sure you score each candidate's answers on a central matrix to ensure you are being objective, as the interviews may be spread over a period of time and more than one interviewer may be assessing.

You can find an example central matrix and sample opening interview questions over on the 'Guides' page on the Business Lincolnshire website.

There are other ways of assessing a candidate's suitability for a position. These are:

**Aptitude Tests -** these tests can indicate how well the candidate is likely to perform in the role

**Ability Tests –** usually focusing on the candidates numeric or verbal ability

**Key Skills Tests –** Demonstrates the candidate's ability to, for example, type or build a wall or repair a vehicle.

**Pre-prepared presentations/Scenarios –** a good way to measure a candidate's desire to secure the job and to evaluate their ideas is for them to present them to you

Making an offer to a candidate is the final stage and the most rewarding part of the process, but it can be tricky if the chosen candidate's expectations of the package have been set too high. Having early discussions about what is on offer, and being honest and open about the benefits is important as the candidate may feel there is room to manoeuvre at the final hurdle and try and enter into unwelcome negotiations.

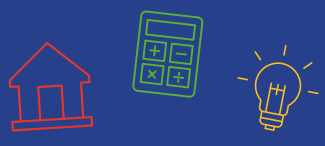
Make your offer, either face to face or on the phone to judge their reaction before rejecting other applicants. Don't assume they are as keen to secure the job at the end of the process as they were at the beginning – they were assessing you and your job at the same time as you were assessing them.

## Employee leaving a position

Employment inevitably means members of your workforce will leave at some point. It's good practice to keep an eye on your workforce to potentially avoid the scenario of an employee leaving their position. There are some tell-tale signs that an employee is unhappy or is looking for an alternative position such as:

- Scheduling odd half or full day holiday at short notice –are they attending interviews?
- Asking questions about their contractual obligations to you – i.e. amount of notice they have to give or the nature of any restrictive covenants
- Expressing dissatisfaction about elements of their employment which you have not been able to address

The employee might not be willing to discuss their situation, however if you approach the discussion in a supportive manner, explaining that they are valued and you are concerned that they may be looking to move, you may be able to uncover issues which are in the best interests of your business to act upon.

# Need more support?

## Get in touch!

For more information visit **www.businesslincolnshire.com** where you can request support from one of our advisers by filling in the online contact form.

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