

Recruiting and Training Employees

Does a start-up or small business need to recruit staff?

Look at the payroll of many start-ups and small businesses and it won't take you long to count the people.

There are over 4.5 million businesses in the UK, and about three-quarters of them don't employ any staff! That is about 3.3 million businesses that have just one employee – the owner, manager and staff all rolled into one person!

Even if they have ambition to grow the business, lots of start-up entrepreneurs initially work for themselves, taking on a variety of jobs, from selling and product development to book-keeping and packaging products.

For an entrepreneur, employing the first few people in a new business is fraught with risk. Make the wrong choices or pay someone too much, and the start-up's overheads soon increase significantly.

On the other hand there is a temptation for a small business owner to want to do everything himself/herself. This can restrict the growth potential of the business. A successful start-up will soon need people with a variety of skills and experience.

Often the entrepreneur takes the easier option and brings in friends and family to work in the business. Sometimes the new staff are "friends of friends", next-door neighbours or acquaintances from a local club or group.

In theory that makes those staff "lower risk" appointments, since the people concerned are known to the entrepreneur. It is also much cheaper – no expensive recruitment agency fees to pay or time-consuming and costly job adverts to run in the local newspaper.

However, are they the right or best people for the jobs and work required? Do they have relevant specialist skills? Could problems arise from mixing business with family or pleasure?

The step-change comes when the small business decides to implement a formal **recruitment process**, looking to attract, select and employ people who are not initially known to the business.

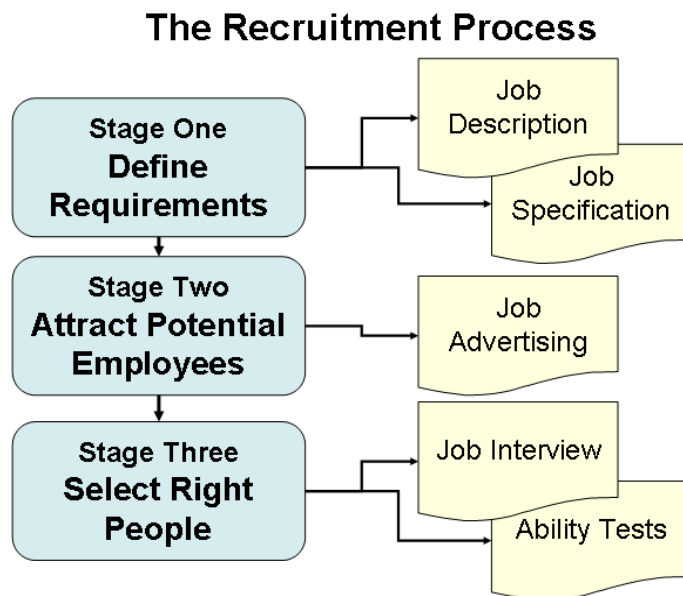
The recruitment process

Recruitment and selection is the process of identifying the **need** for a job, defining the **requirements** of the position and the job holder, **advertising** the position and **choosing** the most appropriate person for the job.

Doing this well is tough, but important for any small business. Indeed, the success of any business depends to a large extent on the quality of its staff.

Recruiting employees with the correct skills can add value to a business and recruiting workers at a wage or salary that the business can afford, will reduce costs. Employees should therefore be carefully selected, managed and retained, just like any other resource.

The process can be summarised like this:



Job descriptions and specifications

The job description and specification are important parts of planning the **workforce needs** of any business. So what are they?

Job description

- A detailed explanation of the **roles and responsibilities** of the post advertised
- Most applicants will ask for this before applying for the job – they want to know what is involved!
- Refers to the post available rather than the person

Job specification

- Sets out the kind of qualifications, skills, experience and personal attributes a successful candidate should possess.
- A vital tool in comparing and assessing the suitability of job applicants
- Refers to the **person** rather than the post

Handling job applications

For many jobs, a business will ask applicants to provide Curriculum Vitae (**CV**). This is a formal document where the job applicant provides details such as:

Personal details	Name, address, date of birth, nationality
Educational history	Including examination results, schools/universities attended, professional qualifications
Previous employment history	Names of employers, position held, main achievements, remuneration package, reasons for leaving
Suitability and reasons for applying for the job	A chance for applicants to 'sell themselves'
Names of referees	Often recent employer or people who know applicant well and are ideally independent

In some circumstances however an applicant may be asked to fill in a firm's own **application form**. This is different from a CV in that the employer designs it and sends it to applicants, but it will still ask for much of the same information. It has the benefit over a CV in that a business is able to tailor it to their exact needs and ask specific questions.

Once a business has received all the applications, they need to be analysed and the most appropriate form of selection decided upon. When analysing applications, a business will normally sieve the applications into three categories.

Those to reject	Candidates may be rejected because they may not meet the standards set out in the job specification such as wrong qualifications or insufficient experience or they may not have completed the application form to a satisfactory standard
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Those to place on a short list	Often comprises 3-10 of the best candidates who are asked to interview
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Those to place on a long list	A business will not normally reject all other candidates immediately but keep some on a long list in case those on the short list drop out or do not appear suitable during interview. The business would not want to incur costs putting them through the selection process, such as interviews, unless they have to
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Selecting the right person for the job

An interview is the most common method of selection and it serves a very useful purpose for both employer and job candidate:

For the Employer:

- Information that cannot be obtained on paper from a CV or application form
- Tests conversational ability- often known as “people skills”
- Can quickly get a sense of natural enthusiasm and personality (though interviewees are often good at hiding their true personality!)
- A chance to see how applicant reacts under pressure (though that requires good interviewing skills)
- Queries or extra details missing from CV or application form

For the Candidate

- Helps determine whether the job or business is right for them
- A chance for a brief experience of the culture of the business
- Can confirm the exact details of the job – information beyond the job description

There are though other forms of selection tests that can be used in addition to an interview to help select the best applicant. The basic interview can be unreliable as applicants can perform well at interview but not have the qualities or skills needed for the job.

Other selection tests can increase the chances of choosing the best applicant and so minimise the high costs of recruiting the wrong people. Examples of these tests are aptitude tests, intelligence tests and psychometric tests (to reveal the personality of a candidate). However, for a small business, these methods may be too costly or ineffective.

Often the small business owner will conduct the selection process, relying on gut instinct as well as formal application details to make the selection.

Role and benefits of training

Training is a general term that describes how a business tries to improve the **knowledge, skills and attitudes** of employees to enable them to do their jobs better.

In reality, many small businesses do little, if any, staff training. The costs and disruption of training can be significant in any business, but these are particularly important for a small business. Training takes time and most small businesses are operated with minimal staffing anyway.

However, some employers are prepared to invest in training because they expect (or hope) that their business will benefit from employees' development and progress.

Training can take place at various points and places in a business. Commonly, training is required to:

- Support new employees (“induction training”)
- Improve productivity
- Increase marketing effectiveness (e.g. training in telephone selling or customer relationship)
- Support higher standards of customer service and production quality
- Help introduced new technology, systems or other change

- Address changes in legislation (e.g. health & safety, data protection)
- Support employee progression and promotion

It is possible to make quite a strong case for any business investing in training – provided that it turns out to be effective. Training has the potential to provide a range of benefits for a business:

- Higher quality
- Better productivity
- Improved motivation - through greater empowerment
- More flexibility through better skills
- Less supervision required (cost saving in supervision)
- Better recruitment and employee retention
- Easier to implement change in the business

Main methods of training

The three main kinds of training are:

Induction training: this is the training that new employees obtain when they first join the business. It covers areas like:

- Learning about the duties of the job
- Meeting new colleagues
- Seeing the layout of the premises
- Learning the values and aims of the business
- Learning about the internal workings and policies of the business

For a small business, induction training is likely to be very informal and brief.

On-the-job training: here employees receive training whilst remaining in the workplace.

The main methods of one-the-job training include:

- **Demonstration / instruction** - showing the trainee how to do the job
- **Coaching** - a more intensive method of training that involves a close working relationship between an experienced employee and the trainee
- **Job rotation** - where the trainee is given several jobs in succession, to gain experience of a wide range of activities

Small businesses make extensive use of on-the-job training, particularly demonstration and instruction. The main benefits from the business perspective are:

- Generally most cost-effective
- Employees are actually doing something – they are productive
- Training alongside real colleagues

Off-the-job training: occurs when employees are **taken away from their place of work** to be trained.

Common methods of off-the-job training include:

- Specific skills-based training courses offered by external training companies (e.g. selling skills, negotiation skills, call-handling)
- Day release (e.g. employee takes time off work to attend a local college)
- Distance learning / evening classes
- Self-study, computer-based training

For the small business, the main disadvantages of off-the-job training are the cost and disruption caused. The perception amongst many small business-owners is that on-the-job training represents much better value for money.