

Essential Information

5 things every SME should know about employing staff

1 Recruitment

Your most important staff decision is who you will hire

Before you even begin any recruitment, it is important to have an accurate job specification. This should outline the expected tasks and define skills, experience and abilities that you would like the post holder to have.

The recruitment process will test the candidates to ensure that they meet the requirements of the job specification.

The interview is always the most important part of the process. Additionally, it is recommended that each candidate be tested in a variety of ways. For example, this could be work trials, in-tray exercises and psychometric tests etc.

If you plan a robust interview process you will have tested each candidate to such an extent that you will be able to confidently appoint an individual who will go on to become a capable and successful employee.

2 Eligibility

Prove staff UK eligibility or you could get a fine of up to £10,000

You are legally required to demonstrate that your employees are eligible to work in the UK. This simple check can be done during the recruitment process. You need to ask all applicants/ employees regarding their eligibility to work in the UK. The documentary evidence should then be copied and stored securely.

Different types of documentary proof

- **Passport**

Some employees from EU countries may provide Identity Cards instead of passports.

- **Relevant work visa**

The Home Office website provides information that can help employers navigate through the different forms of visas and their associated restrictions. Check this website regularly for the most current advice.

3 Contract

By law an employment contract is needed within two months of an employee starting

Many small businesses grow organically and some SMEs in the initial rush to expand may overlook the formalities of an employment contract.

Legally you have to issue an employment contract, or a statement of the terms and conditions of employment, within two months of a start date. It is best practice however to provide an employment contract prior to an employee's first working day.

There are no fines for not issuing a contract of employment within the first two months. However, a lack of contract frequently leads to difficulties later on in the employment relationship with several potential issues arising from this.

Policies

Contracts must outline company disciplinary & grievance procedures

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It is important that the contract of employment contains all the statutory requirements. This includes referencing your company's disciplinary and grievance procedures. Whilst some contracts of employment provide full details of these two procedures, this is not advisable. It is better for a company to have a separate set of policies, which can be referred to within the contract of employment.

There are three core policies and procedures required:

- **Disciplinary policy & procedure**
This details how a company will manage all types of misconduct and performance issues.
- **Grievance policy & procedure**
This outlines what actions an employee can take when they wish to make a complaint or grievance and how the company will respond including indicative timescales.
- **Sickness Absence policy & procedure**
This enables both the employees and employers to effectively manage any episodes of frequent or long term sickness absence.

Many small business owners are discouraged from recruiting more staff, as they are worried that they will be "stuck" with difficult employees. To address this, the legislation was changed in April 2012. As a result, an employee now needs to have completed two years' service before they can claim unfair dismissal.

The first important step when managing staff is to make the right recruitment choice. However, if problems do arise, there are simple steps that should be followed. These will enable you to address these problems, either to rectify the behaviour or attendance of the employee or to enable an exit strategy.

These steps include:

- **Open up an appropriate dialogue**
- **Provide written communication to the employee about the perceived problem**
- **Allow the employee the opportunity to present their own solutions and work towards rectifying the problem**

If these steps are followed and there is no improvement in behaviour or attendance then a company can safely and legally dismiss the employee.

Dismissal

It is a myth that it is difficult to dismiss staff

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