

# A guide to modern day hiring for small to medium businesses

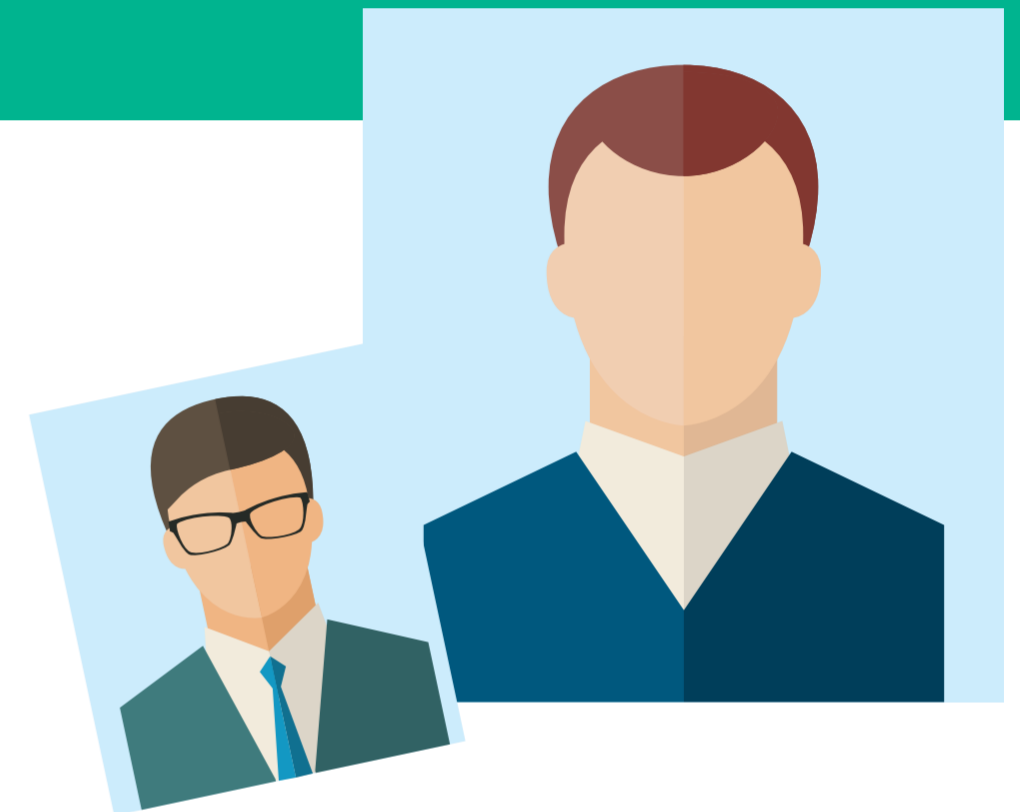


**In small to medium businesses, the hiring decisions are often left to time-poor managers and business owners who have little to no HR training.**

**This guide helps these recruiters navigate through the increasingly complex modern day hiring process.**



## So, you need to hire someone.



**It's not just important to get it right when you're recruiting for a role in a small to medium-sized business (SMB) – it's absolutely crucial.**

Get it wrong and a bad hire can cause all sorts of damage, from affecting your team's morale to significantly impacting productivity, not to mention the budget strain of having to repeat the recruitment process within a short space of time.

Hiring the right people takes time, money and skill. SMBs often don't have staff with specific recruiting expertise, so the burden falls on time-poor managers or owners to navigate the increasingly complex process, which today is multi-layered and laden with potential legal traps.



Here's what you need to consider when hiring so you can find the right person for your workplace.

# Getting your search off to a good start



Researching, interviewing and culling job candidates takes time, so you want to attract the right people in the first place.

Begin by looking at what skills gaps you have in your organisation and what the scope of the role should be. Take time to determine what your exact hiring needs are, the wage you can afford to pay, your goals for the role, and the attributes your ideal candidate should possess.

Next, familiarise yourself with your legal responsibilities as an employer – Australia’s Fair Work Act and New Zealand’s Employee Relations Act covers issues such as national employment standards, awards and wages, record keeping and pay slips, discrimination and more. Detailed information can

be found on the [Fair Work Ombudsman](#) and [New Zealand Legislation](#) websites.

As a recruiter, you must avoid discrimination throughout the recruitment process. The Human Rights Commissions in [Australia](#) and [New Zealand](#) clearly outlines how to fairly advertise your position, interview candidates and create a short list.

Justine Pepper, Director – HR Advisory of SME financial and HR advisors [Lucent Advisory](#), says careful planning is needed to avoid hiring the wrong person.

“The success of your recruitment process commences long before reaching the face-to-face interview stage,” she says.



# How do you choose who to interview?

You've run your job ads and the applications have come in. Is this an appropriate time to conduct social media searches as part of the culling process?

It may be very tempting, but **legal experts** warn you should wait until after you've conducted initial interviews before you consider looking at someone's Facebook profile or doing a Google search. This is because there are risks associated with conducting online searches as part of recruitment screening. For instance, if you decide not to interview someone based on information you've found online, such as their marital status or religion, you may risk breaching discrimination laws.

## How do you go about short listing interviewees, then?

A far safer method is to do some short phone interviews first, or prepare a written questionnaire. This can help you decide who to bring in for a face-to-face chat.



Workplace relations expert Jill Hignett, a partner at workplace relations law specialist **HR Law**, says social media screening is better done in the final vetting process. Checks should be limited to establishing that there is nothing out in the digital space that is contrary to the employer's brand or ethos.

"It is important that in a recruitment process, the recruiter does not form preconceived ideas about the candidate that may lead to a discriminatory reason for not continuing on in the recruitment process," she says.



# Asking the right questions in the interview



Face-to-face interviews are your chance to explore beyond a candidate's CV. If possible, invite a colleague to join you – having a team approach can help keep the interview on track.

Behaviour-based interviewing is a useful technique that can reveal a lot about an interviewee. Here, the employer has already determined what competencies a candidate must possess. Instead of then asking how that person *would* behave in certain situations, they ask how they *have* behaved in previous scenarios relevant to the role. This gives the recruiter an insight into how a potential employee is likely to respond to situations in the workplace.

For example, if excellent communication skills are a core competency, you may like to ask the candidate to explain a time where they've had to clearly communicate complex information to a colleague. If the ability to resolve conflict

## 5 REVEALING QUESTIONS USED BY SAVVY INTERVIEWERS

Looking for some real insights into the candidates you're interviewing? Try these questions:



- 1** Are you doing the job you thought you would be doing when you began your career? What do you think that says about you?
- 2** What has been your proudest professional achievement to date?
- 3** What is your biggest career goal that you haven't yet achieved?
- 4** What do you think previous employers would identify as the skills you need to develop?
- 5** How do you think we can grow our business?

is a prerequisite, you might ask the candidate to recount a situation in which they had to deal effectively with an upset customer or co-worker.



Recruiters must be mindful of direct and indirect discrimination during an interview. Always avoid asking about someone's age, religious beliefs or whether they are planning a family.

Hignett says: "The key is to ensure that the information sought by the question is needed by the employer to assess the candidates' suitability for the position, and they are not simply questions the recruiter wants the answer to."

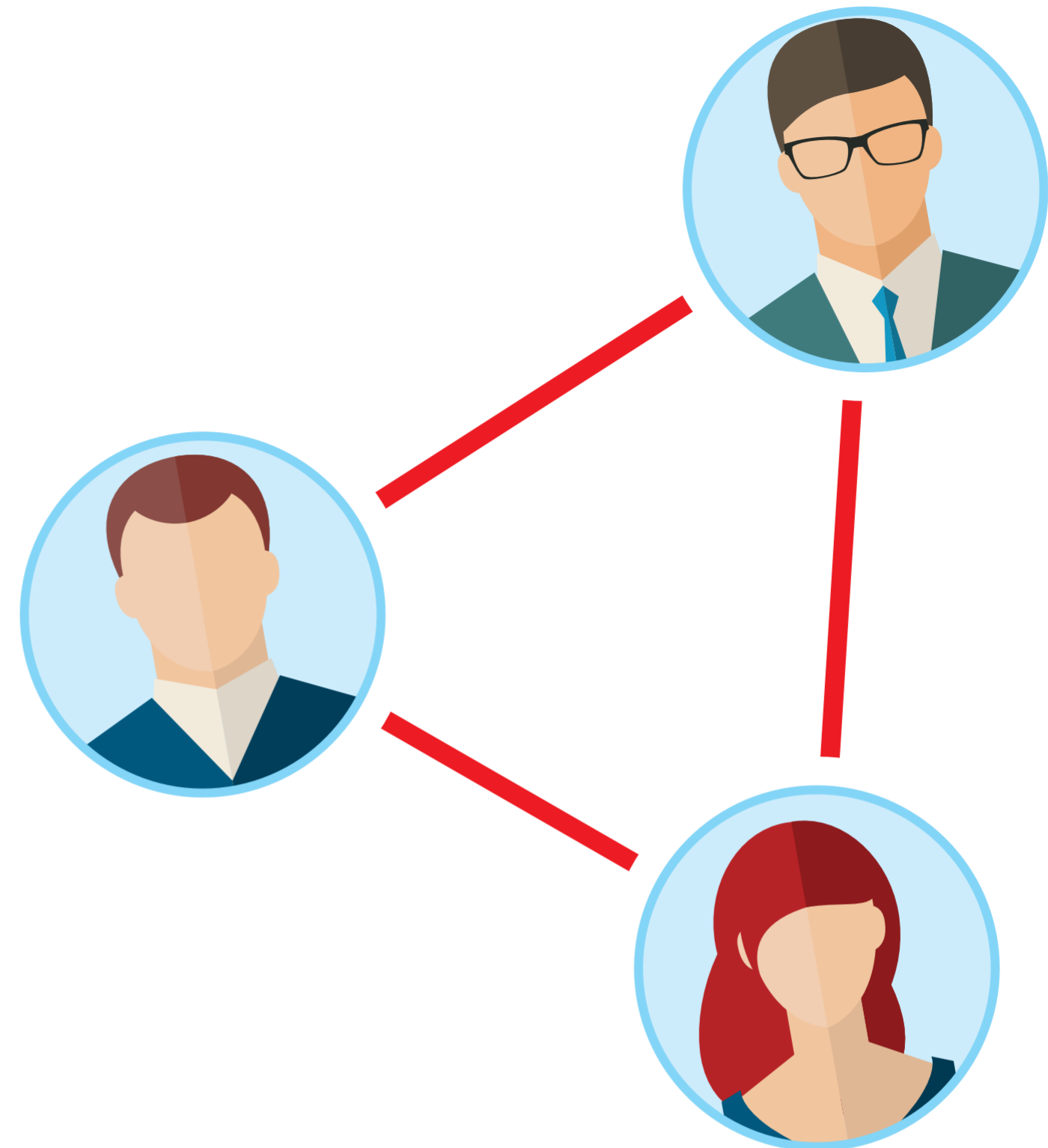
# Conducting a background check



It's reasonable for employers to do some background and reference checking once the face-to-face interview process is over. **Reference checking** allows you to verify the details the candidate has given you about their time with a previous employer.

At this point, some social network assessment may be appropriate. The key here is to be clear as to why you're perusing a candidate's social media profiles – ask yourself what's the purpose? Looking at someone's Facebook account to see if they go out too much is not acceptable. You may, however, want to cross-reference the candidate's CV with their LinkedIn profile. You might also conduct a Google search.

Along with your own research, consider calling in the experts for some appropriate third-party checks, such as a National Police Check or a Working With Children Check.



Again, the same rule of thumb applies – these searches should be relevant to the role that's being offered.

As Hignett points out: “The key to asking for any information or conducting any search is really, ‘Do I need this information to assess the candidate's suitability for the position with the employer?’. If the answer is no, then you shouldn't seek the information in the first place.”

# Bad hires by the numbers

Making poor hiring decisions are both time consuming and costly, as these figures prove.



Over **Two thirds** (65%) of Australian HR managers admit they have hired employees who did not meet their expectations.

This disruption resulted in a 55% drop in team productivity.



In New Zealand, **81%** of hiring managers say their business has made poor hiring decisions and wasted up to 45 hours on hiring and orientating people who did not work out.

A **bad hire** at an entry level will cost a business between 30% and 50% of an employee's annual wage, while a poor executive hire can set a business back up to 400% of a senior employee's annual salary.



**95%**

**Around 95%** of Australian organisations admit to making bad hiring decisions each year with 10% of employee turnover a direct result of poor hiring decisions.

Don't have a standard interview process? You're **five times** more likely to make a bad hire.



Australian workers have a **4.4%** chance of losing their job, which is lower than the OECD average of 5.3%.

**\$45,000:** The approximate cost of hiring someone internally on an average Australian wage of \$80,000.



About **72%** of people aged 15 to 64 in Australia have a paid job.

# Recruitment and the Privacy Act

The **Privacy Act** in Australia sets out 13 **Australian Privacy Principles**. These include the stipulation that companies may only collect personal information that is relevant for their business. Under Australian privacy legislation, candidates can also generally access their **referee reports**. In fact, in most circumstances, the Privacy Act gives people the right to access all the personal information your business holds about them.

In New Zealand, the **Privacy Act** outlines 12 privacy principles that guide the collection, use, storage and disposal of all interviewee and employees personal information. Unless a referee specifically states your conversation is being held in confidence, a candidate may request to see any comments made about them. You'll also need an applicant's prior consent before checking qualifications, criminal convictions, police vetting and credit checks.

## HOW CVCHECK CAN HELP



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