

Employment and Small Businesses



How to....

- Hire
- Best practices for recruiting
- Attracting employees
- Retaining employees
- Terminating employees

...in a small business environment.



Effective Ways of Recruiting for Small Businesses



- Talk to your current employees, ask if they have a referral. Offer a bonus if you hire the referral. Word of Mouth - Don't hesitate to reach out to your network of family and friends and let them know you are looking for qualified candidates for your business. Reach out to those that have a similar work ethic as you.



- Reach out to your peers or associations that you belong to and see if they have a job board you can post on.

Effective Ways of Recruiting for Small Businesses

- PA Department of Labor CareerLink - Free!
- Use Social Media - Post openings on Craig's List, FaceBook and Instagram - Free!
- Don't be too wordy, however, give just enough information to entice someone that might be a good fit.
- Comment on benefits and incentive plans as a way to enhance your business and the opportunity.



Lastly, use job boards such as:



**Although these sites charge a fee,
they may be a more effective and efficient way to
recruit.**

Employee Classification

Many small employers are not sure how to classify their employees.

- *What is the difference between employees and contractors?*
- *How do they get paid, through a 1099 or payroll?*
- *Exempt or non-exempt?*

These questions need to be answered before bringing an employee on board!

Employee Classification (cont'd)

Let's define the difference between an employee and contractor.

- Employee: anyone who performs a service for you and you control what they do, what will be done and how it is accomplished.
- Contractor: Anyone who offers their services to the general public.

Simple: Employee on payroll and gets a W-2

A contractor gets issued a 1099

Employee Classification (cont'd)

The difference between payroll and a 1099 is:

- If the employee is on the payroll, the employer is responsible for withholding taxes and reporting wages to the IRS, Social Security, etc., and must present the employee with a W-2.
- If you hire a contractor, you must issue them a 1099 and they are responsible for reporting wages and paying taxes.





How to classify an employee:

- **Exempt** - an exempt employee is an employee who does not receive overtime pay or qualify for minimum wage. Exempt employees are paid a fixed amount per pay period. Their work is that of an executive or professional.
- **Non-Exempt** - a non-exempt employee is eligible to be paid overtime for work in excess of 40 hours per week per the Fair Labor Standard Act.

So now you have employees...what benefits can you offer?

Medical, Dental, Vision, Life Insurance, Disability, PTO, Wellness Programs, Tuition Reimbursement

What benefits are mandated for you to offer?

Social Security, Medicare and
Federal Insurance Contributions Act (FICA)
Both employer and employee make
contributions to these funds



Other Required Benefits are:

- Unemployment Insurance
- Workers Compensation Insurance
- Health Insurance - for companies over 50 or more full time employees.
- Family and Medical Leave - Employees in private firms of 50 or more are eligible for up to 12 weeks of job-protected unpaid leave during a 12 month period and 26 weeks under the Military Caregiver Leave.
- Some states have required paid leave.
- Refer to area regulations to see if they apply to your business,

Employee Benefits - (cont'd)

Benefits you can offer your employees are:

Paid PTO, Life and DBL Insurance, 401(k) Retirement Savings Plan, Tuition Reimbursement, Wellness Programs and Child Care Assistance

These are all additional benefits and can be costly to you, but they are invaluable to your employees and can lead to employee satisfaction and retention. In the end, it can be very valuable to you as an employer!

Employee Incentives

There are many low cost and no cost ways to incentivize your employees!

Doing so motivates, inspires and engages them!

Most employees appreciate a financial reward, but that can't always happen.

It's not always about money!



Employee Incentives (cont'd)

No Cost Ways to Incentivize:

- Recognition - recognize a job well done. Do it in front of all your employees. Employee recognition goes a long way!
- Create a certification program.
- Offer learning opportunities, create a buddy system.
- Offer a reserved parking space, or special treat for them and their team.
- Offer paid time off.

Employee Incentives (cont'd)

Low Cost Ways to Incentivize:

- Gift Cards
- Special Luncheon
- Special Personalized Shirt/Uniform
- Bonus



There are so many ways to motivate your employees and even more ways to let them know you appreciate them!

Problem Employees

Dealing with problem employees can be stressful and difficult.

Following these simple steps can make it easier:

- Document any time an issue arises.
- Discuss it with the employee and have them acknowledge it.
- Always have a witness with you
- Create a performance improvement plan (PIP) which spells out the expectations and improvements you want to see over a specified period of time. Have the employee acknowledge it.
- Remind the employee if the steps are not followed, it can lead to termination of employment.

Terminating Employees

When terminating an employee, be sure to have accurate and thorough documentation of conversations and the reason for termination.

Unless there is wilful misconduct, expect the employee to be eligible for unemployment benefits.

When in doubt, consult with an attorney and...



DOCUMENT! DOCUMENT! DOCUMENT!



Final Thoughts

- Work with an attorney to create an Employee Handbook that sets expectations for the employee so there are no surprises.
- Be sure to update as policies change.
- Have the employee sign off an acknowledgement for receipt of the handbook.
- Be sure to have any conversations, PIP (performance improvement plan) information and Employee Disciplinary actions documented.

Employee and Small Businesses

Questions

