



Hiring and Retaining Quality Employees



Where Do You Find Quality Talent for Hiring?

If you think it's hard to find good talent these days, you're not alone. The Society for Human Resource Management conducted a survey of more than 3,300 HR professionals and found that **"more than two-thirds of surveyed organizations hiring full-time staff indicate[d] they are having a difficult time recruiting for job openings."**

Thanks to a combination of factors, hiring employees that truly fit your requirements can be a tricky process. SHRM's Jennifer Schramm cites "a low number of applicants, lack of needed work experience among those that do apply, competition from other employers, and a lack of technical skills among job applicants" as obstacles that employers face these days.

When it comes to finding the right applicant for the job, it's important to know where to look. Here's where you should consider looking to find the quality talent your business needs to grow.

Consider Employee Referrals and Networks

Employee referrals are a way to utilize the way to utilize personal and professional networks to your company's advantage. An internal referral program can be a very effective way to find quality employees, particularly if the referrals lead to new company leaders or management.

Engaged employees will have a good understanding of what it takes to fit in at a company and are more likely to want their company to succeed. Because of this, they may refer friends and colleagues who may suit your open positions. They're also less likely to refer unqualified friends and family because their reputation may be affected by a bad suggestion. Ultimately, a 2016 Gallup study showed that **"internal referrals were more than 40% more likely to interview successfully and be offered a spot in the program than candidates who applied through the company's media channels."**

Use Social Media

If you're looking for a very specific type of applicant, social media may work for you. Social media recruitment ads can help you get your open position in front of a large audience of people that match your qualifications. Facebook advertising in particular allows you to get extremely granular in your targeting. You can narrow down your search to people with certain job titles, who work in specific industries, and live in a certain area. With a well-made social media ad, you can reach a large group of targeted people.

Another benefit of using social media is that it can allow companies to weed out bad candidates. According to a Forbes article by TalentCulture CEO Meghan M. Biro, **"61%**



of hiring managers found something they didn't like on a candidate's social media account, and 55% of hiring managers reconsidered the hire based on what they found." A little bit of detective work on social media can help you whittle down exactly who you bring in for interviews and save you and your team some valuable time.

Hire Internally

Internal hires are already familiar with the company, so you know where they'll stand when it comes to your corporate culture. You also won't need to spend nearly as much time on orientation just to get them up to speed. University of Pennsylvania Wharton School professor Matthew Bidwell has also done research indicating that **external hires can "earn 18 percent to 20 percent more than existing employees promoted to similar positions."**

If your business requires somebody with a new skill set or a fresh set of ideas, external hires make sense. If you have people in your company that you believe can step up and do the job, an internal hire can be an effective – and cheaper – solution that can lead to more immediate results.

Things to Consider Before Hiring More Employees

As your business grows, so will your team. Adding new employees is a big part of any business, but it can be a problem if you hire new people when your business isn't ready to take on more staff. Here are some things you should think about when you're considering hiring additional employees.

1. Good Timing

Before you go and start hiring people, you should ask whether or not it's a good time to do so. The hiring process can take weeks, so it's important to time up new additions to the team. If you're looking to fill a position right away, start your search now. If you want to time it up with a seasonal change or so that you aren't training right during busy season, adjust your hiring search appropriately.

2. Money

Once you've determined that it's a good time to hire new employees, you should think about how this move will affect you financially. An important factor to consider is if you can afford to hire someone. If you don't have it in the budget to do so and there aren't any indicators that business is trending up, it may not be in the cards to hire at that moment. However, if you can justify that bringing in additional help can drive revenue, then hiring is still an option.

There are also some hidden costs of hiring that you may not expect, such as the time you'll have to invest in employee interviews and training for new hires. You're going to want to spend enough time finding and developing the right team, so make sure that you're prepared to set some time aside to do so.

3. Promote or Hire?

Not all hires need to be done outside of the company. Depending on the opening, it may be beneficial to promote someone else at the company if they're qualified and willing. This can lead to lower hiring costs and less time dedicated to training. However, some positions may not be easily filled without outside applicants. Consider each position and see which approach best fits your business' needs.

Hiring the Right Candidate

Whether your company is growing or you are simply filling an open position, the hiring process can be painstaking for any business owner. Where do you start? Should you post a listing to online job sites? Should you place ads around the local university? Do you set up a booth at a job fair?

Hiring the right people is not an easy task. It can be a lengthy process that takes away from other priorities, like growing your business. **It takes an average of 52 days to fill an open position**, according to a recruitment study from Bersin by Deloitte.

The Right Candidate

Let's imagine that you have a new opening. The job has been posted and now it's time for an interview. The candidate shows up early. They look sharp. Their resume shows experience where you need it. They have all the right answers. You make the offer and they accept.

A month later, you now see an entirely different person showing up at the office. They come in late. They miss deadlines. Your business is now struggling because you're not getting the work you expected. The U.S. Department of Labor and Statistics notes that **the average cost of a bad hire can equal 30 percent of that employee's first year potential earnings**.

Whether it's an employee that develops a bad attitude affecting the general morale, or a person that simply doesn't meet and exceed the expectations of their position, the effects of a bad hire can be devastating to a small business.



Employer Liability

In the end, the person you choose now represents you and your business. As an employer, if you fail to exercise due diligence and someone is harmed by a person you employ, you can expect a lawsuit.

Accusations of negligent hiring can have lasting consequences. **Employers have lost more than 79 percent of negligent hiring cases with settlements of \$1 million on average**. That is why it is so important to do a thorough background check on job candidates, making the hiring process that much more laborious.

Employee Retention

Once you hire the right person, you want to keep them to avoid having to start the never ending hiring process all over again. A study performed by The Society for Human Resource Management, showed that **it costs 6 to 9 months' salary on average to replace an employee over retaining that person.** Between interviewing, screening, onboarding, training cost, errors, and loss of productivity, the process can take a financial toll on small business.

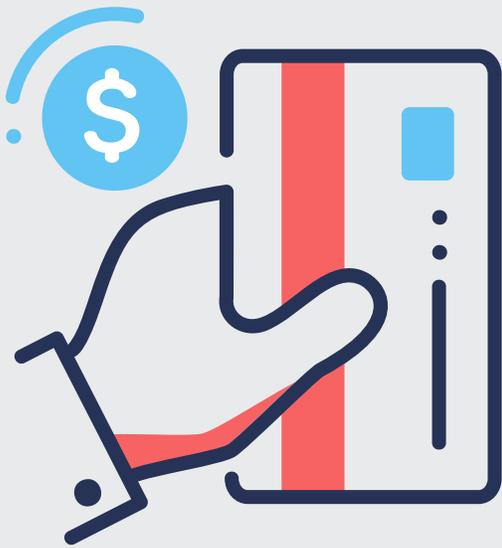


Red Flags in a Candidate's Social Media Profiles

When you're planning on adding someone to your team, you want to know just what type of person you're hiring. Social media can show off a whole new side of a person – and it's not always good. Some red flags that you can find on social media include:

- Inappropriate photos or messages
- Bad mouthing their current or past employer
- Discriminatory messages or comments
- Evidence of potential illegal activity

In this day and age, candidates should know that potential employers might be looking through their social media profiles. If they can't stop themselves from posting those embarrassing photos or that offensive status from a personal account, what's to stop them from making the same bad decision at work?



The “Cost” of a Bad Hire

According to a recent survey and blog post by Robert Half Finance and Accounting, there are several costs. **The first thing listed by respondents was lowered staff morale (39%). The second was lost productivity (34%). Monetary costs (25%) came in third place.** Though they vary from industry to industry, monetary costs can be as much as three times the salary of the person being replaced.

Preventing a Bad Hire

What can be done to prevent a “bad hire?” According to Robert Half Finance and Accounting, there are six things that should be done.

1. Write spot-on job ads
2. Vet the applications
3. Do a phone screening
4. Bring in top candidates
5. Check references
6. Check backgrounds

It can be an overwhelming process, that is why our best suggestion is to contact a Professional Employer Organization like GMS. Our recruiting experts can write and place you ads at a discounted rate, pre-screen applications, phone screen candidates, schedule interviews and provide background checks. That is only one facet of how GMS will make your business simpler, safer, stronger. Contact us today to learn about our suite of services.



Who We Are

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What We Do

We are HR professionals. We take on the administrative burdens that companies don't have the time or expertise to effectively manage, including:

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- Employee Benefits
- Risk Management
- TPA Services (for insurance brokers)

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