A complete guide to small business recruitment

When you think about what makes a small business succeed, great people are at the top of the list. Yet, many businesses don't give the hiring process much strategic attention.

A recent Smart Company survey found over a quarter of small and medium businesses had [lost money due to poor hiring practices](). Without a dedicated recruiting team, hiring can feel like a bit of a lottery.

Fortunately, the tools needed to attract the right candidates, and get them from application to hire, are more affordable than ever before. These tools can help you build a recruitment process that's effective, repeatable and delivers a great candidate experience. This white paper looks at the most effective recruitment tools and strategies for small business, and how you can apply them to meet your organisation's needs.

The new recruitment landscape

Difficulty finding the right candidates is one of the biggest barriers to small business success. According to a 2018 survey by Manpower Group, almost one-third of Australian small businesses (10-49 employees) struggle to attract the skills they need. Skilled trades, followed by sales representatives and engineers were the hardest roles to fill.

The top contributing factor was a lack of applicants (25%). Finding people with the right blend of hard skills (21%) and soft skills (7%) was also a roadblock. Furthermore, 10% of applicants had unrealistic pay expectations.

If not tackled effectively, recruitment can have a serious impact on your company's ability to innovate and grow. One of the most effective talent-searching strategies is passive recruitment. Unlike active recruitment – which targets people actively searching for a new position – it focuses on individuals who aren't looking, but may be open to the right opportunity.

Of course, attracting a passive candidate is more work. Not everyone is ready for a change, and it may require maintaining communication over a long period to establish a relationship. But if your small business is equipped with the skills and tools to master both active and passive hiring, your chances of landing the right candidate will increase significantly.

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Redefining the hiring process

What makes finding and recruiting candidates so challenging for small businesses? A November 2016 survey by recruitment agency Michael Page found 43% of SMEs considered the cost of hiring too high, while almost half considered the total average time to hire (35 hours) excessive.

Much of this can be attributed to a big disconnect between how small businesses recruit and how people look for work. A 2017 poll by Inside Small Business magazine found that while 78% of jobseekers search for vacancies online, only 24% of SMEs advertise online. This is consistent with a 2015 survey by recruitment search engine company Indeed, which found that more than half of Australian small businesses still rely on personal contacts and networks to fill roles.

Managing candidates is where small businesses often also fall short. Spreadsheets may be great for accounting, but they can quickly become a complicated mess when used for recruitment. The same goes for email – feedback on candidates is all too easily lost or deleted, along with that resume from the applicant who might have been the perfect hire.

Borrowed tools, lack of clear processes and no dedicated HR department can all make for an inefficient hiring experience. Fortunately, fixing the first two issues can easily make up for the third.

The new age of cloud computing now makes it possible for small businesses to access recruitment tools that were previously the sole domain of large companies. Along with not being tied to a desktop, this software can easily scale to the needs and budget of the business. Getting the right processes in place is also crucial. From writing the perfect job ad, to leveraging social media and knowing what to ask in the interview, having the right strategy at every step is essential to snagging the perfect hire.

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Finding candidates

Recruitment can be a complex and time-consuming task for any small business. These simple strategies can save you time and ensure you attract the right person to the role.

What do you want?

The first step in attracting the right person is to think about the skills, experience and education the role requires. The more specific, the better. For example, a bookkeeper may need to know how to use accounting software and be experienced in accounts, payroll and superannuation. Make sure you're also clear on personal characteristics that are important, such as strong communication skills, great customer service and being a positive team player.

What do candidates want?

A 2017 report by recruitment agency Randstad found salary and benefits was the top consideration for male candidates. For females, however, work-life balance took the top spot. Long-term job security was important for both genders.
Other factors that help to attract candidates include opportunities for career development, flexible hours, and proximity to public transport or child care. These will assist you in finding the right person, and may even help you retain talent.

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Employer branding

It's not just a marketing buzzword – developing a strong employer brand will help you acquire great talent, retain employees and even grow the business.

'Brand' is really another word for reputation. It's what makes your business unique or special, and is expressed in a few words or images that help to communicate your basic values or mission. Digital platforms offer an affordable way to build your brand while potentially reaching a huge audience. Here are three things to keep in mind:

• Be visual:
Use platforms like Facebook and Instagram to showcase your team and workplace

• Be agile:
As a small business, you have extra leeway to be creative –and be more responsive than big corporations

• Involve employees:
Your team are your company's best advocates, so use them!

Social recruiting and job boards

Referrals can be a great way to find candidates, but they're not always easy to come by. A powerful way to expand your network is through social recruiting. This is just what it sounds like: tapping online social networks for talent. This can include things like:

• Asking employees to share details of job vacancies on Facebook, Twitter and LinkedIn

• Joining LinkedIn groups and mentioning your hiring needs, or starting a discussion about specific roles, companies or industries

• Running an ad campaign on Facebook

Also, don't overlook online job boards such as CareerOne, Glassdoor and Seek. Make sure to include job title, location and salary information as these are what most people will search for. Sunday evening and Mondays are generally the best times to post, as that's when candidates are most likely to be active.

Careers page

Does your website have a Careers page? You'd be surprised how many small businesses don't. It's basically your shop window for job hunters. Candidates who find out that you're hiring will often look for a Careers page on your website to find out more, and to apply – so it must be effective and up to date.

That means saying more than just you're hiring. Give people a sense of what it's like to work for you. Pictures of your workplace – even short videos – can be great for conveying a sense of your culture and work practices.

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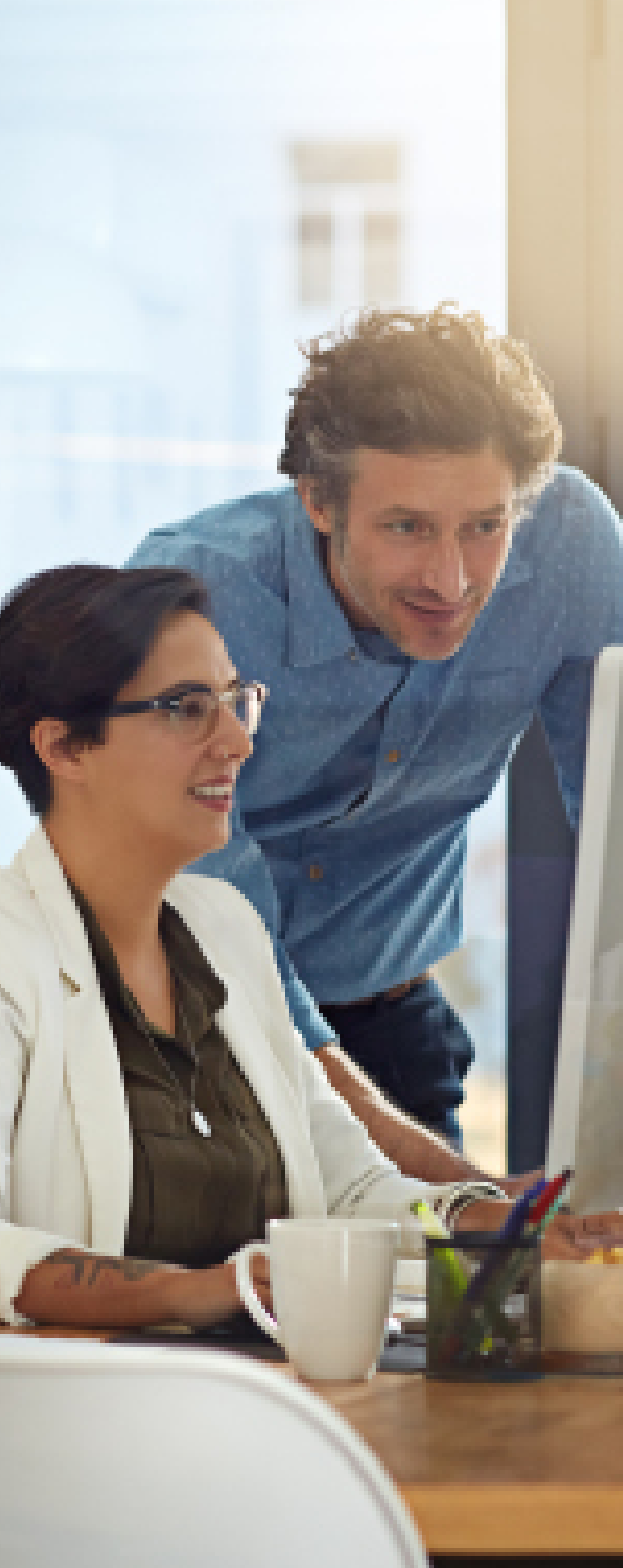
Sourcing and headhunting

Referrals and ads can be effective, but they won't always lead to the best recruitment decisions. This is why it's worth pursuing the passive candidates – that is, the people who aren't actively seeking a new job. Also known as headhunting or sourcing, to do it well you'll need to know three key things:

1. What experience would the ideal recruit have?

2. What kind of role are they in now?

3. Which companies have quality people doing this job?

Once you have a profile of your ideal candidate, there are plenty of sourcing tools available to help you find them. GitHub (programmers), Behance (creative professionals) and LinkedIn Recruiter (general searches enhanced by AI) are great starting points. The 'People Search' Chrome browser extension can search multiple social and professional networks at once, to help you discover all you need to know about a prospect.

Recruiters

Recruiters can be a good shortcut to finding the right candidate. Look for ones who have hired for similar roles in your industry, and only charge a fee if you actually hire the candidate they put forward.

You will need to spend time with the recruiter to ensure they understand your business. The upside is that they can end up saving you a lot of time and can source candidates more quickly through their networks.

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Screening candidates

After sourcing viable candidates, it's time to decide which ones are most suitable for interview. Here's how to ensure you get the cream of the crop.

The candidate experience

While critical, sourcing candidates is only half the picture. It's also important that the experience of applying for the job is helpful and positive. Otherwise, you risk losing talented candidates to a competitor.

It's all too common for job seekers to not hear back from an employer after sending their application, or after attending an interview.

Employers who are quick to respond, schedule in interviews and provide feedback always tend to come out on top against competing recruiters or businesses. As a general rule, if you respond to an application within two days, there's a much lower risk that the candidate will lose interest and move on.

Managing the hiring pipeline

As we've already mentioned, traditional office tools like email and Excel are great for general tasks, but become unwieldy when managing recruitment activities.

An applicant tracking system (ATS) provides a streamlined, automated way to manage the entire recruitment process – also known as the hiring pipeline – from application, to interview and hiring. An ATS allows your team to access comments, feedback, social media profiles, test results, and more, in a single system. It removes the need for huge email threads while preserving vital feedback or conversations with candidates.

Recruitment software is much less expensive these days and is often cloud-based, making it much more affordable for small businesses. Keep in mind that it shouldn't be used to replace human judgement, but rather to help you save time on administrative or less important tasks.

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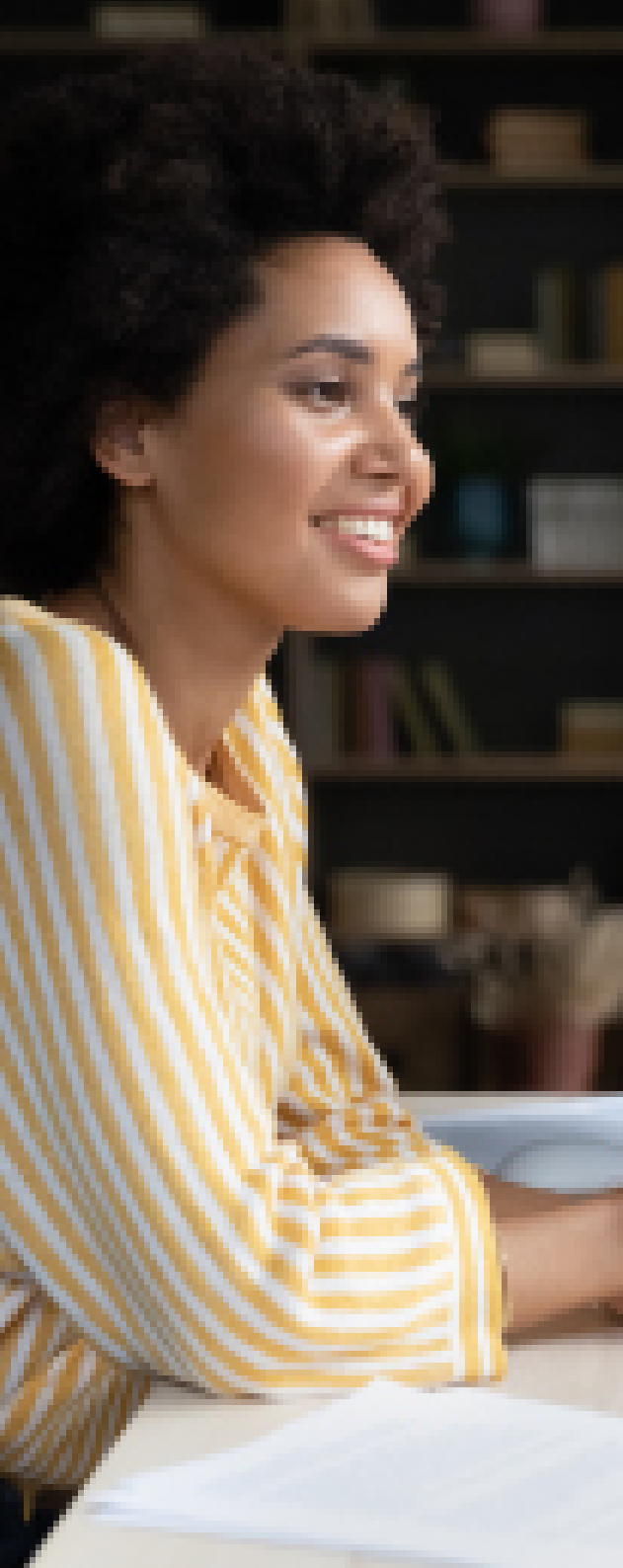
The interview process

When it's time to interview a candidate, always strive to go beyond the boilerplate questions every candidate gets. Much more useful are the open questions that challenge the candidate and encourage discussion.

While technical questions are certainly useful for more complex or high-level roles, try to also throw in some of the following question types:

- **Behavioural:**
  Examples of past behaviour as a predictor of future – for example, 'Describe a stressful situation and how you handled it'.

- **Situational:**
  Addressing hypothetical situations – for example, 'What would you do if your boss asked you to meet a deadline you thought was impossible?'

- **Brainteasers:**
  These test the candidate's creativity and problem solving – for example, 'How would you weigh a bus without using scales?'

For a quick guide on what you need to do before, during and after an interview, download our Manager's cheat sheet.

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Closing the deal

You've decided who you want to hire as your new employee. The final step is to make sure their employment history checks out – and to make an offer they won't refuse.

Reference checks

While it can be tempting to skip the reference check, it's wouldn't be the best move. A good candidate will always have at least a couple of references to back them up. Make sure you get to speak with the referee personally, rather than someone they delegate to. Also, take time to prepare your questions. Some examples of questions you might ask are:

• What are the candidate's best skills and qualities?

• What training could they benefit from?

• How did they respond to feedback or criticism?

• Would you rehire them?

Pay attention to their tone of voice. Do they sound genuinely enthusiastic about their former colleague? Finally, don't forget to jot down all your impressions from the call.

Making an offer and hiring

When you've found the perfect candidate, quick action is critical, as any delays could see them accepting an offer elsewhere.

The best candidates will have a good idea of the salary they can get. This means you may have to deal with a counter-offer from their current employer. To make sure you're getting value for money, the Glassdoor website gives an estimate of market rates for most roles.

While the initial offer may be made verbally, make sure it's backed up with a formal letter of engagement. This will cover basic terms and conditions of employment, including any probationary period. It should be accompanied by a position description listing the key duties.

The key is to be timely and responsive – increasing your chances of welcoming a great new employee to your workplace.

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Three steps to effective recruitment

Recruitment always takes time and effort, but with the right strategy and tools your efforts could pay dividends long into the future. An effective small business hiring strategy can be reduced to three basic pillars:

1. Branding
Define your employer brand clearly and build a reputation as a great place to work.

2. Tools
Use a mix of social platforms, job boards, referrals and recruitment software that will help you source and manage candidates.

3.Process
Document your sourcing, interviewing and hiring processes and keep them up to date with latest market trends.

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