

A man and a woman, both wearing tan aprons with brown leather straps, are working in a hair salon. The man is on the left, looking towards the woman on the right. They are both smiling and appear to be engaged in a conversation. The background is a brightly lit salon with shelves and a window. A purple banner is overlaid at the bottom of the image, containing the text 'How To Hire Your First Employee'.

How To Hire Your First Employee

How to hire your first employee

There are a lot of ‘firsts’ that businesses pass as they embark on a journey of growth, but few are as exciting, important or daunting as hiring a first employee. The addition of an employee to a previously sole trader enterprise brings with it many opportunities for further growth as tasks are lifted off the owner’s plate, allowing them to allocate their time to the most valuable parts of the business.

However, making a hire for the first time can also bring risks, which is why it is so important to get it right. This guide will explain what you need to do when the time to hire an employee arises, and how Workplace can help you nail it.



Making your first hire

Depending on the industry and line of business you are in, the catalyst to take the plunge and make a first hire will be different, but for most businesses it will be when the amount of work becomes too much for one person and there is enough revenue coming in to justify the costs.

Expenses and obligations

Each business is unique and the specific help needed will vary, so the first step is analysing your business and understanding how much and what type of work is available. Is there enough for a full-time employee or will the position start as part time? Would a contract worker make more sense?

Beyond these questions, you also need to figure out the costs that will be involved and any legal obligations that need to be fulfilled. If the position is covered by an award, then salary numbers can be standard, but other expenses can include workers' compensation, payroll systems, taxes and equipment.

The main legal requirements that first-time employers need to understand include ensuring that the employee has an Australian Taxation Office issued Tax File Number (TFN), checking their eligibility to work in Australia, maintaining proper tax records (businesses are legally obligated to keep tax records for five years) and obtaining workers' compensation insurance. You will also need to register for pay as you go (PAYG) withholding.

The hiring process

Once you understand your legal obligations and the costs involved in making a hire, the next step is to recruit. The key to recruiting well is knowing what skills, traits and qualifications are necessary for the role and constructing a picture of the ideal candidate. This will inform the job description and help you identify the candidate when you find them.

When writing a job description, you want to stand out from the crowd and attract the best talent possible, particularly someone that wants to work in a small business. This being your first hire is a positive and indicates growth within the business, so it can be used as a key selling point for the role.

So, what needs to be included?

- A short and accurate job title
- Business description
- Core tasks, responsibilities and goals for the position
- Overview of essential information (work hours, location etc)
- Required and preferred skills, experience and characteristics
- Why candidates should apply, including perks
- How to apply

Now that you have the perfect job description, how do you get it to potential employees? There are a lot of avenues available to businesses to spread the word, with the company website and social media accounts being easy starting points. In a similar vein, you can canvass business partners and clients to find candidates that fit your job description, leveraging existing relationships to fill the role.

In order to widen the net, trade and industry organisations, local community or business groups, and local government agencies are all good places to advertise your opening. If these methods fail and you are able to spend some money, job boards and recruitment agencies are also options.

Interviewing candidates

The next step is to sort through the candidates and create a shortlist of the best fits for the position against the skills and qualifications of the ideal candidate that you created earlier in the process. This can be done by reviewing résumés and applications, short phone screening calls or via email. It might be hard to whittle away at the shortlist but keeping it small will ensure you are only interviewing the best candidates and will avoid a drawn-out process. It is also good practice to inform unsuccessful candidates and thank them for their interest.

For medium sized businesses, Privacy Act obligations apply to information you collect from candidates and what you do with the information. You will need to ensure you are notifying candidates of what information you are collecting, what it will be used for and how the information will be handled. You will also need to notify them of your Privacy Policy.

Once you have locked in interviews, you need to decide what questions are most important for you to evaluate the potential employees.

Beyond their skills and experience, helpful questions can include:

- Why are you interested in the role?
- How do you like to work?
- What are your strengths and weaknesses?
- How do you respond to challenging situations?
- What motivates you?

While it can be tempting to simply settle on the candidate you connected with the best during the interview, judging them against the job criteria is more likely to result in success. Before you land on a final choice, you should also check their

references as a part of your due diligence that everything is above board and the candidate has been honest.

Making an offer

You have found your new hire and it's time to make a formal offer of employment. After you have made a verbal offer, send an offer letter outlining terms of employment,

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