



**Small Business Development Center
at Volunteer State Community College**

A public service program of the Division of Continuing Education & Economic Development

June's Newsletter:

Hiring the Right Person for Your Small Business

The IRS has recently created the **Hiring Incentives to Restore Employment (HIRE) Act** to encourage employers to hire and/or retain workers.

Employers who hire unemployed workers this year (after Feb. 3, 2010 and before Jan. 1, 2011) may qualify for a 6.2-percent payroll tax incentive, in effect exempting them from their share of Social Security taxes on wages paid to these workers after March 18, 2010. This reduced tax withholding will have no effect on the employee's future Social Security benefits, and employers would still need to withhold the employee's 6.2-percent share of Social Security taxes, as well as income taxes. The employer and employee's shares of Medicare taxes would also still apply to these wages.

In addition, for each worker retained for at least a year, businesses may claim an additional general business tax credit, up to \$1,000 per worker, when they file their 2011 income tax returns.

To learn more about the HIRE ACT go to the link below and bookmark now.

accountant.

HIRE ACT

Before you hire anyone read the following:

Perhaps one of the scariest tasks for a small business owner to take on is hiring a new employee. What usually occurs is that you hire someone a month after you actually needed to hire them. This tends to result in either hiring the wrong person or hiring a good person for the wrong situation. Not because they are a bad employee, but because you will not be able to give them the training they deserve or you may have brought in the wrong skill set into your organization. There is not a perfect system to get the best person available each and every time, but you can definitely increase your chances of building the best team around.

Here are the summarized steps for selecting the right employee:

1. **Preliminary Screening Interview** - You should consider doing a phone interview before spending time with someone in a personal interview. This will narrow down your list of candidates and ensure they fit the skill set you need before spending unnecessary time with them.
2. **Employment Tests** - Have you ever hired someone that said they knew how to use a particular piece of equipment or software program, only to find out that they just meant that they had heard of it? This happens all of the time and it can be expensive for you. Use a standardized test to make sure they can do what they say they can do.
3. **Reference and Background Checks** - This can save you a tremendous amount of grief later. Always call previous employers. Although they are somewhat limited on what they can legally tell you, you would be surprised at what they do tell you. Also, background checks can get expensive, but so can a lawsuit. You can hire someone pending they pass the background check, so that will prevent you from running a background check on every possible candidate.
4. **Employment Interviews** - Create a comprehensive list of interview questions that relate to the skill set that you are looking for and always ask each candidate the same questions, so you can get an apples-to-apples comparison. Review this link, <http://www.jobinterviewquestions.org/>, for interview question do's and don'ts.
To get the most out of your interview, ask behavioral style interview questions. Behavioral style interview questions ask the candidate how they have handled a particular situation in the past. You may ask for a specific example as well. Instead of asking "how do you handle stressful

situations", ask "how did you handle a stressful situation at the last company you worked for and what was the result"? This prevents elaborate, made-up answers that may or may not have any actual substance to them. What you are looking for is someone who has experience with the skill set that you are seeking.

5. **Hiring Decision** - Base your hiring decision on the qualifications, skill set, test scores, personality, and other employee or employer feedback. Do not hire someone just because you have a lot in common or because they seem nice. To be successful, you must make sure that they have the right attitude and either the right skill set or the ability to attain the skill set that you will train them on.