

# Hiring wrong person can put small businesses at risk



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Small business owners indicate that hiring the wrong person can put their business at risk as they invest significant time and money in the selection process, according to a new study from Monster Worldwide Inc.

Results from the Small Business Big Hire Survey conducted by Braun Research found nine in 10 small business owners identify hiring the wrong person for a job as a risk to the company with half saying it is a major risk.

The top reasons in the survey include a negative impact on the company's reputation and decreased productivity.

When broken down by county, the U.S. Census Bureau said in 2013 the number of small businesses in Westmoreland was 29,557; Washington, 17,128; Fayette, 8,820; and Greene, 2,310.

"This survey echoes the concerns of our clients regarding hiring new employees," said Ray Vargo, Small Business Development Center director at the University of Pittsburgh, which covers Greene and Washington counties.

Especially in a small business, Vargo said the

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decision to hire someone is typically made to address the need for additional staff to complete necessary work.

Vargo said hiring the wrong person can be an expensive mistake for a small business as it can also slow growth.

James Kunkel, director at the Small Business Development Center at Saint Vincent College, is also not surprised at the survey results. He said hiring new employees can be a high risk endeavor.

"Finding and retaining the right people is a formidable challenge,

particularly for small business owners who typically don't have in-house human resources capabilities," said Kunkel.

While 82 percent of small business owners consider talent to be the greatest asset to the success of their business, the majority believe it can be time consuming and expensive to find the right person for the job.

Kunkel said employees serve as a company's most valuable asset.

Before a small business owner hires a new employee, Vargo said Pitt's SBDC recommends they have a specific "on-board" process to make sure the person understands their job responsibilities and can adapt to that specific culture.

In Pennsylvania, the SBDC reported 999,591 small businesses employed 2.4 million workers in 2014 and accounted for 47.3 percent of the private sector labor force.

"We've heard loud and clear that small business owners struggle to find the right person for the job and as a result have made the wrong hiring decision on more than one occasion," said Meredith Hanrahan of small business solutions at Monster.

On average, Monster reports 31 percent of small business owners spend over \$300 to hire someone new and up to four months searching for the right candidate, depending on the job level.

Furthermore, about



four in five owners are looking for a strong skill set for the industry and past job experience when hiring someone new, while half also look for something less tangible.

While some small business owners have unique needs and limited time, without the necessary resources and data in place, the employee search can take a toll not only on them, but also on their business as a whole.

As a result, more than half indicated they settled for a candidate who was not as qualified as they would have liked or have previously made a wrong hire.

Other factors include lack of enthusiasm, the employee not getting along with customers or lack of proper job skills.

The study noted that small business owners that have made the wrong hiring decision generally realize their mistake within the first three weeks, with about one-third aware after only a few days.

The survey also found that:

- Over half of those who have hired the wrong person before have experienced a loss of time and money due to wrong hires.

- Specifically, one-third or more of these owners estimate wasting over 50 hours of their time and over \$1,000 due to their most recent wrong hire.

- Hiring the wrong person lead to product errors and loss of customers.

While many of today's small business owners

continue to devote more of their own time and effort to finding the ideal candidate, some are actually not improving their search the study found.

Of those who have hired the wrong person before, 56 percent are investing more time to make sure they don't do this again, but only about one in five took no action.

Although nine in 10 small business owners find the hiring process time consuming and three-fifths wish they had more help in finding the right person for the job, significantly fewer owners are using an outside service to recruit.

As the small business industry and recruiting process continue to evolve, Monster suggests that owners expand their current approaches to find the right candidates.

Specific tools such as social recruiting and talent CRM targeted emails can increase their search results, ultimately saving time and money.

Those interested in joining the Be Local Network can contact Ted Flowers at 724-425-7231 or by email at [tflowers@heraldstandard.com](mailto:tflowers@heraldstandard.com).

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