

Small business, big trouble:

HR issues small businesses commonly ignore at their peril



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It's hard to keep abreast of all the latest rules and regulations. Management and hiring decisions can be made quickly, and we often choose the path of least resistance. For the most part, you may be focused on growth, customer service, and bottom line. But your employees are the backbone of your practice—shouldn't they be taking up a little more of your time? HR mistakes can lead your business down a dark and a dangerous path. Improper documentation, hasty actions, and vague policies can all lead to litigation and fines.

Here are some commonly ignored HR issues in small business ...

Not having policies in place

A policy handbook should be one of your first priorities once your business. Even businesses with as few as two individuals may benefit from some actual concrete documentation. As practice accreditation before compulsory, it will be essential in the day to day running of your practice.

The policy handbook should cover everything from sexual harassment to employee dress code. Having these policies clearly defined before an issue arises will allow you to avoid many of the typical showstoppers in the first place (and deal with them smoothly, should they occur).

Misclassifying your employees

Do you know the difference between a contractor, casual employee, full-time and part-time employee? Do you know who can use an ABN?

Don't be fooled into classifying employees as casual or contractors to save on paperwork or money. The duties, pay, number of hours worked classify whether or not they are permanent, casual employees or contractors.

Not only is this the number one reason that employees leave jobs, but you can also end up in a situation where a long term contractor leaves, and you owe years of superannuation or holiday pay. Casual employees also have many rights you think may only apply to permanent full and part employees. If you employ someone on a regular and systematic

basis, many of the same rights apply after a 12 month period that you think you may be avoiding by keeping them 'casual'.

Allowing employees to use ABN's is another hot topic. A simple check on the ATO website will tell you if someone can use an ABN. You might be interested at what you find.

Ignoring workplace harassment and bullying

Harassment comes in many shapes and forms. Firstly, you need to know what harassment is and defining it remains one of the biggest difficulties the law has, given its inherently subjective nature.

If you read the statistics, bullying and harassment at work are on the increase. Many studies suggest a figure of 1 in 5 to 6 people experience some form of bullying or harassment in the workplace. It's unlikely that human behaviour has changed that much, but with an increased awareness of what's considered to be acceptable in the work place, there are more incidents being reported that may be constituted as bullying or harassment.

Behaviour must generally occur on more than one occasion and is subject to a "reasonable person" test. This is where the ambiguity comes in play.

A recent finding by the Productivity Commission estimated the effects of workplace bullying to be costing between \$6 billion and \$36 billion annually

Minimising the risk of bullying and harassment requires good grievance procedures that aim at a fair, confidential and timely resolution of complaints. However individual complaint-based mechanisms or policy documents are never enough to change the culture of a workplace.

As a business owner, your role is to remain approachable to all your staff. You must be seen as fair, impartial and responsive (not reactive) on matters of behaviour in the workplace. This means when 'things go wrong' people will seek your assistance. Remember you are judged on your ability to handle the situation, not on the behaviour that has taken place.

Not addressing or documenting performance issues

If you have employees with performance issues, do not ignore them or hope that they go away on their own. You must create a performance review with a correction plan for the employee so that he or she knows how to improve.

There are two important reasons for managing performance issues.

Firstly, it protects your practice. Documenting the facts and the communication that you have had with the employee on their performance will help protect the practice should the employee ever file a claim or sue you. If the employee claims discrimination after a termination, you will have documentation that lays out the facts and shows that there were legitimate performance issues that were addressed with the employee

Secondly, it's the right thing to do for the employee. Communicating that an employee is not meeting expectations and documenting the conversations to show the seriousness of the issue, is only fair to the employee. Tolerating bad performance until it becomes a distraction for the rest of the team and you want to fire the employee immediately is not fair to that individual. If the employee doesn't know there is a problem, he or she cannot address it. Showing that you communicated the issues with the employee will show you made a good faith effort to help the employee improve, which will help protect the company in the event of a law suit

Not knowing current award information

Are you familiar with the current industry award and what rates your staff should be paid? Changes in 2016 have left many confused about penalty rates, levels of pay, employee rights and employer responsibilities. While parts of the award may appear convoluted, you need to be up to date with what your current legal responsibilities. ♦