

Recruitment Guide

One of the key factors
underpinning the success
of your business

ITO
Accounting



Recruitment Guide

Introduction

The recruitment process is one of the key factors underpinning the success of your business.

Any manufacturing business would devote considerable time, money and effort to scoping out new equipment for the business, making sure their choice was right for them, installing the equipment in compliance with all the relevant codes and instituting a regular maintenance and repair schedule.

Yet it's often the case that their recruitment strategy is piecemeal and unplanned. It seems strange that a business wouldn't put in a similar effort to make sure they have a team at the top of their game when the resource costs are comparable.

When you hire staff - any staff - it should be planned as part of a significant contribution to the overall success of the business.

In some ways it's much easier to measure the cost of getting it wrong than it is to assess the benefit of getting it right.

For example, in many small businesses staff turnover is high and costly. The impact on motivation, productivity, re-training, teamwork, customer relationships and communications is significant. Add to this the executive time in the recruiting process, training, monitoring and supervision and so on, and it is obvious that for every failed employee there is a very significant cost.

Low staff turnover, on the other hand, indicates that there is a good fit between people and their roles in the business. The cost of recruiting and training is easily recouped over time with high staff retention and high performance.

Take the time to plan your recruitment exercise – not only to get the best person for the job but to ensure that the job is designed to fit in with the overall success of your business.

The basis is a clear idea of the position you want to recruit to. Take the time to develop sound documentation of the position. It will form the groundwork not only for recruitment but for induction, training and review.

This guide contains the following topics and tools:

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Writing Position Descriptions

Introduction

A position description is a final product of a process of thinking about what you really want from this position.

Task Review

Sometimes the tasks associated with the position you are recruiting to are very clear cut, such as a pastry chef, a machinist, a carpenter/joiner. However, in many businesses it is not so clear. And you may be recruiting to ease the pressure on other positions. A task review at this stage will help you to produce a clear position description.

Look at what work needs to be done in your business in relation to the position you want to recruit for. Is it a clear cut job of work (such as a machinist or baker)? Do you want to bring several groups of tasks together in one role (as is common with receptionist positions)?

If the position is a new position in the business, use the Tasks Review form to list what needs to be delegated. If the position is an existing one, take the opportunity to review the position description and use the Tasks Review form to consider whether you want to restructure the role in any way. The Tasks Review form in this guide is based on what could be delegated to a typical administrative support role. Edit it to suit your business.

Position Analysis and Description

Once you know what tasks you want the role to perform, think about other requirements. Undertake a position analysis outlining the areas of responsibility. Be detailed and allow for growth.

Your position analysis identifies your resource requirements (whether the person is likely to be full - or part-time), major areas of responsibility and characteristics of the role.

Are qualifications necessary? A driver's licence? Is the role full-time or part-time, and if part-time could it be done in one or two days a week or do you really want a person to come in for a couple of hours every day?

If a specific skill at a specific level of competency is required, think about how you can test for this and whether external skills testing will be necessary when you are ready to interview shortlisted applicants. For instance, agencies such as Drake International can test applicants for skills and level of competence in Microsoft Word, Excel, PowerPoint and other programmes for a moderate rate in return for a detailed report on applicants' test performance.

The position analysis gives you the scope of the position. It allows you to distinguish the essential criteria for selection from the desirable criteria, i.e. 'needs' vs 'wants'. On that basis you can then draft the position description. The position analysis and position description will become the basis for your recruitment process – writing the ad, shortlisting, and devising interview questions.

Complete the position description. Specify to whom the position reports. List the key tasks in order of importance, or grouped logically according to the main responsibilities of the role. Start each point with a verb to make it clear what action you want the position to undertake with each task, e.g., 'make', 'prepare', 'organise', 'liaise'.

Tasks Review Form

This template provides a list of tasks for you to review to determine if they should be completed by the position you plan to recruit for.

Space is provided for you to add your own tasks that may not be covered here.

Month	Task	Time to complete	Delegate to	Tool available to assist
<i>Customer-related tasks</i>				
	Dealing with customer correspondence			
	Maintaining records of customer contact			
	Making and changing customer appointments			
	Following up new and prospective customers			
	Customer database maintenance			
	Contacting customers for missing information			
	Project liaison with customers			
	Organising customer seminars			
	Setting up customer files			
	Preparing fees			
	Coordinating events			
<i>Systems and IT</i>				
	Writing and updating administrative systems			
	IT management (software updates etc)			

Month	Task	Time to complete	Delegate to	Tool available to assist
General administration and management				
	Filing			
	Opening the mail			
	Typing letters and simple reports			
	Ordering supplies			
	Organising insurance			
	Building maintenance			
	Managing CEO emails			
	Managing workflow			
	Debtor management			
	Paying the bills			
Reporting and monitoring				
	Preparing KPI reports for senior management			
	Monitoring Work in Progress (WIP)			
Team and personnel				
	Organising team induction programmes			
	Bank account management			
	Organising performance reviews			
	Day-to-day work management			
	Following up performance review outcomes			
	Coordinating team meetings			
Recruitment				
	Writing recruitment ads			
	Corresponding with candidates			

Month	Task	Time to complete	Delegate to	Tool available to assist
	Organising recruitment interviews			
	Organising employment agreements			

Using a Recruitment Agency or Doing it Yourself

Decision

Decide whether or not to:

- Use a recruitment agency
 - Manage the recruitment yourself (using Trade me, SEEK or newspaper)
-

Introduction

Whilst more time and effort is involved in undertaking the recruitment process yourself, the reward is great. Not only do you choose the right person for your business, but you manage to save money doing it!

Recruitment agencies tend to deal more with specialist placements, such as IT personnel.

We recommend that someone from within your business manages the recruitment for a position at the administrative support or EA level.

Advantages

Advantages of someone in your company handling the recruitment include:

- A more hands on approach
 - You get a better 'feel' for the person during the interview process
 - Other team members can meet and provide feedback on the candidate
 - You save money on recruitment costs
 - You have more control over what you put in your advertisement and the filtering process
-

Disadvantages

The disadvantage of someone in your company handling the recruitment is the time involved. Time costs to shortlist, interview, follow up, and administer the applications can take up to a total of 3 days.

Costs – doing it yourself

Other costs (as at October 2012) of doing your own recruitment may be:

Online:

- Trade Me - \$130.00 plus GST
- SEEK - \$175.00 plus GST

Local Newspaper – this varies depending on the area you are in (as a general guide it costs around \$700 to advertise the position over two issues of a newspaper)

- Skills testing - \$195.00 per candidate (for candidates that make it to the second interview, normally about three people)
-

Costs – recruitment agencies

Most recruitment agencies charge a percentage of the salary base. This can range from 8 – 15% of the salary depending on what position you are advertising and in what part of the country you are based. This includes advertisement placement, first and second interview, skills testing and follow up.

The third and final interview is usually conducted by someone from your practice. However, when requested, the recruitment agency will also take care of final selection.

Placing an Ad

Introduction

Once you have drafted the position description, you can draft your advertisement.

Using colour can be very effective and will make your advertisement stand out from others.

Writing your advertisement

The following are some tips for writing your ad:

- Keep it short and sweet, don't put the full job description in the advert, focus on the key areas of responsibility
 - Be clear on what skills the applicant needs to have
 - Add information promoting what you offer as an employer
 - Set out contact information clearly, (who to email the CV to, phone number, website and closing dates)
-

You cannot specify

In accordance with the NZ Human Rights Act, you cannot specify any requirement in your advertisement directly related to the following areas:

- Sex, pregnancy and birth
 - Marital status
 - Religious beliefs (or lack of)
 - Ethical beliefs
 - Colour, race
 - Ethnic or nationality origins
 - Disability
 - Age
 - Political opinion
 - Employment status; being unemployed or being a recipient of the benefit
-

Online advertising

The most effective way of advertising a role these days is online. The most viewed websites are:

- Trade me Jobs (www.trademe.co.nz)
- SEEK (www.seek.co.nz)

We recommend you open an account with both of these companies and advertise your role(s) through both. You place your advertisement online and take it off whenever you want. You will receive applications directly via email.

Our experience is that around 60% of applicants for this type of position will come via the Web.

Selection

Introduction

When CVs arrive, identify the strong contenders, and determine the shortlist.

It is recommended that you limit the initial shortlist to 5-10 applicants. If necessary, conduct some initial screening, which will help reduce the number of applicants to interview.

When CVs arrive identify the strong contenders against your selection criteria.

To reduce the shortlist, we recommend you canvass the candidates that appear strong by telephone. This will help you reduce a potentially large pool of candidates down to 5-10 people for face-to-face interviews.

Make notes on the candidate's CVs as you screen them, listing any key points, concerns, and potential issues.

This chapter contains the following topics and tools:

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Initial shortlist and first interviews

Questions you can ask

Questions you can ask include:

- What is their notice period?
 - What is their expected salary range?
 - Do they understand what the position is?
 - If it is a part-time role, are they are looking for part-time work? (often people seek part-time work as a gap filler until they find a full-time position)
 - Why do they want to leave their current job (or why did they leave their last job)?
-

Your impressions

Form your impressions of each candidate, for example:

- Did they seem interested or uninterested?
 - Do you think they are only applying because they need a job or because they really want this particular job?
 - How was their phone manner? (this is important for their role as they are often the face of your practice and talk to your customers)
-

Formulate shortlist

From the above, formulate the shortlist for the first face-to-face interview. If relevant, meet with other partners/managers concerned to agree on the shortlist.

Interviewing Guide

Introduction

Interviews are best regarded as mutual exchanges of information rather than inquisitions. Remember that you are selling your firm to the potential employee as much as they are selling themselves to you.

You need to find out whether the person would make a good addition to your team. They want to find out whether they would like to work with you.

It is always useful to discuss family at some point in the interview. The quality of the candidate's family relationships says a lot about the person and their ability to fit well into an organisation.

You should consider attitude as well as skills. Skill can be enhanced, whereas attitude cannot easily be changed.

Involve any relevant team members in the interview process. Their feedback is often very useful.

Preparation

Review the CVs for the applicants shortlisted for initial interview. Make sure you include any notes made during screening calls or conversations with the applicants.

Prepare a schedule of interviews, leaving some time between each interview for discussion by the selection panel and short breaks so the interviewers are in no danger of becoming stale.

Put together a list of questions suitable for the position you are interviewing for. Use the Recruitment Interview form as a starting point. The example shown is based on interview questions for an Executive Assistant.

Make arrangements so that whatever room you use for interviewing is set up so that interviewers and applicants can talk comfortably and in confidence. Diarise it and ask the team not to put through calls or interrupt you during the interviews.

It sounds obvious but think about factors such as how the furniture is positioned. An applicant interviewed with the sun in their eyes for the duration of the interview will probably come across like a deer caught in the headlights. And they will probably feel like one. A round table format is more likely to put the candidate at ease than the more common 'them and us' room layout.

Tips on conducting the interview

Engage in natural conversation with the candidates. This is important so you get a good feel for how they may or may not fit into the team. Minimise dry, question-and-answer routines, where most responses will be 'yes' or 'no'. Try to encourage expanding on a theme, either enlarging on the experience described in their CVs or what they have learned about the business during their visit.

Keeping this in mind, the following are areas you should ensure are covered during the interviews:

- Brief history and mission of your company
- Discussions around the position description
- Discussion around skills required
- Discussion around applicant's skills and experience
- Identification of broad remuneration range
- Discussion around applicant's strengths and weaknesses
- Discussion on next steps (e.g. if they are successful in this interview, there will be skills checking, behavioural profiling and a second interview)

Questions

The following are provided as suggested questions you can use as a guide to ensure you cover the basics:

- Tell me about your last role
 - What did you enjoy / dislike about the role?
 - How would you describe your core competencies?
 - Do you have any limitations or areas you'd like to improve on?
 - Describe a difficult situation and how you handled it
 - How do you handle conflict?
 - What motivates you?
 - What de-motivates you?
 - Why do you want this job?
 - What do you see as your biggest learning curve for this role?
 - Describe your computer skills (for Word, PowerPoint, Excel, ranging from beginner through to advanced)
 - What are your salary expectations for this role?
-

Do not ask

In accordance with the NZ Human Rights act, you cannot ask any questions related to the following areas:

- Sex, pregnancy and birth
 - Marital status
 - Religious beliefs (or lack of)
 - Ethical beliefs
 - Colour, race
 - Ethnic or nationality origins
 - Disability
 - Age
 - Political opinion
 - Employment status; being unemployed or being a recipient of the benefit
-

Recruitment Interview form

[Position Title]

Structure the interview based on the requirements of the role.

Give the candidate a brief history of the business.

Interview Questions

Tell us a bit more about yourself and where you come from

What circumstances bring you here today?

Discuss hours of the position

Based on your skills and experience can you describe your strengths by matching these to the functions of the role as outlined in our advertisement? Tell us which of these you do well, which are you ok with and which, if any, you see as being your weak points.

This role requires [specify role requirement 1]. Can you give us an example of where you have needed to do this and how you managed to achieve this successfully?

How do you feel about being the [specify role requirement 2]?

This role will involve [specify role requirement 3]. What processes would you use to ensure that it all comes together and is completed when required?

How do you think your colleagues perceive you?

What are your short and long term goals?

Discuss the salary expectation. What are your salary expectations?
Our range is \$ [salary range]

The [Position Title] role: Does this position still interest you?

If successful, what notice period would you need to give? And when would you be available to start with us?

Do you have any questions you would like to ask us about this position?

Do we have up to date contact details for your referees?

If you are shortlisted, the next steps from here are [outline next steps]. I would expect that we would contact you one way or another by [estimated date of contact].

Thank you for coming in. It's been great to meet you.

Sample recruitment pack for an Office Manager

Advertisement for an Office Manager

The following is an example of an advertisement for an Office Manager.

Great Opportunity Office Manager

We are an award-winning media agency in [Town/City]. We require an Office Manager to join our growing team.

Do you have a fantastic attitude? Are you prepared to roll up your sleeves?

We are looking for that dynamic, energetic and efficient someone who coordinates the day to day running of the office to keep us all on track. You will be responsible for meeting coordination and management, reporting, and all administrative and data input requirements for the office. This will be a busy and varied role and one that is vital to the progress of our business.

If you are looking for a challenging role in an energetic organisation committed to customer service and excellence then look no further.

If you have a minimum of two years' administrative experience and can tick the following boxes, we want to hear from you! This is that 'foot in the door' role for an enthusiastic candidate, as a first step in their career in the communications industry.

- **Office Management** – proven experience managing all general office administration requirements for a busy and fast paced team.
 - **Client relationships** – proven experience establishing and maintaining relationships with clients and key stakeholders
 - **Articulate and extremely organised**
 - **Attention to detail and time management**
-

Office Manager - Position Description

Effective management of the day to day running of the office and requirements of senior management. Undertake the role in accordance with office systems and procedures

Reports to: CEO

Responsibilities:

- Preparation and completion of invoicing to customers and associated reports for CEO
- Payroll and Human Resources management and issues
- Attend to debtor management and fee queries
- Preparation of monthly management reports for senior management
- Management of computer and/or network issues
- Advertising and marketing requirements of the firm
- Effective management and review of workflow system
- Liaison with contractors and suppliers
- Processing of payment of accounts payable
- Management of the firm Account
- Arrange appropriate insurance cover and renewals for the firm
- Manage and direct the administration support team
- Preparation of client newsletters and maintenance of website
- Provide assistance to the senior management as directed and required

Recruitment Interview form – sample for Office Manager

This is a **guide only** for questions you can use for interviewing an Office Manager.

Give the candidate a brief history of the business.

Interview Questions

Tell us a bit more about yourself and where you come from

What circumstances bring you here today?

Discuss hours of the position

Based on your skills and experience can you describe your strengths by matching these to the functions of the role as outlined in our advertisement? Tell us which of these you do well, which are you ok with and which, if any, you see as being your weak points.

This role requires juggling multiple task priorities whilst still meeting deadlines. Can you give us an example of where you have needed to do this and how you managed to successfully achieve this?

How do you feel about being the first point of contact for all of our customer queries, both by phone and email?

This role will involve delegating certain parts of projects and tasks to other team members. Overall ownership and accountability for these belong to the Office Manager role. What processes would you use to ensure that it all comes together and is completed when required?

How do you think your colleagues perceive you?

What are your short and long term goals?

Discuss the salary expectation. What are your salary expectations?
Our range is \$ [salary range].

The Office Manager role: it's a role that is vital to the CEO and the effective professional running of our business.

Does this position still interest you?

If successful, what notice period would you need to give? And when would you be available to start with us?

Do you have any questions you would like to ask us about this position?

Do we have up to date contact details for your referees?

Thanks for coming in. It's been great to meet with you.

Shortlisting and references

Shortlisting

Review notes from the initial interviews and determine the shortlist for the final interview. Involve others in the business (e.g. senior or line management) as required.

It is recommended that you limit your final shortlist to two or three people, depending on the size of your company.

Confirm that you are happy with your shortlist by obtaining satisfactory references for all shortlisted applicants.

Reference Checks

Reference checking is a crucial step when you are considering a candidate for a position in your practice. Use the Reference Check Form to obtain detailed verbal references.

Ask the candidate for at least two referees from their most recent employer(s). This should preferably be a supervisor or manager.

Character references tend to be irrelevant, as referees cannot comment on the individual's work performance.

Be sure that the person you speak to is someone who directly worked with the candidate.

Questions to ask

Questions when speaking to previous employers should include:

- Responsibilities
 - Performance / consistency / motivation
 - Strengths / weaknesses
 - Attendance / punctuality / honesty and integrity
 - Learning ability
 - How did they get on with their colleagues / customers?
 - Did any external or personal problems interfere with work?
 - Would the previous employer re-employ them? This is important!
-

Skills testing, behavioural profiling and final interviews

Introduction

Contact the shortlisted applicants and explain the next stages - skills testing and work behaviour profiling (if required) and final interview.

Skills Testing

Where it's relevant to the position, we recommend that you carry out skills testing for shortlisted candidates.

Skills testing may include:

- Typing
 - Maths / spelling
 - Microsoft Word / Excel / PowerPoint
-

Using recruitment firms

If you do not have adequate internal resources to conduct your own skills testing, you can outsource testing to recruitment firms such as Drake (<http://www.drakeintl.com/nz/>).

Skills testing one applicant in Word, Excel and PowerPoint costs approximately \$100 plus GST. Discounts can apply if you are testing more than one applicant.

Candidates can sit the tests at the recruitment agency's offices, at your offices, or the candidate's home. Using a recruitment agency's offices ensures a controlled environment for testing.

If you have determined that external skills testing is required, contact the testing agency to discuss your requirements and flag that you will be scheduling shortlisted applicants for testing.

Behavioural profiling

If desired, complete DiSC profiling (to establish candidates' likely work behaviour style) to help you determine suitability to the role, regardless of their technical skills.

Behavioural Profiling

Introduction

Behavioural profiling is a valuable tool, which has transformed individuals as well as businesses worldwide. It is a tool used to identify behavioural style by measuring attributes or qualities of a person and aspects of his or her personality.

It can be used in many contexts, both in the workplace and elsewhere. Behavioural profiling is particularly valuable to employers during the recruitment process as an indicator of workplace behaviour and how the applicant might fit into the role being interviewed for.

There are a number of systems for behavioural profiling. We recommend DiSC profiling as one of the most helpful to employers.

DiSC profiling – what does it measure?

DiSC is behavioural profiling **not** personality testing. It's about achieving a behavioural fit for the role you wish to fill.

The DiSC behavioural model is based on research conducted by William Moulton Marston Ph.D. (1893-1947). Marston wanted to examine the behaviour of 'normal' people in their environment or within a specific situation. He documented his findings in the book 'Emotions of Normal People.'

DiSC is an acronym for the four primary dimensions of behaviour:

D – Dominance: direct, results-oriented, strong-willed and forceful

i – Influence: outgoing, enthusiastic, optimistic and lively

S – Steadiness: even-tempered, accommodating, patient and humble

C – Conscientiousness: analytical, reserved, precise and systematic

What it does not measure

DiSC does not measure:

- Personality type
 - Surface behaviour
 - Values and beliefs
 - Thinking and feeling
-

Why use DiSC?

DiSC assessments help Human Resources professionals, managers, and workplace experts to eliminate much of the needless mystery, misunderstanding, and conflict that stop teams from working effectively together.

If you want your employees to work well together (and with you) and give their best, then you need to be aware of behaviour and the impact it has on working relationships. DiSC assessments make this easy.

Not only can you develop a better understanding of your own needs and behaviour, you can also build an understanding of the people around you, their unique needs and why they behave the way they do.

Overview of tendencies

All people have all four behavioural tendencies but in differing proportions. The relationship of the four tendencies to each other creates a profile pattern which provides information about a person's potential behavioural responses.

The following is a high level overview of behavioural tendencies you will see come out from DiSC profiling.

People with high ...	Tend to ...
D (dominance) profiles	seek to shape their environment by overcoming opposition to accomplish results.
i (influence) profiles	shape their environment by influencing or persuading others.
S (steadiness) profiles	seek to co-operate with others to carry out their tasks.
C (conscientiousness) profiles	seek to work within existing circumstances to ensure quality and accuracy.

How to arrange DiSC reporting

Fortuna International can quickly provide you with a 16 page DiSC report at a moderate cost for your shortlisted candidates, covering:

- A behavioural overview
- Motivating factors
- The candidate's preferred environment
- De-motivating factors
- Likely behaviours in conflict situations
- Strategies for increased effectiveness

To arrange for a DiSC profile, go to the Fortuna International [website](#) or contact them directly:

Fortuna International Limited
P.O. Box 331089, Takapuna,
Auckland, New Zealand

Phone: (09) 488 7447
Fax: (09) 488 0040
Email: info@fortunaintl.co.nz

Finalising the Selection

Final interviews

Schedule the final interviews, making the required arrangements with applicants and the interview panel, booking a room and so on as before.

Before the formal interview commences show the candidate around the business and introduce them to the team. This will help to put the candidate at ease and will facilitate informal discussions. Valuable feedback can also be gained by leaving them to talk with the team for a period.

Conduct the final interviews.

The next steps

Once you have made your decision on your preferred candidate, using the interview notes, DiSC profiling analysis and skills testing reports, call the successful candidate and advise that you wish to offer them the position.

Should they accept right there on the spot, arrange a suitable start date and explain that their acceptance of the position is conditional to their acceptance of the terms and conditions in the employment agreement, which you will forward by email or mail. Send him or her the prepared employment agreement with a covering letter. Encourage them to discuss this offer and to seek advice on the proposed agreement with family, a union, a lawyer, or someone else they trust.

If they accept the terms and conditions of employment your next step will be to send out a letter of offer and a copy of the now finalised employment agreement for signature and return. And then to advise unsuccessful applicants.

Before you do this, however, it is important to ensure that in making and confirming the job offer your business complies with the relevant employment legislation. Key documents here are the Employment Agreement and the letter of offer.

Building an Employment Agreement guide

Legal status and requirements

Under the Employment Relations Act (ERA) you must supply a written agreement to your new employee and they must sign it to indicate acceptance of your terms and conditions of employment. Until it is signed, it remains a draft Employment Agreement. The employer signs it before sending it out with a letter of offer. The prospective employee signs it to signify they accept the terms and conditions of employment. It may be, when the prospective employee reviews the draft, that some issues require clarification or further negotiation to finalise the draft.

Once it is signed by both employer and the prospective employee it has legal status as a contract. Once signed by the candidate, both of you must hold a signed hard copy.

Where an employer has provided an employee with an intended agreement the employer must also retain the 'intended agreement' even if the employee has not signed it or agreed to the terms and conditions specified in the intended agreement.

An intended agreement cannot be treated as the parties' employment agreement if the employee has not signed the agreement or not agreed to the terms and conditions specified in the intended agreement. Make sure your records clearly distinguish between which have been sent out as intended agreements and which have been finalised.

Putting together the employment agreement

Employment Agreements will vary across different industries and employment groups, which is why this guide does not set out a template.

You may already have standard employment agreements for your business. We recommend that you have these reviewed from time to time by your legal advisor to ensure they comply with legal requirements.

If you want help with individual Employment Agreements, you can use the Employment Agreement builder on the Department of Labour website www.dol.govt.nz/er/starting/relationships/agreements/builder.asp

Alternatively you can use a specialist provider, such as one of those listed below:

- The Employment Relations service offered by the Department of Labour, www.dol.govt.nz/er
- CCH who offer the Workforce Manager product, www.cch.co.nz or 0800 500 224
- Employers Assistance Ltd, www.employers.co.nz or 0800 15 8000
- Employers And Manufacturers Association Inc (EMA), www.ema.co.nz or 0800 800 362
- Federated Farmers of New Zealand, www.fedfarm.org.nz or 0800 327 646
- Or, of course, your local or preferred legal specialist

What needs to be in the Employment Agreement?

In general terms agreements should contain full details of all the matters discussed with the employee and should cover any potentially contentious issues. These would include:

- Use of the firm's telephone and payment of any telephone calls
- Rules relative to working of overtime and who will authorise overtime
- Specification of meal breaks and the regular breaks that every employee is expected to take
- The position relative to any damage caused to company vehicles or plant and equipment and who will pay for it
- Rules pertaining to the use of an employee's vehicle and the reimbursement that the employee will receive for that use
- Details should be included in the agreement of what the employer wants the employee to do - this should cover full details of the job specification and the terms and conditions of that job
- Non-competitive clause, if any, should be included

The employment agreement should also cover such issues as:

- Redundancy
- Dismissal
- The type of leave that is available
- How to deal with grievances
- Disputes
- Performance management

It is also a good idea to state the employer's policy on issues such as discrimination and sexual harassment in the workplace.

The section titled 'What to include in the Employment Agreement' sets out more detail of what should be included in an Employment Agreement.

Changes to agreements for existing employees

It is sometimes necessary to change an employment agreement for an existing employee, for instance when changes to employment conditions arise out of changes to employment legislation.

Under Section 63A (2) of the Employment Relations Act, when implementing any change to an employee's employment agreement in addition to getting the employee's consent, an employer must do at least the following:

- Provide to the employee a copy of the intended agreement, or the part of the intended agreement under discussion
 - Advise the employee that he or she is entitled to seek independent advice about the intended agreement, or any part of the intended agreement
 - Give the employee a reasonable opportunity to seek that advice
 - Consider any issues that the employee raises and respond to them
-

What to include in the Employment Agreement

	Mandatory	Recommended
1.	Parties The parties to the agreement: the employer and the employee	
2.	Position <ul style="list-style-type: none"> ▪ Position (Employment Classification) ▪ Job Specification/Description (a concise outline of work tasks, functions and duties) ▪ Place of work 	<ul style="list-style-type: none"> ▪ Term of Contract (if appropriate) ▪ Probation period / trial period of up to 90 days ▪ Carrying out lawful and reasonable instructions of the company ▪ Position variation ▪ Professional development/training
3.		Employment Status <ul style="list-style-type: none"> ▪ Employment status (Permanent, Full Time, Part Time, Casual, Seasonal or Probationary)
4.	Remuneration <ul style="list-style-type: none"> ▪ Rates of pay or wages (either hourly, weekly, monthly or annually) 	<ul style="list-style-type: none"> ▪ Payment for leave

	Mandatory	Recommended
5.	<p>Hours of Work</p> <ul style="list-style-type: none"> ▪ Hours of work (either detailed or referred to a roster) ▪ Public Holidays: the employment agreement has to state that the employee will be paid at least time-and-a-half for any time worked on a public holiday. All other public holiday rights are covered by law, even if they are not written into the employment agreement (including whether the employer will transfer all or part of a public holiday to an alternative date) 	<ul style="list-style-type: none"> ▪ Closedowns ▪ Sick Leave ▪ Bereavement Leave ▪ Annual Holidays (including whether the employer will consider requests to cash up to one week's leave of any year's entitlements) ▪ Alternative Holidays ▪ Long Service Leave ▪ Accumulation of leave ▪ Overtime authorisation ▪ Specification of meal breaks ▪ Study Leave
6.		<p>Performance Appraisals and Reviews</p> <ul style="list-style-type: none"> ▪ Review Procedures ▪ Review of Remuneration ▪ Bonus Payments
7.		<p>Termination</p> <ul style="list-style-type: none"> ▪ Employer's right to dismiss employee with and without notice ▪ Termination Notice

	Mandatory	Recommended
8.		Restrictions <ul style="list-style-type: none"> ▪ Employment restrictions ▪ Confidentiality Clause ▪ Client Contact Restriction ▪ Damages ▪ Intellectual Property Protection
9.		Supply of Motor Vehicle/Equipment <ul style="list-style-type: none"> ▪ Use of firm's motor vehicle (conditions relating to usage - policy re any damage caused to employer's vehicle) ▪ Policy re payment of any motor vehicle fines ▪ Supply/Reimbursement of costs of mobile phone
10.		Expenses Incurred On Behalf Of Employer <ul style="list-style-type: none"> ▪ Use of employee's motor vehicle (method of reimbursing for utilisation) ▪ Expenses incurred on behalf of employer ▪ Home telephone
11.		Payments to Be Made By Employer? <ul style="list-style-type: none"> ▪ Subscriptions to Professional and Trade Associations? ▪ Credit Cards? ▪ Entertainment/Promotion Expenditure? ▪ Car parking expenses?

	Mandatory	Recommended
12.		<p>Workplace Practices</p> <ul style="list-style-type: none"> ▪ Workplace is smoke free: With very limited exceptions, the law requires employers to take 'all reasonably practicable steps' to ensure that workplaces are smokefree. While it's mandatory that the workplace be smoke free, it's the employer's choice as to whether to include a workplace practices clause in the employment agreement or elsewhere, e.g. the Team Member Handbook ▪ Other workplace practices
13.		<p>Redundancy</p> <ul style="list-style-type: none"> ▪ There are no statutory rights to redundancy in New Zealand law. However, it is recommended to establish how a redundancy situation will be managed when the employment relationship commences, rather than at a later time which may be stressful both for the employer and employee ▪ For example, in the event of a redundancy situation arising, no redundancy payment will be made to the employee

	Mandatory	Recommended
14.	<p>Employee Protection Provision</p> <ul style="list-style-type: none"> In the event of a sale, transfer or restructure of business, the employer is to negotiate with new employer to the extent that it relates to affected employees <p>OR, where applicable</p> <p>Vulnerable Employees Provision</p> <p>Specific categories of employees have the right to transfer to the new employer on their existing terms and conditions of employment. These specified groups of employees are employees who work in the following types of employment:</p> <ul style="list-style-type: none"> Cleaning services and food catering services in any place of work Laundry services for the education, health or age-related residential care sector Orderly services for the health or age-related residential care sector Caretaking services for the education sector If the employer proposes to sell or transfer its business, vulnerable employees may elect to transfer to the new employer on the same terms and conditions of employment. Note the Employment Relations Act sets out further detail about vulnerable employees and redundancy 	<p>Examples:</p> <ul style="list-style-type: none"> Employer may require an offer of a similar position in restructuring situations: <p>The employer will negotiate with the new employer, including whether the affected employees will transfer to the new employer on the same terms and conditions</p> <ul style="list-style-type: none"> Employer may activate redundancy provisions if the employee not transferred to the new employer: <p>Where the employee either chooses not to transfer to the new employer, or is not offered employment by the new employer, the employer will activate the redundancy provisions of the employment agreement.</p>
15.		<p>Disciplinary Procedures</p> <ul style="list-style-type: none"> Set out the process to be followed

	Mandatory	Recommended
16.	<p>Resolving Employment Relationship Problems</p> <p>An explanation of steps to be taken to deal with workplace problems if they happen.</p> <p>These procedures must be set out in a schedule attached to the Agreement.</p>	
17.		<p>Good Faith</p> <p>Both parties must deal with each other in good faith and be active and constructive in establishing and maintaining a productive employment relationship. It is an obligation that binds both the employer and employee.</p>
18.		<p>Sundry Items – Employment Agreement</p> <ul style="list-style-type: none"> ▪ Use of firm's telephone ▪ Payment for private calls ▪ Use of surveillance cameras

Trial and Probation Guide

Introduction

Think about whether you wish to include provisions for a trial or probation period in the employment agreement for this position.

The Employment Relations Act 2000 contains provisions for both 'trial' and 'probationary' periods for new employees. It is important that the employer and employee are clear about what provision applies to them.

The Department of Labour website (www.ers.dol.govt.nz) contains essential and useful information you need to be aware of to ensure that you comply with legal requirements.

Fact Sheets

For information on	Go to the fact sheet
Trial periods	www.ers.govt.nz/relationships/trialperiod.html
Probation periods	http://www.dol.govt.nz/er/starting/relationships/agreements/probation.asp

The following outlines some key information about trial and probation periods. For detail, go to www.ers.dol.govt.nz

Trial period – key points

From 1 April 2011, all employers will be able to offer trial periods of up to 90 days to new employees. This can only be applied to new employees.

The trial period prevents employees from bringing a personal grievance for unjustified dismissal within their first 90 days of employment, when the trial period has been agreed upon in their employment agreement. This law has come into effect to ease the process challenges for businesses.

You and the employee must both bargain in a fair way about a proposed trial period. This includes considering and responding to any issues raised by the new employee.

Any trial period that you agree to with a new employee must be agreed to in writing and negotiated in good faith as part of their employment agreement. The written employment agreement should be signed by both you and your employee at the beginning of your employment relationship.

Note that the 90 day period refers to calendar days and begins on the day the parties enter into the agreement.

A signed employment agreement may reduce the risks of legal challenge. An example clause is on the next page.

Notice of termination must be given within the trial period, even if the actual dismissal doesn't become effective until after the trial period ends.

An employer and employee may agree to a trial period only once.

We recommend that you have regular reviews during a trial period as you would with a probation period.

Trial period – sample clause

The following is a sample of a clause you can include for a trial period if it is applicable to you and agreed to with the employee:

The parties agree that this employment is subject to a trial period of [Number of Days] pursuant to Section 67A of the Employment Relations Act 2000. The trial period shall begin on the date the Employee enters into this agreement and end on [Enter Date]. The Employee acknowledges that during this trial period, the Employer may dismiss the Employee by giving one week's notice prior to the end of the trial period, and in the event of dismissal, that the Employee is not entitled to bring a personal grievance or other legal proceedings in respect of that dismissal.

Probation period – key points

If an employer and an employee wish to have a probation period, they must agree to this in writing at the start of the employment relationship. You should ensure the probation period is covered in the Employment Agreement. A sample clause is provided below.

A probationary employee is a permanent employee who is yet to be confirmed in their position and the probation period provides time for this to occur.

According to the Department of Labour, a probation period provides time for the employee to show that they are suitable for the position. Although the employee is on probation, this does not affect their statutory entitlements to annual holidays, sick leave etc. During the probation period, the employer should act fairly and reasonably in all matters.

The following apply during a probation period:

- The employee knows they will be under close and critical assessment
- The employer needs to clearly state expectations and the employee needs to show they are suitable for the position by meeting those expectations
- The employer and the employee have agreed to review the employment at the end of the probation period

The aim of the probationary period should be to ensure that your expectations are clear to the employee and that the employee can meet these. During this period the employee is entitled to whatever training, supervision, support and resources are deemed necessary by you.

Probation period – sample clause

The following is a sample of a clause you can include for a probation period if it is applicable to you and agreed to with the employee:

Employment is subject to a probation period of [number] months during which time the Employee's performance will be reviewed in weeks [enter weeks for reviews]. The Employee will be entitled to whatever training, supervision, support and resources during this period as may be deemed necessary by the Employer, and will be advised at the performance review meetings of their work performance in relation to the standards required of them. The Employer will clarify the standards required.

The Employer may extend the probation period to enable the Employer to conduct additional performance reviews. Notice of the extension of the trial period and the length of the extended trial period will be given to the Employee in writing before the completion of the initial trial period.

One week's notice of termination of employment may be given after two performance reviews or at the final performance review if the Employer considers that the Employee has failed to meet the required standards.

Where the Employer terminates the agreement under this clause, the Employer may elect to pay one week's wages in lieu of notice.

On successful completion of the probationary period, the Employer will give written confirmation to the Employee of the Employee's position with the Employer.

4-weekly reviews

If you and your employee agree to a trial or probation period, we recommend you include three 4-weekly checkpoints during the 12 week period. This ensures the employee is fully aware of your feedback on their performance and there are no surprises at the end of the trial or probationary period.

You should arrange for the new team member, their immediate supervisor and the Team Leader to meet at the 4, 8 and 12 week points to review the team member's progress and address any issues. Ensure that the appropriate review form is used for each meeting.

The Letter of Offer

What is it?

The offer letter (which may be called a letter of offer, letter of employment or letter of appointment) confirms that the position has been offered to the applicant, conditional on their acceptance of the full terms and conditions set out in an employment agreement, which would be enclosed. It also invites the applicant to contact the prospective employer to discuss the terms and conditions further, if they have queries.

Some employers keep their initial letter separate from their offer of employment:

- Their initial letter is more of a cover letter and offers the successful applicant the position, conditional on their acceptance of the terms and conditions of employment and inviting queries
- After the applicant has agreed to the terms and conditions and therefore accepted the position, an employer may then send a separate letter of offer, with the finalised employment agreement for signature and confirming that the offer of employment has been accepted and containing details about the start day, induction programme and so on

A letter of offer is different from the letter confirming appointment. If the terms of employment include a trial or probation period, the position is not confirmed until successful completion of the trial or probation period. At that time the employer would send the employee a letter of confirmation of employment.

Letters of offer should be reviewed periodically by your firm's solicitor (as part of the annual legal check up) to ensure that you are complying with the law in any position offer letters that you are preparing.

Drafting the letter of offer

There is a fine balance in a letter of offer between a warm welcome to the business which the letter should convey and a document fully compliant with the legal requirements.

When the prospective employer sends a prospective employee a letter of offer, the employer is legally committing himself/herself to the conditions outlined in that letter. Sometimes when disputes have arisen between employer and employee, letters of offer have been tendered as evidence when the employee feels that the conditions of employment have proven to be different from those offered.

- Check the letter of offer (and the agreement) carefully, especially any that have been prepared on a standardised basis
- Write the letter in a positive, attractive manner, easy to read and understand
- Ensure that all of the terms and conditions stated do apply to this particular position. Confirm the general conditions relative to the position and any special conditions that apply
- If the employer wishes to include any clauses relative to non-competition, spell these out clearly and include them in the employment agreement also

Do not include any terms and conditions in the letter of offer or employment agreement that you have not already discussed with the applicant:

- Don't give the applicant any unpleasant surprises
- If there is anything in your employment conditions that is likely to give them second thoughts about joining your organisation, it is better to discuss it with him or her in person prior to their reading it in a letter of offer
- You don't want to lose the possibility of engaging an outstanding employee, because of a misunderstanding in the technical wording of a letter of offer or employment agreement

Sending out the letter of offer

When you send out a letter of offer to a successful applicant, always enclose an original and a duplicate of the agreement and request the applicant to sign the duplicate and return it to you.

Remember that an offer of employment is not accepted until the applicant has indicated they agree to the terms and conditions of employment by signing the employment agreement.

Letter of Acceptance and letters to unsuccessful candidates

Letter of Acceptance

Upon acceptance of the employment terms, send out:

- A formal letter of acceptance (whether this is your actual offer of employment or a letter following up)
- The finalised employment agreement for signature and return

This gives an opportunity for the employer to formally welcome the employee to the business. Keep it positive and warm – you are looking forward to working with this outstanding candidate for the position.

Information pack

Include an information pack with the letter and finalised employment agreement:

- An itinerary for induction training. If it's too early to programme in time with key personnel, make the itinerary general in nature
- A KiwiSaver Employee Information Pack (KS3). This can be downloaded from the [Inland Revenue website](#)

You will add to this information pack on the new team member's first day.

Advise other candidates

It is very important to let the unsuccessful candidates know as soon as possible.

This reflects on the professionalism of your business and ensures candidates are treated fairly. If you do not advise the unsuccessful candidates, it will reflect badly on your business. You may be surprised how quickly and effectively word of mouth gets around town bagging your company for not informing applicants.

Use the templates for advising unsuccessful applicants by letter or email.

If any of the applicants impressed you and you wish to keep their details on file for possible future vacancies, it is important that you ask their permission for this, to be compliant with privacy legislation. If they give their permission, note the date and method of contact on file when you file their CV.
