

Payroll

The Advantages and Disadvantages of Employing People

When a business reaches a certain size the question of whether to employ staff arises. These are some of the factors to consider in making any decision: -

ADVANTAGES

1. With increasing workloads employees can takeover sections of work that are more repetitive, leaving the specialist areas of management of clients and customers to the employer.
2. There is the ability to take on more work and earn from their time.
3. Specialist employees can be hired to take over a specific area of the business i.e. sales and marketing, allowing the owner to concentrate on other areas,
4. Ideas and information can be shared.
5. When work loads are heavy there are others to share and relieve the pressure.
6. The business is not relying on the skills and time of one person, and there is an internal continuity of cover to protect the business against illness, holidays etc.

DISADVANTAGES

1. Employees have to be found work.
2. Employees will need some supervision.
3. Employee's wages have to come before employer's remuneration.
4. Employer's Insurance is an extra cost.
5. There is additional stress on employers and managers to maintain a good working relationship.
6. The employee has rights of sick leave, holiday pay, Maternity and Paternity pay, which are part of the basic rights of employment, but can be a heavy cost to small businesses.
7. The extra costs of the employees may not be covered by the increased turnover they generate - a careful cost benefit analysis should be done before committing.
8. Employees have employment rights and cannot be employed and dismissed without risking employment legislation.
9. The business will have to operate a payroll and PAYE system.