

## Sole Trader

### The Advantages and Disadvantages of Employing People

When a Sole Trader's 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 the more basic and repetitive areas of a job, leaving the specialist areas or the 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. a builder may employ a carpenter.
4. Ideas and information can be shared.
5. When workloads 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, unlike a sub contractor who is not hired for that period. (Care: if hiring a sub contractor almost permanently, that is potentially classified as employment).
2. Employees will require some supervision or guidance.
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 care and attention.
9. The business will have to operate a payroll and PAYE system.