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Employees

LEARNING OBJECTIVES

- Create a job description
- Identify the tax-filing requirements, payroll requirements, and policies related to employee hiring
- Distinguish between an employee and an independent contractor
- Discuss the need for workers' compensation and other benefits
- Create ethical policies related to hiring, managing, and dismissing employees
- Differentiate between various management styles
- Model professional business norms for virtual interactions
- Learn skills for how to conduct meetings in a professional manner
- Demonstrate collaboration skills, including resolving conflicts, within a team setting

Hiring Employees

- Roles and Responsibilities: Identify the specific tasks needed before advertising for help.
- Creating an Effective Job Description:
 - Summary and responsibilities: List every daily task and reporting requirements (e.g., timesheets).
 - Qualifications: Note necessary certifications (e.g., ServSafe).
 - Physical requirements: Note any physical needs (e.g., lifting 30+ lbs).
 - Schedule: State the hours and shift times.
 - Compensation: Note the hourly wage or salary.

Hiring Employees (cont.)

- SBA hiring task list:
 - EIN: Obtain an Employer Identification Number from the IRS.
 - Tax Filing: Know the federal and state income tax requirements and quarterly filing dates (April 15, June 15, Sept 15, Jan 15).
 - Records: Archive employees' personal data, salary, and hours worked for three years.
- Employee vs. Independent Contractor:
 - Classification: This is critically important, as misclassification can lead to IRS penalties.
 - An employee (W-2) works under direct supervision, and the employer pays half of the Social Security/Medicare taxes.
 - An independent contractor (1099) is their own boss, sets their own schedule, and pays all their own payroll taxes.

Employee Benefits

- Social Security and Medicare (FICA):
 - These fund retirement and medical assistance for those aged 65+.
 - The cost is shared by the employer and employee; each pays 7.65% (6.2% for Social Security; 1.45% for Medicare).
- Unemployment Insurance (FUTA):
 - This tax covers workers who lose their jobs through no fault of their own and is paid for by the employer.
 - Payouts do not occur if an employee is fired "for cause."

Employee Benefits (cont.)

- Workers' Compensation:
 - This is mandatory insurance for businesses with 1+ employees.
 - It covers medical payments and lost wages for on-the-job injuries.
- Protected Leave (FMLA)
 - This is 12 weeks of unpaid, job-protected leave for birth/adoption or illness.
 - It's mandatory only for employers with 50+ employees.
- Employer-Provided Benefits:
 - Medical/dental/vision insurance
 - Paid vacation
 - Service awards

Employee Policies

- Required Policies:
 - These are mandated by the FLSA.
 - There are federal standards for minimum wage, overtime, child labor, and anti-discrimination.
- Optional Policies:
 - Document the expectations for work hours, holidays, and dress codes in an employee-policy handbook.
 - Include rules regarding personal space (lockers) and the personal use of office equipment.
 - Confidentiality: As company policy, a business may utilize non-disclosure agreements (NDAs) to legally prohibit employees from sharing sensitive business information.

Management Styles

Authoritative

- This is a top-down approach; the manager makes decisions independently.

Consultative

- The manager seeks employee input but makes the final decision.

Democratic (Participative)

- The manager involves employees directly in decision-making to build trust.

Laissez-Faire

- Employees have a high level of independence and manage their own work.

Persuasive

- The manager makes the final call but explains the reasoning to gain support.

Transformational

- The manager emphasizes inspiration, innovation, and creative goal-setting and holds employees accountable.

Transactional

- The manager focuses on structure; clear, measurable results; and rewards/consequences.

Collaborative

- The manager values shared problem-solving and professional support.

Professional Skills for Entrepreneurs

- Demonstrating Leadership:
 - Practicing through student organizations like the FBLA
 - Leading team projects
 - Facilitating discussions
- Conducting Meetings:
 - Punctuality - Always arrive early and start on time.
 - Agenda - Use one as a guide to keep discussions focused and organized.
 - Recordkeeping - Take minutes to document decisions and action items and distribute them within 1–2 days.

Professional Skills for Entrepreneurs (cont.)

Fostering Collaboration:

- Communicating openly
- Embracing differences
- Celebrating wins together

Managing Conflict:

- Conduct difficult discussions face-to-face.
- Focus on facts rather than emotions.
- Create an actionable plan that both parties agree on.

CHAPTER SUMMARY

- Hiring requires a clear strategy, starting with a detailed job description that outlines tasks, credentials, and compensation.
- The proper classification of workers as employees or independent contractors is a legal necessity with significant tax implications.
- Mandatory benefits like Social Security, unemployment, and workers' compensation protect both the employee and the business owner.
- Effective leadership involves choosing a management style that fits the workplace culture and mastering professional skills like meeting facilitation and conflict resolution.
- Company policies, communicated through handbooks and NDAs, protect the brand's image and intellectual property.