Avoid These 4 Workplace Disasters Before You Make Headlines

Contrary to popular belief, not all press is good press.

January 10, 2020 6 min read

Opinions expressed by *Entrepreneur* contributors are their own.

Any press is good press, right? Wrong. Some press could cause your business to tank before you can even get a word in. And I'm not just talking about big companies.These days, bad press can be anything from a social media post or negative customer/employee review to an article in a local newspaper, and it can affect the smallest of small businesses.

There are a number of triggers that can spur bad press. Some of the top offenders are workplace-related incidents, including labor-law violations, ethical violations or fraud. Unless you want a rotten reputation and high penalties, avoid these workplace fiascoes like the plague.

Related: 6 Top Mistakes New Entrepreneurs Make

FLSA Violations

Do you adhere to minimum-wage law? How about overtime laws? If you want to comply with the Fair Labor Standards Act (FLSA) and avoid penalties, you need to. Failing to pay your employees at least the minimum wage or skimping on overtime pay not only will cost you some talented folks, but it could also make for unwanted headlines like, "John Doe Pays Workers

Below Minimum Wage!" or, "John Doe Forced to Pay Back Thousands in Overtime Wages!"

Yikes. When it comes to causing this workplace fiasco, that's a pass from me. I don't want to be known as the cheapskate who breaks laws. To avoid this workplace disaster, you need to educate yourself. Some employers accidentally make this mistake by failing to read up on minimum wage or overtime laws.

Let's start with minimum wage. You may know that the federal minimum wage has been consistent at $7.25 per hour for years, but that might not be the minimum wage you need to follow. There's more than a handful of states (about half, to be exact) who set a higher minimum wage than $7.25, and state minimum wage law trumps federal if it's a higher rate, friends.

Keep in mind that the buck doesn't stop there. If you're in an area with a local minimum wage that's higher than the state or federal minimum wage, you have to pay the highest rate. Pay attention to state and local minimum-wage rates. They tend to increase from year to year.

Onto the other side of the coin – overtime wages. You must give overtime pay to any nonexempt employee who works more than 40 hours in a workweek. Overtime pay is 1.5 times the worker's regular hourly rate. And here's where some employers get into trouble: employee misclassification. Some employers, either purposely or accidentally, classify employees as exempt when they should be nonexempt. An exempt employee earns above the FLSA salary threshold; is paid on a salary basis; and has executive, administrative, or professional job duties that are considered exempt. If your employee doesn't meet *all three requirements*, you have to pay them overtime. And due to a DOL new overtime law, the salary threshold just increased for 2020 from $23,660 per year to $35,568.

Be it on purpose or accident, trust me when I say you don’t want an FLSA-related workplace fiasco gracing your business with its presence.

Discrimination

Employees who work 40 hours per week spend a quarter of their lives at work. And I bet you have some employees who work 60-70 hour weeks from time to time, too. With so much time spent in the office, we owe it to our employees to cultivate a healthy environment that makes them feel safe and secure.

For starters, there’s no room for discrimination of any kind in the workplace. Discriminating against your coworkers (or not doing anything when someone else does) for their race, color, religion, sex, national origin, age, disability or genetic information is banned by the Equal Employment Opportunity Commission.

Discrimination can take many forms in the workplace, including unfair hiring practices, pay gaps, harassment, and unfair treatment. So, treat your workers fairly and equally. Build a company culture of respect, not misguided contempt.

Tax Evasion

Tax evasion. Millions in unpaid taxes. Fraud. These are words you never want associated with your business. I don’t care how smart you think you are, tax evasion will catch up with you. There are countless cases that prove you can’t get away with this workplace fiasco.

Because this is a list of employee-related issues, I’m going to focus on payroll-tax evasion. To briefly recap, you have to withhold taxes from your employees’s wages and contribute some taxes. Then, you’re responsible for remitting taxes to the IRS and other tax agencies.

Some employers try to evade their payroll-tax responsibility by paying employees cash under the table. Others withhold taxes from employee wages and pocket the liability instead of remitting them to tax agencies. There have been too many small businesses that have been shut down from failing to pay payroll taxes. Avoid the whole fiasco by educating yourself on your payroll responsibilities, using reliable payroll software and remitting collected taxes (if you opt to handle it yourself).

Related: What to Do When You're Getting Bad Press

Workplace Harassment

Rude comments, bullying, inappropriate behaviors, threats and physical violence can all fall under the workplace-harassment category. HR-related workplace fiascoes are huge. They not only jeopardize the health, safety and security of your workers, but they also can obliterate your employer brand if you ignore the warning signs.

Years ago, I had an employee who threatened to beat up another employee. I knew she was very serious and also capable of causing problems, especially because she participated in cage-match fighting on the weekends. I knew I had to fire her. To do so, I decided to err on the side of caution instead of chancing a physical altercation. (After all, I'm not stupid enough to have an impromptu cage match in the middle of my office.) So, I called the local police department and asked them to escort her out of the building.

You may not be able to guarantee that altercations like this won't happen in your workplace, but you can be darn sure to do everything in your power to avoid them. Always do your due diligence when hiring someone. Do a background check. Get to know the person. And the moment you catch wind of a vocal or written threat, take action.

https://www.entrepreneur.com/article/344675