

Why are employee handbooks important? Does your company really need one? We think so.

Here are five reasons why a well-drafted employee handbook is an essential management tool for any business:

1. It provides important cues to employees about the company culture and context on what the organization values.
2. It gives employees important information about how the company will handle their employee life cycle events.
3. It provides the roadmap for company expectations relating to employee performance and behavior.
4. It assists company leaders in providing uniform and consistent application of company policies.
5. It plays a critical role in providing employees with internal avenues to resolve issues that help to avoid claims of improper employer conduct or employee lawsuits.

While employee handbooks are not required by law, every organization needs to communicate important company and people operations-related information to its employees. Handbooks can be a useful tool to consolidate that information all in one place and make it easily accessible to all employees.

Factors that affect an organization's need for a written employee handbook include:

- › The number of employees.
- › The number of employing units.
- › The state(s) in which the organization operates.
- › The industry.
- › Whether or not the organization is a government contractor.
- › Whether or not the organization is unionized.

As a general rule, if an organization's employment policies, procedures, programs, and methods are important and contribute to the organization's success, they should be in writing. Once in writing, they should be consistently enforced. To be consistently enforced, they must be communicated. To be communicated, they should be disseminated in a format easily accessible and readily available. An employee handbook does just that—gets information out in a hard copy format or electronic version (or both).

Employee handbooks must be carefully drafted to eliminate language that could create an implied contract or that could potentially violate federal or state employment laws. Be sure that your policies are reviewed by employment counsel prior to implementation to reduce your legal liabilities and ensure that your policies mean what they say and say what they mean.

Goals for Your Handbook

Employee handbooks should be designed to do more than just communicate information and answer routine questions. The handbook should help to achieve organizational goals and objectives. While a list of rules of conduct and a summary of benefits are important information that helps employees understand what is expected of them and what they should expect from the employer, the goal is to get employees to act in ways that benefit the organization. In this respect, an organization should evaluate the handbook on its ability to help the organization meet its objectives.

One early and continuing purpose for an employee handbook is to help attract and retain employees. An employee handbook should help employees answer — hopefully in the affirmative — two important questions. “Why should I work here?” and “Does this company promote my quality of work life and professional accomplishment?” If employees are not receiving a positive message about the organization, the handbook is not doing its job.

The employee handbook should also contribute to organizational orderliness. The handbook should help reduce workplace stress by conveying useful information about:

- › Hours of work.
- › Paydays.
- › Time off.
- › Benefits.
- › Health and safety.
- › Policies and procedures.

In addition, the employee handbook:

- › Should help create an atmosphere of trust and respect and give employees a sense of belonging, make them stakeholders in the organization’s success, and inspire them to become advocates for the organization.
- › Must help employers comply with their legal obligations and ethical requirements. An employee handbook will promote consistency and assist employers in preventing claims of disparate treatment. It must also help protect management’s right to make changes and adapt the organization’s policies and programs to changing business realities.
- › Should be a tool to help achieve an organization’s business objectives. In this context, employers should regularly assess the employee handbook, not only from the standpoint of how well it has communicated policies, procedures, programs, and methods, but also from the standpoint of how well it has helped achieve the organization’s goals and objectives. Employee handbooks that fail to help the organization succeed in these areas should be redesigned.

Is Your Handbook Consistent with Your Practices?

An employee handbook is one of many management tools used by an organization to communicate important messages. An organization should ensure that the message relayed by the handbook to employees, applicants, supervisors, and third parties is the same message that is communicated:

- › By interviewers during the interviewing process.
- › In the employment application and other personnel action forms used during the hiring process.
- › In actions taken by supervisors with employees throughout their employment.

Inconsistent messages contribute to workplace confusion and disorganization and could result in employee morale problems or employment complaints that erode your company culture.

Communicating Legal Obligations

Several factors affect the composition, scope, and purpose of employee handbooks. First, employing workers in multiple states can complicate attempts to provide single, uniform employment policies, standardize benefits, and keep all employment practices consistent. There can be significant differences in state equal employment opportunity (EEO) laws, wages, benefits, leave requirements, notice requirements, and a host of other issues. As the number of states in which an employer operates increases, the need to have state specific handbook sections or even separate handbooks also increases.

Aside from the need to tailor handbook sections to meet the requirements imposed by various states, other factors that could require an organization to create tailored employee handbook sections include:

- › Industry-specific policies and procedures.
- › Union and nonunion operations.
- › Being a governmental contractor or subcontractor.
- › Diversity in the composition of the workforce.
- › Having a variety of employment categories, such as full-time regular employees and part-time temporary employees, or independent contractors.
- › Having workers that telecommute or work in nontraditional workplaces.

One of the purposes of an employee handbook is to communicate important information about the workplace. This becomes more difficult if some employees have limited English language skills or visual or cognitive impairments. To enhance the ability to communicate with workers in these categories, you may find it advantageous to have all or parts of an employee handbook translated into native languages, to create large type versions of the handbook, audio recordings, and/or to hold special meetings with these workers to review the handbook contents.

Tell the Story of Your Company

An employee handbook presents an excellent opportunity for you to educate employees about the organization, its history, and its origin. It also allows an organization to:

- › Identify company culture, vision, mission, goals, and/or values.
- › Establish a positive employee relations philosophy.
- › Let employees know they are an essential and valued part of an organization.
- › Instill in employees a positive and favorable attitude towards the organization.

Consider What to Include and What to Leave Out

A handbook does not need to be hefty, nor should it be so thin it misses critical compliance events and culture cues. Employee handbooks come in all shapes and sizes, depending on the size of an organization and the depth to which you want to address the aspects of the employment relationship. Employee handbooks should be manageable documents in clear and concise language that can be easily used by employees.

Don't make the mistake of treating an employee handbook as an operations manual containing written pronouncements on every aspect of business operations and detailed procedures for following every policy and employment practice. Operations manuals should be distinctly separate documents.

Maintain At-Will Language

Employee handbooks should avoid using terms or expressions that could be construed to imply a greater degree of job security and job protection than the organization's employment-at-will policy provides. If these terms or phrases are used in an employee handbook, an organization could be inviting a claim that its handbook guarantees a greater degree of job security or protection than intended. The term "probationary" may imply a certain degree of job security once the probationary period has been completed, and promises of "long, rewarding careers" should not be made.

Be Wary of Contracts

Numerous courts have held that handbooks contain legal enforceable contractual obligations. To be protected from breach of contract lawsuits by current and former employees, you should state in the handbook that you retain the right to revise the employment relationship and that any employment handbook is not an employment contract, but merely a policy guide, which the company has the right to change or revise at any time — with or without notice.

In addition to a statement that any published or unpublished policy, practice, procedure, or benefit is subject to change or revision at any time at an employer's sole discretion, you are advised to specify how these changes will be implemented and communicated. Setting forth such information will protect an employer from employee claims that they had certain rights to these policies or benefits or that the changes were improperly adopted or publicized.

Add Compliance Policies

Your employee handbook can help your organization by showing your commitment to a positive employee relations environment and compliance with applicable laws and regulations. Statements describing EEO and harassment policies put employees on notice as to the organization's commitment in these areas and alert employees to the importance of these policies.

If you are targeted for an investigation by a government agency, the investigators will examine these written policies as a routine part of their investigations, and their absence creates a negative presumption about an organization's compliance commitment that may color the investigation. Your compliance policies should spell out your organization's policies and procedures for discrimination, drug-free workplace, employee compensation and time off, training, safety, discipline, retaliation, and more.

In addition, when a terminated employee turns to an attorney for assistance, one of the first steps a lawyer will take includes scrutinizing the employee handbook to determine if the employee was terminated for a dischargeable offense and whether the organization followed the required procedural steps before finalizing the termination.

To limit exposure to unnecessary lawsuits, be certain your handbook does not unintentionally limit the ability to take proper disciplinary action and that you retain the ability to make procedural changes as necessary.

Make Sure Every Employee Has a Copy

It is important that each and every employee, not just new hires, receives a copy of the most recent edition of your employee handbook and that you get a signed acknowledgment. One of the most frequently heard defenses to employer disciplinary action is "I didn't know about that policy, rule, or regulation." If you can conclusively demonstrate that the employee received a copy of the employee handbook and agreed to abide by the handbook's provisions, this can weaken the employee's claim.

Keep It Up to Date

An employee handbook should be kept current. As a general rule, employers should review the employee handbook annually; however, specific policies may need to be changed or revised more frequently. When you revise, add, or delete a policy, procedure, or benefit program covered in the employee handbook, a copy of the change should be provided to all employees, and the date of any revision(s) should be indicated on each page or policy. A signed acknowledgment of receipt from each employee should be obtained and a copy of this acknowledgment should be placed in each employee's personnel file.

Involve Everyone

An employee handbook should not be solely the product of the HR department — it should be the company's product. Creating or revising the handbook should cause your management team to consider:

- › Your company's strategic and tactical plans and how these plans will affect policies and benefits.
- › The current and potential impact of economic, technological, competitive, and legal/social changes and how these changes will affect your business and human capital strategies.
- › The current and potential impact of workplace and workforce trends and how these trends will affect employment branding and the way your company recruits and retains employees.
- › The implications of your company's current employment practices and how these practices expose the organization to employment practices liabilities.

Building a handbook requires input and feedback from several sources, including senior management, legal counsel, financial counsel, supervisors, managers, and employees. Treat this like a product marketing project and get input from various stakeholders during the creation and implementation of the handbook. Treat the communications like you would a product launch by educating and promoting key policies throughout the handbook that are important for employees to know. Make this fun for everyone instead of a tedious compliance task.

Signed Acknowledgment

A receipt and acknowledgment form is a must for every employee handbook. By signing this form, an employee acknowledges he or she has been given a copy of the handbook and agrees to follow the rules it contains. This form should be retained in the employee's personnel file as a permanent record that the employee has received that version of the employee handbook (or updated policy). Although this rarely occurs, if an employee refuses to sign the acknowledgment form, include a written note for the file that the employee was given a copy with an explanation of its importance and the direction that the employee's performance and behavior will be held to the standards outlined in the handbook and that he or she refused to sign the acknowledgment.

Get It Done!

Whether you have five or 5,000 employees, a well-crafted employee handbook is part of a great foundation for both employees and the company. Don't miss the opportunity to start building that solid foundation today!