

How to Build a Great Employee Handbook

Employee handbooks are an essential part of effective human resources (HR) management and positive employee relations. Handbooks can also play a critical role in demonstrating employment law compliance. Properly used, employee handbooks:

- › Communicate policies and procedures.
- › Play a key role in the orientation process for new employees.
- › Serve as a valuable employee relations vehicle for educating current and prospective employees.
- › Contribute to uniform and consistent application, interpretation, and enforcement of company policies.
- › Protect against claims of improper employer conduct and employee lawsuits.

While carefully drafted employee handbooks can be an important part of employee relations media, handbooks that are unskillfully or improperly drafted can create organizational and legal headaches. Employers must carefully review every policy and procedure in a handbook to minimize potential contract claims and be prepared to update them periodically.

Since employee handbooks are not required by law, organizations may determine the best method and most effective means to communicate important HR-related information to their 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.
- › Whether the organization has purchased employment practices liability insurance (EPLI).

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 must be consistently enforced. To be consistently enforced, they must be communicated. To be communicated, they should be promulgated in a format easily accessible and readily available. That is an employee handbook — whether in hard copy or in an electronic version.

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 helps attract and retain employees. An employee handbook should help applicants and employees answer — hopefully in the affirmative — two important questions. “Why should I work here?” and “Why should I continue working here?” 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.
- › Leaves of absence.
- › Benefits.
- › Policies and procedures.
- › Other important information.

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 HR goals and business objectives. In this context, employers should regularly assess the employee handbook, not only from the standpoint of how well it communicated policies, procedures, programs, and methods, but also from the standpoint of how well it 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 HR management tools used by an organization to communicate important messages. An organization should ensure that the message communicated 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 comments made by supervisors during an employee's initial period of employment.

Inconsistent messages contribute to workplace confusion and disorganization and may vitiate one or more employment policies.

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 a single, uniform HR management message, to standardize benefits, and to keep 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.
- › Having both 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, an employer 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, 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 an employer 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.

What to Include

A handbook does not need to be hefty, nor should it be so thin it misses critical compliance and culture benefits. Employee handbooks come in all shapes and sizes, depending on the size of an organization and the depth to which the employer wants to address the aspects of the employment relationship. Employee handbooks should be manageable documents that can be easily used by employees. Frequently, they are small enough to be easily portable and easily accessible.

Employers should not make the mistake of treating an employee handbook as an operations manual containing written pronouncements on every aspect of business operations. 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.

Be Wary of Contracts

Numerous courts have held handbooks contain legal enforceable contractual obligations. To be protected from breach of contract lawsuits by current and former employees, employers should state in the handbook that they 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 employer 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, employers are advised to specify how these changes will be effectuated. Setting forth such information will protect an employer from employee claims they had certain rights to these policies or benefits or that the changes were improperly adopted or publicized.

Add Compliance Policies

A handbook is important to highlight certain employment policies and procedures, to establish a favorable employee relations climate, and to protect the organization legally, should the organization be targeted for an investigation by a government agency. Statements describing EEO and sexual harassment policies put employees on notice as to the organization's commitments in these areas and alert employees to the importance of these policies. Government investigators examine these written policies as a routine part of their investigations, and their absence creates a negative presumption about an organization's commitment that may color the investigation. Compliance policies should spell out an organization's policies and procedures for discrimination, drug-free workplace, employee leave, discipline, retaliation, and more.

Outline Disciplinary Actions

Most employee handbooks contain a statement of employment rules and regulations, listing the disciplinary action that will result from failing to follow those rules. Employers must be careful not to limit disciplinary prerogatives to the list of infractions enumerated. This may be accomplished by including language in the handbook that indicates that the enumerated offenses are not all-inclusive and that the organization retains the right — at its sole discretion — to add, change, or enforce those items listed, depending on the seriousness of that infraction. It should be made clear which infractions are serious enough to warrant immediate discipline up to and including discharge, and which warrant less severe penalties — applying progressive disciplinary procedures — while still providing an employer with the flexibility to modify procedures as needed.

When a terminated employee turns to an attorney for assistance, one of the first steps legal counsel will take is to scrutinize the employee handbook to determine if the employee was terminated for a dischargeable offense and whether the employer followed the required procedural steps before finalizing the termination. To limit exposure to unnecessary lawsuits, employers should be certain their handbooks do not unintentionally limit the ability to take proper disciplinary action and that the employer retains the ability to take make procedural changes as it is deemed necessary.

In addition, it is important that each employee — both new and current — receive a copy of the employee handbook. One of the most frequently heard defenses to employer disciplinary action is "I didn't know about that policy, rule, or regulation." If an employer can conclusively demonstrate that the employee received a copy of the employee handbook and agreed to abide by the handbook's provisions, the employer will have weakened the employee's defense.

Keep It Up to Date

An employee handbook should indicate on each page or policy the date of issuance. This will help establish when a policy, procedure, or program was established and track changes and revisions as they occur. As a general rule, employers should review the employee handbook annually; however, specific policies may need to be changed or revised more frequently.

The review should include an assessment of the employee handbook's:

- › Contents.
- › Format and design.
- › Methods used to distribute it to employees.
- › Its effectiveness in communicating policies and programs.

If an employer revises, adds, or deletes 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 acknowledgement should be placed in an employee's personnel file.

Involve Everyone

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

- › The organization's strategic and tactical plans and how these plans will affect HR activities.
- › The current and potential impact of economic, technological, competitive, and legal/social changes and how these changes will affect current and future HR planning needs.
- › The current and potential impact of workplace and workforce trends and how these trends will affect employment branding and the way the organization recruits and retains employees.
- › The implications of the organization's current employment practices and how these practices expose the organization to employment practices liabilities.

Ideally, the employee handbook creation activities should consider strategic and transactional issues. This requires input and feedback from several sources, including senior management, legal counsel, supervisors, managers, and employees. It may be useful during the development stage to show a draft of the handbook to a sample group of employees, with the organization taking a marketing approach to launching an employee handbook.



Signed Acknowledgement

A receipt and acknowledgement 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. This form should be retained in the employee's personnel file as a permanent record that the employee has received the employee handbook. If an employee refuses to sign the acknowledgment form, the employer should so note the employee's refusal on the form. It is advised that another member of management witness any such notation.

Conclusion

Whether you have five or 5,000 employees, a great employee handbook is part of a great HR foundation. Build your custom handbook in under 10 minutes with our Handbook Builder, and as always, call our expert Hotline Advisors with your HR questions.

Read more about the importance of handbooks in [Drafting Effective Employee Handbooks](#), or audit your current handbook with our [Employee Handbook Self-Audit](#).

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