

## The Importance of an Employee Handbook

### **Do I Need an Employee Handbook?**

Every company with more than a handful of employees should create an employee handbook. It is an indispensable tool for communicating with employees and making expectations clear and consistent. An effective employee handbook presents company guidelines and policies, and outlines the employer's legal obligations as well as employees' rights. Creating and maintaining a quality, compliant employee handbook can be a challenging process. The purpose of this paper is to present the value of creating an employee handbook, some examples of what should be included, and guidelines for maintaining this important tool.

### **Why Create an Employee Handbook?**

An employee handbook serves as a reference to company policies and benefits in order to enhance understanding and to ensure uniformity and consistency. An employee handbook can provide transparency, improve employee performance, and provide legal protection in the event of an employment-related claim. A well-written handbook includes all employee-related policies, and covers topics such as expected work hours, email policies, harassment policies, and leave procedures, to name a few.

### **Benefits of an Employee Handbook**

- Transparency – Transparency helps ensure uniformity and consistency in the way employees are treated. If situations are dealt with on a case by case basis, it allows for biases, whether perceived or real, particularly if decisions are not standardized. If employees believe a coworker is receiving special treatment, it undermines respect for management and erodes employee morale. With an employee handbook, workers know what is expected of all employees.
- Improved job satisfaction and performance – A handbook spells out employee obligations to the company, and the company's obligations to employees. Clear policies help to clarify expectations. This provides employees with peace of mind and demonstrates a commitment to good people management. It has been shown that companies with happy employees generate greater returns. Having well-defined, transparent policies forms a solid foundation for positive morale and effectiveness.
- Legal protection – In the event of an employment lawsuit or agency charge, an updated and compliant handbook helps provide a solid defense. Employers are required to provide information regarding key legal requirements to employees, including wage and hour laws, employment taxes, mandated leaves, workers compensation, and workplace safety and health. If a lawsuit is filed, a key defense will be the prior presentation of a compliant employee handbook, signed by the employee.
- Efficiency – A clear, well arranged handbook empowers employees to research their own answers to workplace policy questions and their rights to certain benefits. This employee self-service streamlines your management and Human Resources function.

A report by Glassdoor reveals that stock value for their "Best Places to Work" companies far outpaced the S&P 500 between 2008 and 2014.

### **How to Create an Employee Handbook**

Here are a few major topics your employee handbook should include<sup>1</sup>:

- Vacations/Leaves – Carefully document your company's leave policies, including jury duty, family medical leave, military leave, pregnancy leave, bereavement, voting, sick leave, holidays and vacation leave. Be certain to use language compliant with all municipal, state and federal laws.
- Terms of Employment – Include language around the conditions of employment. Examples of this would be the company's policies regarding confidentiality, At-Will employment, termination, etc...

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<sup>1</sup> This list should not be considered exhaustive or complete. This list should only serve as a rough guideline for what types of policies should be included as every company has unique needs.

- Benefits – Describe eligibility requirements for coverage and benefit plans offered. SharedHR recommends working with your benefits broker to provide only exact language from your benefits carrier—do not summarize. It is important to include benefits required by law such as workers compensation, disability insurance, and COBRA coverage.
- Compensation, Pay Policy and Procedures – Define all relevant pay periods, necessary deductions for state and federal taxes, and voluntary deductions for company benefit programs. Include information regarding overtime pay, performance reviews (only if you faithfully conduct them), salary increases, bonuses, and time keeping. Make sure to review your legal requirements as an employer regarding employment taxes, wage and hour laws, and workers’ compensation. For example, make certain you centralize all final pay decisions to confirm you are following all municipal, state and federal requirements.
- Anti-discrimination policies – As an employer, you must comply with multiple anti-discrimination policies including harassment laws, equal employment opportunity laws, and the Americans with Disabilities Act. Make sure your policies are in compliance with the most current federal and state requirements.
- Working hours – Define expected working hours, company-observed holidays, attendance expectations, reporting absences, absences policies, and information regarding telecommuting and travel policies, if applicable.
- Workplace safety and security – Define your company’s safety policies, making sure to confirm compliance with state and federal Occupational Safety and Health Administration requirements. Confirm that you have considered any special training or policy requirements applicable to your industry or the work performed.
- Drug and alcohol policy – Clearly define company policy for drug and alcohol use and abuse in the workplace and employer policies regarding drug testing. If this section is properly crafted, your company will have more courses of action available if a situation ever does arise.
- Standards of conduct – As an employer, you should appropriately express how you want employees to conduct themselves in the workplace, including expectations for dress code, electronic communication, cell phone policy, meeting etiquette, and ethics. Employees represent the organization in public and should conduct themselves accordingly.
- Non-disclosure language – While not legally required, a separate non-disclosure agreement can help protect your company’s trade secrets and proprietary information. Companies with these agreements in place should reinforce them by including language about confidentiality and non-disclosure in their handbook as well as requiring a separate signature by each employee.

## **When to Update Your Employee Handbook**

Your employee handbook should be annually reviewed and updated with the latest in local, state and federal employment laws.

A few employment laws to review regularly:

- Paid sick time and leave laws
  - Disability insurance requirements
  - Workers’ compensation
  - COBRA (Consolidated Omnibus Budget Reconciliation Act)
  - Americans with Disabilities Act
  - Wage and hour laws
  - Requirements when terminating employees
  - Family medical leave
  - Military leave
  - Pregnancy disability and family bonding leaves
  - Time off for children’s school meetings, court cases and voting
  - Occupational Safety and Health Administration laws
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## **How SharedHR Can Help**

### Handbook Development and SharedHR Toolkit

SharedHR has developed its own proprietary employee handbook generator, enabling us to create a compliant employee handbook quickly and easily. We can either draft a new handbook for you or we can set you up with our HR Toolkit so you can use our technology to create it yourself.

Federal and state handbook language is updated annually by SharedHR, so maintaining compliance within your employee handbook is easy. Each year, legal updates are automatically included in your handbook, ready for you to release the latest version to your team.

SharedHR's HR Toolkit also includes a robust document library loaded with the latest standard HR forms and sample employee communications and over 400 commonly used forms, links and templates such as sample offer letters, performance review templates, job descriptions, and interview guidelines. With Toolkit, the employee handbook generator and document library give you a complete compliance solution from hire date to separation.

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Disclaimer: Please note that this document should not be considered as legal advice. Prior to publishing an employee handbook, we advise that employers consult a legal expert or human resources professional. SHR clients are provided guaranteed compliant handbooks annually updated as well as other key documents as part of the SHR platform.