The Importance of an Employee Handbook

No matter what industry your business is in, or how many employees you have, an employee handbook can be an important tool. Not only can it serve as a guide for employees on what to expect from the company, it can be a vital tool in helping to protect your business against potential lawsuits. Consider the following frequently asked questions regarding employee handbooks:

Q: I am a small business with four employees and I have never had any personnel or human resource issues; do I still need an employee handbook?

A: An employee handbook is not required by law. However, an employee handbook with clearly written and up-to-date policies can prove a useful tool in many situations. For example, if one of your employees begins to show up late for work you can refer the employee to the employee handbook attendance and punctuality policy to ensure the employee understands the policy and what is expected of him - before you might have to take any disciplinary action.

Q: I want to be able to address situations in the workplace on a case-by-case basis. Why would I need an employee handbook to do this?

A: Consistent and fair treatment of your employees is a best practice that can help you avoid liability in potential lawsuits. An employee handbook supports your efforts to treat your employees fairly and consistently. Unfair or inconsistent treatment of employees can lead to claims of discrimination.

Q: I have a handbook, but I haven’t given it to my employees. Can I still use it to enforce my policies and procedures?

A: Consistent implementation of your company’s policies is always important, but it is difficult for employees to understand or even know what is expected of them if you have not communicated your policies. Discipline in the absence of communicating policies and ensuring employees understand them can also be problematic.

For example, if you terminate an employee because he violated a company policy and the employee files a claim for unemployment benefits, one of the first questions from the state will be whether there is a written policy, and whether you can provide documentation that the employee read and understood the policy, i.e., in the form of a signed acknowledgement of receipt of the employee handbook. Without the signed receipt, it can be difficult to substantiate that the employee was aware of the policy.
Paychex has a handbook database of more than 300 policies in compliance with state and federal employment statutes, including policies addressing the following:

- Anti-Discrimination
- Working Hours
- Standards of Conduct
- Safety
- Computers and Technology
- Employee Benefits
- Leaves of Absence

With the New Year quickly approaching, it is a great time to consult with us to create an employee handbook for your company. Please contact your HR generalist or an HR advisor to get started now.

This publication is designed to provide accurate and authoritative information with regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional person should be sought.*

* From the declaration of Principles jointly adapted by a Committee of the American Bar Association and a Committee of Publishers and Associations.

© 2014 Paychex, Inc. All Rights Reserved.