



How to Create an Employee Handbook

Your Team Will Want to Read

Delivering the Information Nonprofit Employees Need to Know



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Introduction

The Employee Handbook provides the basic employment information that every employee needs to know. When done right, the Employee Handbook is also part of your brand story, and has the power to reinforce the employee's decision to work with your company.

Employee handbooks are integral to your employee relations philosophy, essential to your employee communications, crucial to your development of an effective culture and work environment, and a key component to your strategic plan and accomplishment of your mission. There are also a number of professional and legal issues that must be considered as you develop and use the handbook.

The basic question that all nonprofits face is how to get there. Many questions and concerns come to mind: How do we develop an effective handbook that meets our goals? Where do we start? Who will develop it? What needs to be included in it? The list of questions can be exhausting. This paper will guide you through basic considerations.

6 Tips for Creating a Great Employee Handbook

1 **The purpose of the Employee Handbook**

is to clearly communicate information important to employees. It is an employee communications tool. However, handbooks can also create legal issues for employers and care must be taken as the handbook is being developed.

2 **The Employee Handbook is the first**

opportunity the organization has to communicate and educate employees about details of the organization's mission, strategic plans, attitudes about treatment, benefits, rules of behavior and other important topics that will impact their work.

3 **Write your handbook in a style that is**

positive and reflects the culture and business of the organization. Statements and the tone of language, policies and procedures should be consistent and not contradict each other or be interpreted as inconsistent with the organization's mission and/or culture. A clear and comprehensive handbook can provide consistency when administering the organization's policies and procedures and in providing equitable and fair treatment of its employees.

4 **The goal is to establish a positive image**

as an employer. The handbook should not be written in a "legal" style. It is a communications document designed for a variety of stakeholders – employees, the public and the Board of Directors. It is also important to recognize that the handbook is the organization's first line of defense if it becomes involved in an employment case or in a legal matter arising out of its employment relationship with employees. Accordingly, legal issues must be considered when developing the handbook.

5 **There is no "appropriate size" for a**

handbook. Experience indicates that the larger, more complex organizations need a larger and more comprehensive handbook.

6 **Preparing and/or updating an Employee**

Handbook takes time and effort and must be a major goal for the HR Department of an organization. A handbook prepared or revised as an "afterthought" in response to conflict is frequently not given holistic, comprehensive consideration.



What Needs To Be Included in Your Employee Handbook

The process of preparing and maintaining an Employee Handbook is generally tasked to the human resource department. The best handbooks are a dual responsibility, with the marketing department involved early and engaged in creating the brand tone.

This phase of the project requires a skill set including but not limited to an awareness of organizational policies and procedures, a basic knowledge of federal and state employment regulations and requirements and an ability to write clearly – and creatively. The writer(s) must have good organizational, leadership and team building skills since developing and writing an employee handbook requires a team effort.

Employee Handbooks should include a comprehensive review of the organization's policies and procedures.

The organization must determine its position on a number of critical employment related issues before the handbook can be started, including but not limited to the following:

1. Handbook disclaimer
2. Organizational philosophy, mission and goals
3. Legal issues
4. Standards of conduct
5. Benefits
6. Time and leave policies
7. Compensation
8. Technology policies
9. Leaving the company
10. Miscellaneous (Career development, safety and health, driving while on employer business, other topics)

These major topics contain a number of specific sub-issues, many of which must be considered and documented separately. The list is not a “rigid, inflexible” requirement or list that can't be altered or modified. Indeed, the handbook topics depend on the nonprofit's size, its mission and goals, and policies and benefits that are provided or administered by the nonprofit.

It is important to note that many policies addressed in a handbook vary from state to state and must also comply with local requirements. The writer must take care to ensure that provisions contained in the handbook are compatible and compliant with state and local laws.

Don't Overlook the Important Topics of Today

Many nonprofit handbooks fail to address a number of important topics that are relevant in a fast-paced and changing world. These topics include: transparency, pay equity, discrimination including sexual harassment, political activity, family and medical leave, technology policies (hardware, downloading software, access to internet, email, blogging) and whistleblower protection. These topics should be included in your handbook and your position on each clearly communicated in the on-boarding process.

Transparency

Transparency calls for the widespread availability of relevant and reliable information about performance, financial position and grievances. Your position on organizational transparency must be clearly and carefully summarized as there could be conflict with protecting confidential information that should not be public. Transparency is not only important to employees, but to your donors as well. Philanthropic research indicates that donors give more to transparent nonprofits. Best practices include sharing information about transparency policies in the handbook, on the website, and within the annual report. Nonprofits should also maintain their GuideStar profile and qualify for the Seal of Transparency.

Pay Equity

Pay equity means paying equitable compensation for the same or similar work based on factors such as experience, skills, education, length of service, performance, and geographic location (if the employer has multiple locations), and not basing pay on arbitrary demographic

factors such as race and gender. Equitable pay is largely based on legal requirements (Title VII of the Civil Rights Act, Equal Pay Act, and the Lilly Ledbetter Fair Pay Act of 2009). Many states have also passed laws to expand the definition of pay equity to include “substantially similar work”. Several states/cities have established laws that prohibit asking candidates for their salary history to avoid perpetuating pay gaps that may be based on such factors as gender and race. Be sure to check your state and local requirements.

When pay inequities become public, they adversely impact structural issues, destabilize the leadership team and create lack of public trust. It is suggested that nonprofits, at least the medium to large ones, link pay to market value, establish clear criteria for setting and adjusting salaries, work with their board to create a pay equity team, and conduct job and salary studies. Nonprofits must address this issue with a policy in their handbook.



Discrimination and/or Sexual Harassment

Discrimination for any unlawful reason and/or sexual harassment can be a violation of federal, state or local law. Nonprofits are not exempt from claims. Recent public activity, such as the #MeToo movement, has focused considerable attention on this issue. Best practice is to develop the following policies: zero tolerance for discrimination/sexual harassment, development and proactive communication of a strong and effective policy, and continuous and effective training of all employees.

Political Activity

Federal law prohibits 501(c)(3) organizations from participating directly or indirectly in political activity (defined as “taking a stand supporting one candidate or position over another”). The IRS (Internal Revenue Service) is the regulatory agency. The IRS has a “Facts and Circumstance” test and, upon notice of suspicion of such activity, will investigate potential agency misconduct within the context of other political activities. Conduct they will investigate will include but is not limited to speeches/presentations by nonprofit leadership or members, accepting or using funds from political organizations, donating money or making statements, either internally or externally, and supporting a candidate/issue. Penalties for violations can range from being required to correct suspicious activity & implement procedures prohibiting future violations to revoking nonprofit status for egregious cases.

Family and Medical Leave

Nonprofits that are covered by federal or state FMLA laws can breach employee rights to FMLA leave in a number of ways by failing to: implement the FMLA in the way that it is intended, determine eligibility or keep accurate records. Many nonprofits offer other types of leaves of absence but do not understand that offering other leaves does not mean the nonprofit can ignore FMLA.

Technology Policies

Control of equipment, networks, software and access is an important consideration in any organization. Employees can harass other employees, download dangerous and inappropriate software, surf inappropriate sites, damage the employer’s image and reputation, and engage in other conduct that can expose the nonprofit to considerable risk or liability. Nonprofits need effective policies to address these issues and control use of cell phones when working, technology when driving, making untrue comments using their personal web sites and engaging in other questionable conduct using organizational resources. The lack of a policy can be very damaging to the control of technology.

Whistleblower Protection

Most nonprofits have already included Whistleblower policies in their handbook. However, these policies should be reviewed and updated to ensure they are current.



Finding Your Way on Employment Issues

Handbook Disclaimer

The first consideration is to avoid writing the handbook in a style that implies that it is a contract, guarantees a definite period of employment, infringes on the employer's right to modify any and all policies and/or implies that anyone in the organization can modify the terms and conditions of employment described in the handbook. The handbook should also include an "employment at will" statement that clarifies that the employer can terminate an employee or the employee can leave at any time with or without notice. There are differences in state requirements for public policy, implied contract and good faith exemptions. The writer must be familiar with state requirements for these exemptions to ensure the handbook properly addresses them.

This requires the writer to carefully prepare the handbook and avoid terminology that can breach any of these requirements. Some of the topics or language to be avoided includes:

- Referring to employees as "permanent." Use "regular" employees instead.
- Refer to the first 2 – 4 months as "introductory" or "training" period to avoid using the term "probationary."
- Avoid using the term "cause," "for cause" or "just cause" when addressing discipline as it may imply a much higher standard for disciplining or terminating employees for inappropriate conduct or violating their standards of behavior.
- When referring to pay, use hourly, weekly or monthly pay and avoid referring to pay as annual salary or compensation.
- Avoid using statements in the handbook that imply a long-term or indefinite commitment, such as "you will always have a job here if...." or "we expect you to work until retirement..."
- Do not use unclear statements regarding pay raises or bonuses that could imply that either is "guaranteed" or provided on a specific schedule.

Organizational Philosophy, Mission and Goals

This is the section where the nonprofit can share its strategic goals, history and beliefs. This section can include the "welcome" letter from the CEO or the Executive Director. The letter should be positive, welcoming and inviting. It can also refer to the mission, vision and goals but those are generally handled separately. This section can be fairly specific or it can be a general summary. Some employers also include information about how major stakeholders are directly impacted when there is mission accomplishment in the summary.

Legal Issues

3

In general, this section will include references and summaries of policies and procedures directly related to employment law. However, it may also contain policies and procedures that are more loosely tied to legal issues but are important to the organization.

This section may include:

- Employer/employee rights
- Equal Employment Opportunity Statement/Americans with Disabilities Statement
- Anti-discrimination, harassment, sexual harassment, pregnancy discrimination
- Hiring procedures (I-9/E-Verify, criminal background checks, credit checks for certain financially related jobs), reference checks
- Policy regarding political activism
- Access to personnel records
- Nepotism policy
- Privacy, ethics and confidentiality statements
- Whistleblower protection/reporting of legal violations
- Role of Board of Directors
- Inspections of lockers, private property
- Orientation and training
- Quality policy
- Medical privacy

Standards of Conduct

4

General standards important to the job, reputation or expectations of the employer are included in this section. Topics include:

- Discipline policy
- Attendance policy (including late)
- Performance
- Following company procedures
- Standards of conduct
- Dress code
- Drug and alcohol screening
- Employee assistance program
- Grievance policies

Benefits

5

Benefits provided by the nonprofit or available at employee expense:

- COBRA
- Insurance, health, life, dental, STD
- Retirement plan

Time and Leave Policies

6

Time off benefits available from the employer may include the following. Many of these policies are subject to state law.

- Vacation/paid time off (PTO)
- Holidays
- Leaves of absence (including FMLA for covered employers)
- Jury duty
- Funeral leave
- School leave
- Other leaves

Compensation

7

This section addresses pay and payroll procedures:

- Compensation philosophy/ external and internal pay equity
- Pay day
- Overtime
- Definition of pay week
- Differentials in pay
- Performance appraisals
- Definition & classification of jobs
- Schedules (including flex schedules)
- Work schedules
- Career development

Technology Policies

8

This section addresses a variety of technology related policies:

- Ownership of hardware
- No right to privacy/right of employer to monitor
- Prohibition of downloading software
- Cell phone/personal phone calls
- Blogging
- Confidentiality of electronic information
- Email and internet

Leaving the Company

9

All policies related to separation from their positions are included in this section:

- Voluntary termination
- Involuntary termination
- Furlough or downsizing
- Employer owned equipment return
- Payment of last check, accrued but unused vacation/PTO
- Rehire policy

Miscellaneous Policies

10

This section includes all policies not listed in other sections.

- Safety and health
- Driving while on employer business
- Weather closing policy

Obviously, this is not a complete list of policies and procedures. Some nonprofits will have more; others will have fewer.

Conclusion

An Employee Handbook can be an effective tool for communicating with new hires or the existing work force. In most cases, the handbook is the first opportunity for a nonprofit to provide written information to employees regarding the culture and work environment in which an employee will be spending much of their time. It is also the quickest, easiest and most organized way for employers to provide information to new hires.

The handbook will be the resource for employees to do their research and obtain answers. Since many (if not the majority) of personal issues experienced by employees are unique, it may give them the chance to clarify their questions and issues before approaching their supervisor, manager or Human Resources department.

The nonprofit should give the Employee Handbook the time it deserves. A good handbook demonstrates the respect and care that the nonprofit employer has for its employees, and communicates its policies and procedures in a way that contributes to effective performance with less stress. Employees are important stakeholders within a nonprofit organization, and deserve to be treated as such. A good Employee Handbook can do just that.

How to Create a Relevant Employee Handbook Your Team Will Want to Read

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