

## 19.1: Policies and Procedures

### Learning Objectives

- Discuss the importance of employee policies and procedures



The employee handbook. It can be an employee's best friend: telling them how to dress, when they can take a break, or how many hours of paid time off they earn each month. The handbook contains all the policies and procedures an employee should be aware of in order to be successful in the workplace.

### Why Create Formal Policies and Procedures

When a business owner is first starting out, they may not think about employee policies and procedures, and decisions are made about things like inappropriate behavior and long lunches on a case-by-case basis, as needed. But as a business grows, it becomes important that employee policies and procedures are documented. Yes, it takes time and resources, but these are good investments for a business that wants to run efficiently and profitably.

Let's take a look at some of the benefits to having clearly documented employee policies and procedures:

- **Employees are clear on behavioral and productivity expectations.** Documented policies and procedures help an employee understand how they are to interact with colleagues, customers and other stakeholders. It provides guidance when they face unusual circumstances. It also reduces the confusion around repercussions for not making choices that meet expectations, which allows HR to handle issues efficiently.
- **They provide consistent direction, so that all employees approach a task similarly.** Likeable Media's Director of Talent and Culture, Brian Murray, spoke about the need for consistency. "When four managers are hiring in different ways, you need a single approach," Murray said. "Standardization improves efficiency in a lot of areas, such as hiring and benefits administration."<sup>[1]</sup>
- **They can protect the business' brand.** Businesses are now developing sections in their handbooks that address items such as social media, and outline for employees the ramifications of making brand-damaging statements and exhibiting behaviors that reflect poorly on the business' brand. Businesses can't necessarily dictate what their employees do outside of work, but they can dictate specifics about how their brand should be mentioned online.
- **They allow for faster training and higher productivity.** When an employee is brought onboard, presenting him with a handbook that outlines policies and procedures can lessen confusion and allow for faster training. By outlining basic procedures and expectations as a reference, training can be built around those established guidelines
- **They protect a business legally.** Providing an employee with your small business' policies and procedures helps that employee understand what's expected of them, but it can also protect the business legally. In an interview with Genesis HR Solutions, Numana Medical Founder and CEO Airtio Zamarano stated, "I've seen employee handbooks settle disputes with the Unemployment Department, and I've also had adjudicators ask, 'Does it specifically say in your handbook that employees are not allowed to do that?'" Rules generally come about because of something that went wrong at some point, and employee handbooks allow employers to document all possibilities on an ongoing basis."<sup>[2]</sup>
- **They insure all employees are treated equitably.** If one employee is treated differently than another, there's bound to be some grumbling among the staff. An outline of policies and procedures allows the small business owner to provide the same benefits—and the same corrective action—to every employee.

## ? PRACTICE QUESTION

<https://assessments.lumenlearning.co...essments/18255>

### Policies and Procedures to Include



Really, the reasons a small business needs to have documented policies and procedures are the same reason any business needs them. But Score, a volunteer organization that has provided business advice to entrepreneurs for 55 years, recommends that a small business cover at least these five essential items in their documented policies and procedures:<sup>[3]</sup>

- **At-will employment.** A small business owner should ensure non-contract employees understand that employment can be terminated at any time by the employer or employee
- **Payroll.** A good payroll policy will protect the small business owner from legal issues, as litigation regarding incorrect pay is on the rise. The policy should include definitions of exempt vs non-exempt, payroll period, overtime pay, and more.
- **Paid time off.** Small business owners who outline the procedures and policies around vacation and sick time, how it's accrued, and so on, will prevent issues down the line.
- **Code of conduct.** A small business owner will want his or her employees to represent the business' brand, as well as act kindly toward one another, and of course, be productive. Policies outlining these expectations are a good idea.
- **EEO/Harassment.** A small business owner with one employee is subject to Equal Employment Opportunity and harassment laws, so spelling out expectations to employees on this front is imperative.

Finally, it's a good idea to have each employee acknowledge, in writing, that they have received a copy of the employee handbook (or a document of the business' policies and procedures). A signed copy of that acknowledgement should be kept on file for reference.

1. Feffer, Mark. "How Small Business Owners Successfully Delegate HR" Society for Human Resources Management. April 26, 2018. Accessed October 30, 2019. ↵
2. Higler, Patti. "What's the importance of an employee handbook? 13 experts weigh in." GenesisHR Solutions Blog. June 8, 2018. Accessed October 29, 2019. ↵
3. "No Handbook? No Problem! 5 Must-Have Employee Policies for Any Small Business" Score.org. April 19, 2019 Accessed October 30, 2019. ↵

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