

Global HR Hot Topic

May 2011

Global Employee Handbooks, part 2



Challenge:

Employee handbooks can be vital communication tools for US employers, but are not necessarily as useful internationally.

This concludes a discussion that began with our previous Global HR Hot Topic, April 2011.

3. Aligning local-jurisdiction handbooks

Given that a single global employee handbook without local amendments or riders is not viable, there is just one option for a cross-border handbook approach: aligned local handbooks, one per country (or else one global handbook plus a local rider/addendum per country). First, draft a template for the local handbooks (or the handbook riders/addenda) that has a place to address each specific term/condition of employment to be covered locally—holidays, vacation, office hours, overtime, pay period, benefits, security procedures, smoking policy and the like. Then involve overseas human resources to craft a local version of that template for each jurisdiction. Yet even this approach raises challenges:

- **Tension outside employment-at-will.** In “indefinite” employment countries outside US employment-at-will, issuing local handbooks raises the problems already discussed: Handbooks are less vital communication tools, they can conflict with local law and employment agreements, and they restrict employer flexibility.
- **Sloppy alignment.** Step 1 to globally aligning employee handbooks is drafting a single international template (or single handbook plus template rider/addendum), and step 2 is asking overseas human resources to craft local-country versions of the template (or local riders/addenda). But the real work begins at step 3: *editing for alignment*. Even if drafts of local handbooks (or riders/addenda) from English-speaking countries where the organization has large employee populations and top-notch HR professionals come back in good shape, drafts from smaller, more thinly staffed, non-English-speaking offices will need work. Some drafts will have too much detail, others too little. Many will be full of errors. US-style handbooks being uncommon abroad, local HR staff may misconstrue the assignment, misunderstand the global template, or passively resist the project entirely. Local drafts are especially likely to need work if the headquarters template was too loose or if it covered topics that need special finesse outside the US—for example,

Each monthly issue of *Global HR Hot Topic* focuses on a specific challenge to globalizing HR, and offers state-of-the-art ideas for ensuring best practices in international HR management and compliance. White & Case’s International Labor and Employment Law practice helps multinationals globalize business operations, monitor employment law compliance across borders and resolve international labor and employment issues.

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Pointer:

Employment laws and practices in many jurisdictions outside the US raise hurdles to US-style employee handbooks. Develop any international handbook strategy carefully.

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nepotism, co-worker dating, “discrimination protected groups,” harassment, diversity, smoking/alcohol/drugs, social networking, business gifts. Someone at headquarters will need to roll up his sleeves and fix each local draft handbook, one section at a time—or risk issuing sloppy local documents.

- **Launch logistics.** After readying texts of local-version employee handbooks (or riders/addenda), the time comes to launch the local handbooks internationally. In the employment-at-will US, this step is simple: A non-union American employer simply communicates the handbook to the workforce. But outside the US, additional, often complex launch steps are necessary, such as: consultation/negotiation with local employee representatives; filings with government agencies; alignment with existing work rules/employment agreements; and mandatory translations. Signed employee acknowledgements raise extra issues. Take a country-by-country approach.
- **Updates.** Employers update their domestic US employee handbooks when laws or conditions change. Obviously, updating a *network* of locally aligned handbooks multiplies the update challenge by the number of jurisdictions in play. Because local laws and collective agreements change everywhere, any multinational that issues a global network of local handbooks/riders/addenda takes on a big responsibility as to updates going forward—where updating is even possible in the face of local vested/acquired rights restrictions.

4. Alternatives to handbooks outside the US

There are multinationals that have successfully issued comprehensive, aligned local employee handbooks across jurisdictions. But the high hurdles here dissuade others from going down this particular path. Some confine detailed handbooks only to jurisdictions where handbooks are common locally—the US, China, certain common law jurisdictions. But when a multinational lets go of the goal of a global handbook, how to fill the void? Without handbooks, how does a multinational inventory and communicate employee benefits, practices, rules, and offerings across worldwide workforces? Fortunately there are some viable substitutes here; which particular substitute is most viable depends on the specific reasons a given multinational considered a global handbook in the first place. Consider:

- **Global “welcome booklet.”** While a detailed global employee handbook may be too granular to apply across lots of countries simultaneously, any multinational can issue a global “welcome booklet” telling new hires worldwide about big-picture topics like the organization’s history, culture, values, and goals.
- **Global code of conduct.** US-style employee handbooks are tough to globalize because they focus on inherently local topics. But a different cluster of workplace topics—those relating to

corporate conduct/ethics—lend themselves more readily to a single cross-jurisdictional document. Indeed, most every major American multinational has issued a cross-border code of conduct or ethics that addresses issues like antitrust, insider trading, discrimination/harassment, Sarbanes-Oxley, bribery/improper payments/Foreign Corrupt Practices Act, company work rules, hotline and compliance. Launching a global conduct code raises its own set of challenges, but when done right yields a vital tool supporting international compliance.

- **Aligned individual employment agreements.** In the US, detailed written individual employment agreements remain rare among rank-and-file employees. But outside the US millions of workers enjoy ironclad guarantees under written work contracts and “statements of employment particulars.” Indeed, in some countries these are legally mandated. Work contracts cover many of the topics in a US employee handbook—but in form, they vary greatly from country to country. The cross-jurisdictional differences here are so frustrating that some multinationals actively align individual work contracts across borders. They craft a global employment agreement template from which they spin off a local contract form for each jurisdiction. This exercise can serve many of the same purposes as a global handbook project while remaining sensitive to local conditions.
- **Global HR practices audit.** Sometimes a multinational embarks on a global employee handbook project because headquarters human resources feels it does not know enough about the organization’s own overseas employee benefits, practices, rules and offerings. But where the main need is to educate headquarters, a global handbook is never the right tool. More appropriate would be an internal *global HR practices audit*. Distribute to local HR worldwide an “HR practices questionnaire” and then create aligned memos that inventory each local workplace’s offerings. Contain distribution of these memos to HR managers—unlike a handbook, these memos are not for all hands.
- **Global employer handbook.** One innovative American multinational has pioneered the concept of a global *employer handbook*—an internal manifesto addressed to HR staff worldwide explaining the organization’s core values and basic HR offerings in an effort to align HR internationally while leaving enough flexibility to adapt headquarters principles to the local realities of each particular workplace.

Multinationals increasingly pursue the best practice of aligning human resources across borders to the extent HR alignment furthers business objectives. A global employee handbook may—or may not—be the right tool for this process. The key is to focus on global HR alignment as the actual goal. Propagating international handbooks should not be an end in itself.