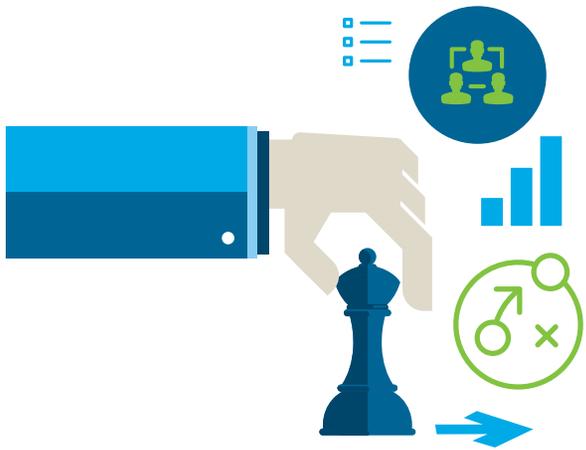# 7 Most Frequent
HR Mistakes
and How to Avoid Them

Overview How effective are your HR practices? You could be missing the mark and not even know it. This guide will help you identify and correct seven of the most common HR mistakes.

7 Most Frequent
HR Mistakes
and How to Avoid Them

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Introduction

While it might be easy to ignore an employee-related situation until it reaches a boiling point, it can also make a company vulnerable to a litany of liabilities. Luckily, some of the most common HR mistakes are also the most preventable when you take a proactive approach to planning.

In this guide, we will outline the most frequently seen offenses and how to avoid them.

1. Lack of an updated employee handbook

Your **employee handbook** should be both a general and fluid document that is revised at least every two years to keep the information current. Employees should receive either a revised printed copy or be notified when a new electronic version is available. You should also require them to sign an acknowledgment that they have received the handbook and will abide by the policies. Solid policies can reduce your company's liability, as well as provide standards of conduct for your employees.

Handbooks should not include specific employee benefits information or standard operating procedures. These documents should be maintained separately because they can become quickly outdated.

What to include in your employee handbook

Code of conduct
• Code of ethics
• Dress code
• Grooming
• Safety
• Attendance

Communications policy
• Mail/email
• Text messages
• Social media

Nondiscrimination policy

Employment and termination policy

Acknowledgement

When an employee performance issue arises, be sure to document:

- Who was present
- What the problem is (examples are helpful)
- When it occurred
- Where improvement must be made
- How to facilitate improvement
- Possible consequences if improvement is not achieved

2. Lack of documentation for performance-based terminations

Yes, it is your business, but impulsively firing an employee can create a host of problems. Establishing and adhering to a **progressive discipline policy** not only provides employees an opportunity to improve their performance, but can also demonstrate that negative employee actions (such as a demotion or termination) are due to performance-based reasons. It's vital to establish a disciplinary action procedure to help avoid liability issues.

Documentation prior to termination is important. After every discussion with an employee about the employee's performance, conduct or attendance, write down the specifics about the conversation.

Have the employee sign a document acknowledging the meeting occurred, and that the employee was made aware of the issue.

The employee is acknowledging receipt of the counseling or warning, not that they agree or disagree with the observations or course of action.

It's also important to be straightforward in all discussions with employees. A candid conversation may be uncomfortable, but skirting any issues in an attempt to be polite can create another layer of problems.

When it's time to discipline or terminate an employee, keep the discussion professional and concise. Be sure that proper procedures are followed prior to termination, and that you can prove an employee was terminated for performance, not unfairly let go.

I-9 folder
• All employees' I-9 forms

Personnel folder
• Job application
• Resume
• Background check information
• Offer letter
• W-4
• Employee reviews
• Counseling/documentation records
• Training records
• Confidentiality/non-compete
  agreement
• Handbook acknowledgement signed
  by the employee
• Drug testing consent/
  acknowledgement

HIPPA-protected folder
• Health, life and dental benefits forms
• Drug testing results
• Personal or family medical leave
  information
• Doctor's notes
• Benefits enrollment papers
• Worker's compensation

3. Insufficient and improperly stored employee records

How thick are your employee files? If the answer is not very, you likely have deficiencies.

A **valid I-9** (verification of employee identity and eligibility to work in the US) is particularly important to have on file – it can be a costly mistake if it cannot be produced upon request by Immigration and Customs Enforcement (ICE). You may decide to create one folder to house all employees' I-9 documents so that these are readily available. Since ICE has the right to inspect these document s where they are maintained, it is generally a better practice to keep I-9s separate from other personnel documents so you do not have to produce the entire personnel file in the event of an audit.

Take time to identify what regulatory agencies govern your industry and what other documents might be necessary according to law.

A personnel file should also be kept for each employee, and each file should contain paperwork related to the employee and stored in a secure place. You might also decide to create a second personnel file for each employee to include health and welfare-related benefits information that may be protected under the umbrella of the Health Insurance Portability and Accountability Act (HIPAA).

Employers should conduct routine audits of employee files to make sure all pertinent information is thorough and accurate. It's also important to verify that information is being appropriately protected since the potential for human error in such areas is high.

4. Poor hiring and promotion decisions

Not properly screening potential employees and candidates for promotion is another common mistake. Correcting **poor hiring decisions** can be costly in terms of employee engagement, retention and even replacement. Though patiently waiting for a candidate who best fits your company's needs can be tough, hastily hiring a candidate can be disastrous.

Hiring
When interviewing a potential employee, it's important to go beyond the scope of skill-based questions and ask behavioral-based questions to better understand how candidates will fit into your company culture. For example, rather than asking "How are your customer service skills?" you might pose this question: "How did you work through a difficult customer service situation in the past?" This provides an opportunity to spot potential red flags in knowledge, skills or competencies, as well as evaluate a good cultural fit.

Promotions
Other common mistakes are keeping employees in the wrong position for an extended period of time or granting promotions without training. For example, employees may be dedicated workers, but if they are placed in a supervisory position without prior management training or experience, they might not have the skills necessary to be successful.

Factors to consider before hiring

- Skills
- Job experience
- Education
- Desire to work for company
- Background check
- Cultural fit

Factors to consider before granting promotions

- Performance
- Leadership
- Strengths
- Weaknesses
- Necessary training

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When you think of running a background screening, you might simply think of a criminal background check.

In reality, an employment screening service should offer at least these vital components at a minimum:

✔	Education verification
✔	Job history verification
✔	Criminal background check
✔	National Sex Offender Registry check
✔	Social Security number trace
✔	Fraud detection

4. Poor hiring and promotion decisions (continuted)

Screening
Selecting the best person for the job using **pre-employment screening** can help ensure a favorable outcome. Such screening has become increasingly affordable for even small businesses hoping to identify candidates' inherent strengths and weaknesses. Various testing products are available for this kind of screening.

Another option is background screening, which looks at a prospective employee's educational credentials, criminal background or credit background. Background screening is important, but care should be used in deciding what checks you run and how you apply them to your hire/no-hire decision. Background checks should be job-related. This is an area where the Equal Employment Opportunity Commission (EEOC) has been increasing scrutiny of employers. Also, there are specific laws governing background checks that may require notice to and authorization from the employee. Make sure to use a reputable screening company that is familiar with these requirements.

5. A disregard for training

All industries grapple with how to best use and maximize their people. The difference between best-in-class and lax companies often lies in the strength of the workforce. Taking time to better yours is a valuable investment in the future of your business.

The reality is that training starts on the first day of the job as employees try to understand how to use their skill sets to best benefit the company.

Thus, **onboarding training** is particularly important in helping new employees understand processes and expectations right off the bat.

Additionally, many employers implement a training program in order to improve profitability, customer service, quality or efficiency. When establishing an effective training program, it's important that you know what you want to accomplish.

It's also important to understand the direct and indirect benefits of training. For example, sending an employee to a seminar might not only teach him a new skill, but also make him feel more valued and, therefore, happier in his role.

6. Lack of adequate HR policies

Vacation payout policy

About half of the 50 states require employers who offer vacation pay (or paid time off) to have a policy in place regarding payout of unused vacation time when an employee leaves a company. Some states require all accrued, unused vacation to be paid out upon termination of employment, but other states defer to the employer's policy, provided it is clearly written and has been communicated to the employee. When you do not have a policy clearly defining when an employee is or is not entitled to be paid for accrued, unused vacation, you may have to pay out for all unused vacation time. Check with **the state labor department in the state(s)** where you have employees for insight into specific rules.

Complaint process

All employers should have a formal, step-by-step complaint process in place that allows employees to express concerns when they feel wronged or unhappy about a work-related issue. In addition to helping manage liability by addressing work problems before they become legal problems, having this type of policy in place can help alert management of a problem or issue before it escalates and causes a disruption in productivity. A fast and effective solution can benefit everyone involved. The employee is again happy and productive, and management has avoided what can be a lengthy and expensive resolution process.

Disaster and workplace violence plan

Disasters and violent events are typically unanticipated. Therefore, it's essential that your company is prepared and has a **disaster recovery plan** in place. Your plan should have a clear policy, a response plan and training that covers what to do during certain situations, such as during a workplace violence incident or natural disasters.

7. Ignorance or disregard for applicable laws and regulations

All business owners should be aware of pertinent laws and regulations and comply with the tenets of them. Many business owners find themselves afoul of the law after growth propels them into a **new level of compliance**.

Businesses commonly misclassify employees, but this can be a costly mistake.

For example, when employees are misclassified as exempt employees and they work unpaid overtime, they may be entitled back pay.

What's the difference?

Independent contractor	Overtime exempt employee	Non-exempt employee
• No tax withholding • Typically works for other entities • Provides their own equipment • Sets their own hours • Not directed on a daily basis by the company • Numerous other factors	• Tax withholding • Must meet specific overtime exemption requirements • Salary wage • No overtime pay required • Pay can be reduced only under certain circumstances	• Tax withholding • Hourly wage • Overtime pay • Paid for actual time worked • Hours must be accurately tracked

To determine classifications, you must look to the employee's specific duties and how they measure up. So, while properly classifying employees is vital, it is also somewhat complex. The Fair Labor and Standards Act (FLSA) governs the issue and the United States Department of Labor Wage and Hour Division provides guidance on the FLSA.

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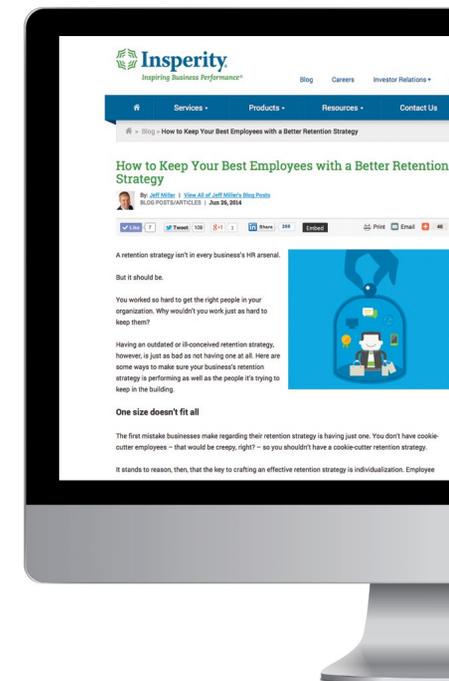
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