

Employee Handbooks – How Does Yours Compare?

Results of Exclusive XpertHR Survey of Employee Handbook Practices

Use this guide to:

- Compare your employee handbook approach to your peers’.
- Identify opportunities to improve what’s in your handbook, how you structure your handbook and how to update your handbook.

About XpertHR

XpertHR is a practical online service to help you comply with federal, state, and municipal law. It is designed and organized around the day-to-day tasks of HR professionals so that you can quickly unravel the complexities of HR law across multiple jurisdictions.

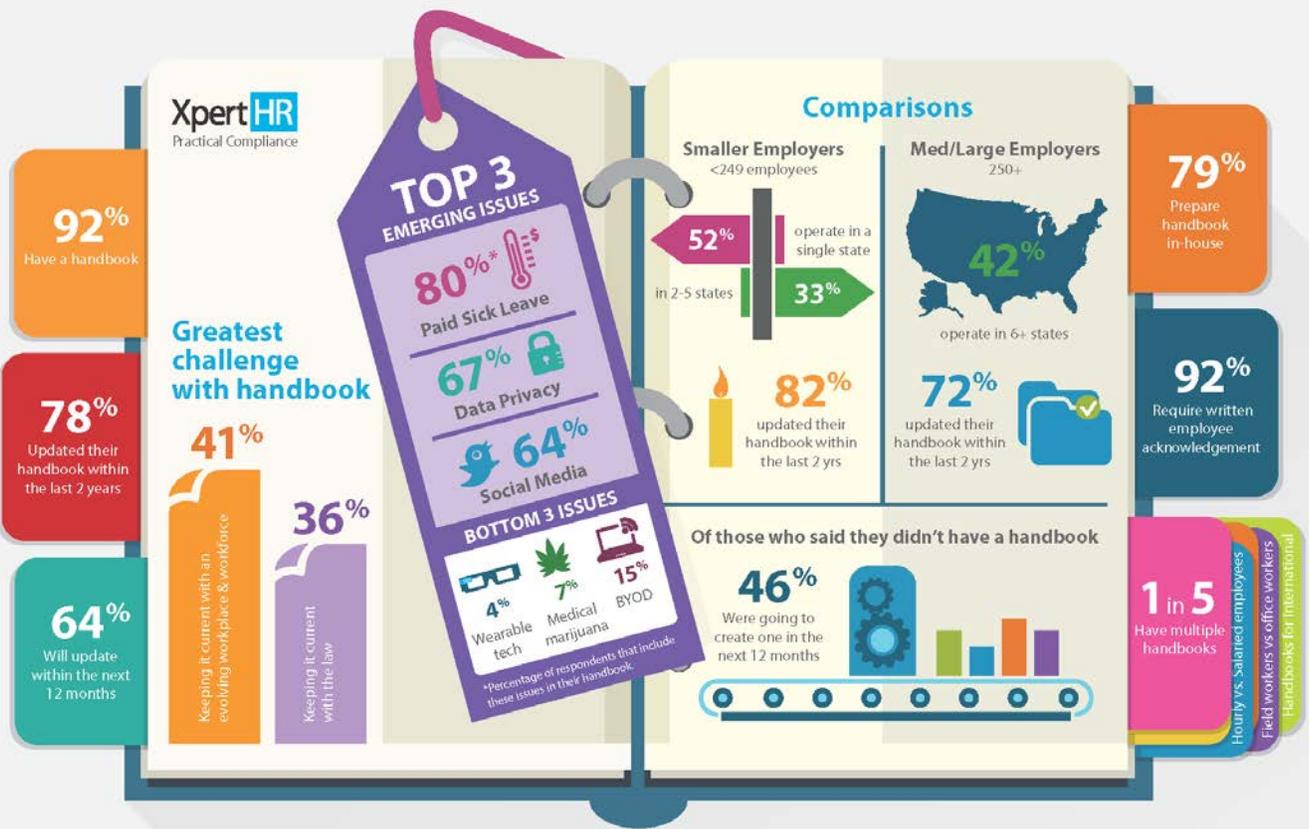
Our team of experienced in-house editors and external law firms provide extensive coverage of new laws, and offer practical advice on how to comply with legal changes so that you can stay on top of a rapidly evolving social and legal landscape.

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How organizations prepare and utilize their employee handbooks



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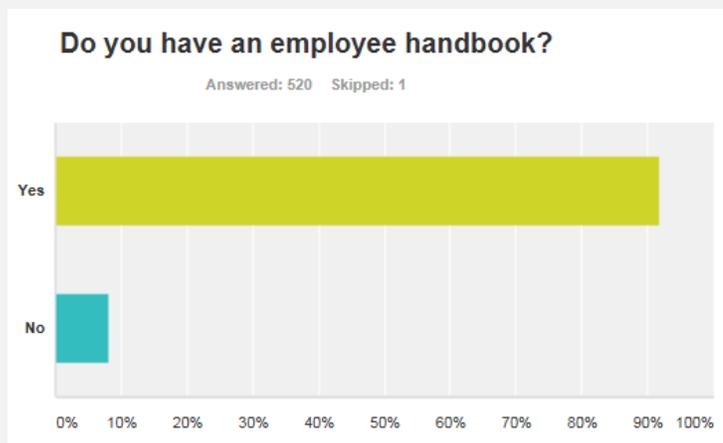
Employee Handbooks continue to be both a perennial challenge and opportunity for employers. When properly drafted, handbooks can be an excellent tool for employers to ensure consistency in employee management as well as to make sure that all employees and supervisors are familiar with their rights and obligations. Improperly drafted, handbooks can create potential liability for employers leaving them susceptible to legal claims. Emerging laws and workplace trends, as well as multistate issues, create additional complexity for employers in drafting and maintaining a handbook.

In a recent survey conducted by XpertHR, 521 respondents ranging from the Chairman of the Board to HR Managers to staff assistants and including professionals from virtually all industries, responded to our online survey on how employee handbooks are created and updated, the latest topical areas for new policy development and the greatest challenges where handbooks are concerned.

Key findings include:

- Paid sick leave tops the list of emerging issues most commonly addressed in handbooks, with an impressive 79.4% of respondents addressing this new legal trend in their handbooks.
- By far the majority of employee handbooks are prepared in-house by HR with review by a lawyer (58.5%); however, nearly 1 in 5 respondents (18.8%) report in-house preparation by HR without legal review.
- Roughly 1/5 of the respondents produce multiple handbooks for different employee groups, generally for one of the following categories: seasonal employees vs. permanent employees, corporate vs. locations by state, hourly vs. salary, union vs. non-union, field workers vs. office workers, staff vs. faculty vs. administration, exempt vs. non-exempt, and manager vs. employee.

Approach to Employee Handbook

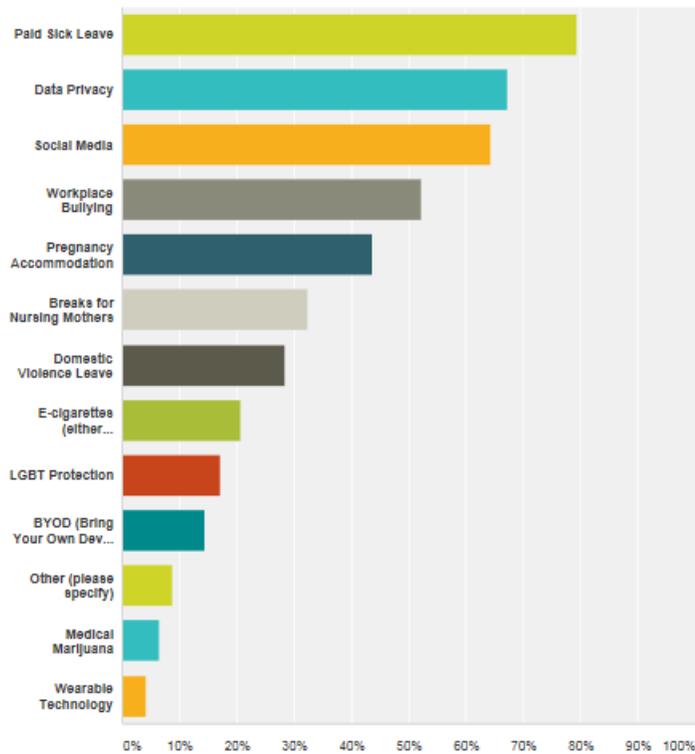


More than nine in ten respondents (91.9%) report having an employee handbook. Of the 8% who report not having a handbook, the most common reason given is that they communicate individual policies (28.2%), followed by “never got around to it” (20.5%) and write-in responses such as “municipal code and labor contracts”, “we have a policies and procedures manual”, “in progress”, and “there is a booklet given to all employees ... that includes some of the information that would be in a handbook and other information that is orientation-related to the job”. Of those who don’t have a handbook, nearly half (48.7%) plan to create one within the next twelve months, 2.6% plan to create one in more than a year and nearly half (48.7%) do not plan to create one.

Sector plays a significant role in whether an employer has a handbook. 92.6% of the private sector reports having a handbook where only 86.1% of the public sector does and nonprofits report 94.9% as having a handbook.

Does your handbook have policies on any of the following emerging issues (select all that apply):

Answered: 436 Skipped: 85



Paid sick leave tops the list of emerging issues most commonly addressed in handbooks, with an impressive 79.4% of respondents addressing this new legal trend in their handbooks. *Data privacy* is in second with 67.2% and *social media* is a close third at 64.2%.

Wearable technology, such as so-called smart watches, has not yet made its way into handbooks in any significant way, with only 4.1% of respondents indicating they have incorporated this emerging technology into their handbooks. *Medical marijuana*, now legal in nearly half of the states (yet still against federal law) is a challenging issue for workplaces – but only 6.4% of respondents have explicitly addressed it in their handbook. *BYOD*, at 14.5% of respondents, *LGBT protection* at 17.2% of respondents, and *e-cigarettes* at 20.6% of respondents fall 3rd through 5th least commonly addressed emerging issues in handbooks.

There are some notable differences in these results, depending on sector. For the most part, the public sector is more likely to include policies on emerging issues, and in fact exceeded the private and nonprofit sectors in all issues listed *except* data privacy, LGBT protection, and social media. The most pronounced areas with differences by sector are:

- **BYOD:** While only 8.3% of nonprofits include BYOD in their handbooks, more than double of their counterparts in the public sector (19%) and nearly double in the private sector (15.3%) do address it in the handbook.
- **Domestic Violence Leave:** Public sector is notably more inclusive here with 35.4% including a provision on this leave in their handbooks, while the private and nonprofit sectors are more than 8 basis points lower at 27% each.
- **E-Cigarettes:** Once again, the public sector is addressing this emerging issue more proactively, with 25.3% public employers addressing it in their handbooks compared with 20.5% private employers and 16.7% nonprofit employers reporting including in their handbooks.
- **LGBT Protection:** LGBT protections are addressed in a higher percentage of nonprofit handbooks, at 23.8%, with the public sector reporting in at 16.5% and the private sector close to the public sector at 15.8%.
- **Paid Sick Leave:** The top trend shows interesting variations by sector. While the overall results were 79.4%, the private sector was lower (74%), the public sector exceeded 9 in ten including in their handbooks (91.1%) and the nonprofits also exceeded the private sector at 85.7% including.
- **Wearable Technology:** The least common policy trend was twice as common in the public sector as in the private or nonprofits, at 3.7% in the private sector, 7.6% in the public sector and 3.6% in the nonprofit sector.

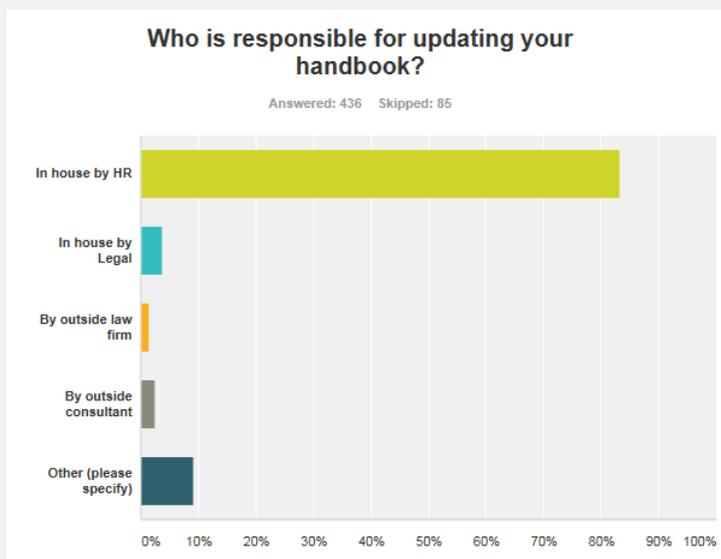
Structure of Handbook

Reflecting the 45% of respondents operating in a single state, 48.6% of respondents report structuring their handbook as a single-state handbook with policies that integrate federal and state law. Nearly 1 in 5 respondents report not including state requirements in their handbooks but rather having a national handbook containing federal and generally applicable policy statements. Only 11.5% report structuring their handbook as a multistate handbook (containing a national handbook with state-specific supplements distributed to employees by state) while 15.1% report being a multistate employer with standardized policies for all states (presumably these employers do not operate in some of the more proscriptive states, such as California!).

The 25 write-ins included such responses as:

- Multistate handbook with one set of policies for all states except California, which has a separate handbook.
- Single-state collective handbook; many separate collections of policies.
- International - includes Ontario and British Columbia.
- National handbook with project-based local handbooks.
- Agency-specific.
- National handbook covering multistate, and line-of-business specific policies.
- Combination of boilerplate national policies (EEO, AAP, FMLA, etc.) and localized policies for each facility (attendance, work rules, etc.).
- Multistate handbook with one set of policies for all employees but with caveat that state policies will be followed in those states.
- Industry, State and Federal.
- International, as our company is global referencing local requirements where needed.

Creating and Updating Handbooks

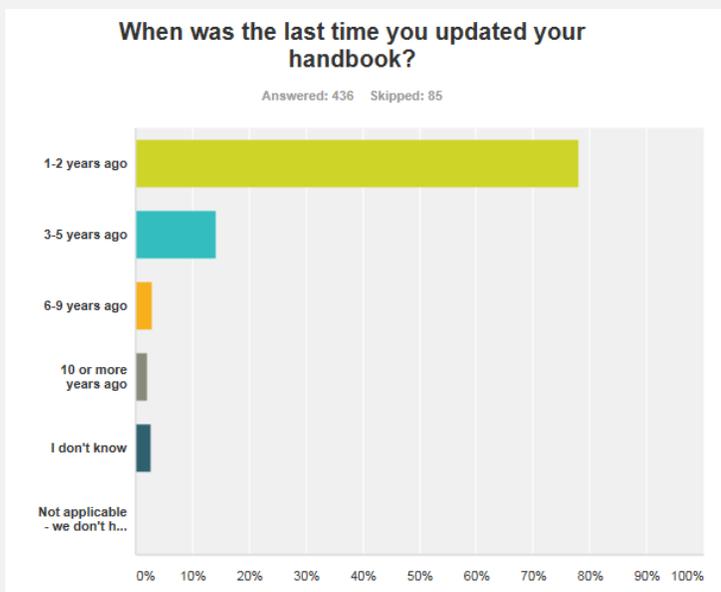


By far the majority of employee handbooks are prepared in-house by HR with review by a lawyer (58.5%), with nearly 1 in 5 respondents (18.8%) preparing handbooks in-house by HR without this review. The third most common means of preparing a handbook is via an outside consultant with legal review (6.2%), followed closely by an outside law firm (4.4%), by an outside consultant without legal review (3%) and by in-house legal (2%). Write-in answers included: preparation in-house but reviewed by consultant, software, by board of directors and executive director, based on employee handbook from neighboring company (with permission), and PEO.

How handbooks are prepared varies interestingly by sector and generally indicates far greater caution regarding using legal and consultants by the public sector:

- **In-house by HR and not reviewed by lawyer:** This option was much less common for the public sector, with 22.3% of the private sector, 17.7% of the nonprofit sector but only 7.5% of the public sector using this method.
- **In-house by HR and reviewed by legal:** This option was far more commonly used in the public sector (76.3%) compared with 53.7% in the private sector and 57.6% for nonprofit.
- **Outside consultants:** The public sector does not typically use outside consultants to prepare their handbooks where private sector indicated that 4% used consultants to prepare their handbooks (without legal review) and 7.3% used consultants to prepare their handbook AND added legal review. Nonprofits indicated 2.4% and 8.2% respectively for the same options.

On the other hand, the maintenance of the handbook falls squarely on HR’s shoulders, with over 4 in 5 respondents (83.4%) reporting that in-house HR is responsible for updating their handbook, distantly followed by in-house legal (3.7%), outside law firm (1.4%), and outside consultants (2.5%). Most of the write-in respondents indicated that HR was responsible but with review by legal or consultants or senior management.

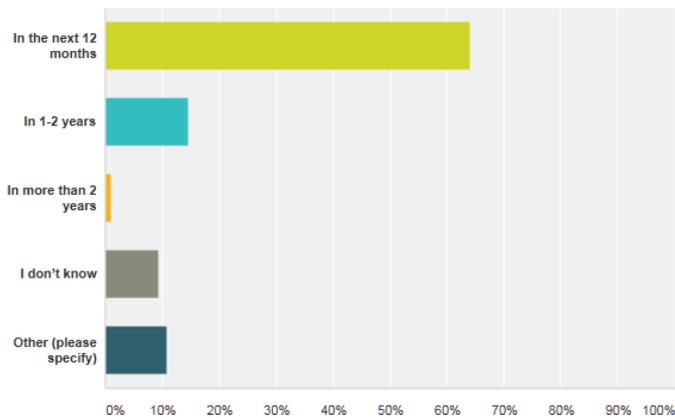


Those with handbooks do a rather good job of keeping them updated, with 78% reporting last updating their handbook within the last 2 years, and 14.2% within 3-5 years, 3% 6-9 years ago, 2.1% 10+ years ago, and 2.8% not knowing when their handbook was last updated.

However, there are some notable differences by sector with respect to handbook updating. As a general rule, the public sector updates their handbooks with lesser frequency. For example, those reporting having updated their handbooks within the last 2 years break down by 80.2% private sector, 78.6% nonprofit and 67.1% public sector, a full 13 basis points lower than the private sector. On the other end of the spectrum, 6.3% of the public sector reported having last updated their handbook 10 or more years ago versus 1.5% for the private sector and none for nonprofit.

When do you plan to update your handbook?

Answered: 436 Skipped: 85

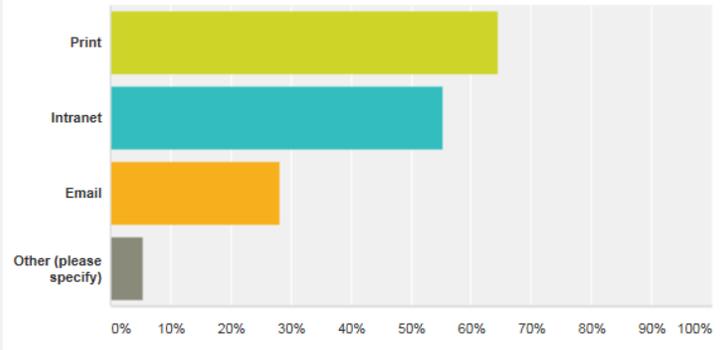


Somewhat mirroring when the handbook was last updated, over 3 in 5 respondents (64%) indicated they plan to update their handbook in the next 12 months, with 14.7% planning to update their handbook in 1-2 years, slightly more than 1% in more than 2 years and 9.4% not knowing. The “other” write-in responses mostly indicated that handbooks were being updated on an ongoing basis or were currently in the process of being updated.

Handbooks continue to be distributed primarily via print (64.5%), although intranet is a close second at 55.3% and email at 28.2%. “Other” write-in responses included: “Through employee self-service through our payroll vendor”, “With first paycheck of the year, a memo directs staff to read the online handbook”, “Electronically (via flashdrive) when the individual is hired”, “Personally. Each employee returns the old handbook to HR Manager, then is given new handbook and signs a new employee acknowledgement form that states they have received the updated handbook and is their responsibility to review, read and abide by the policies. In the TOC, it gives revision dates so they know which policies have been revised”, “Our Learning Management System with electronic signature”, “HR Software” and “employee portal”.

How do you distribute your handbook?

Answered: 436 Skipped: 85

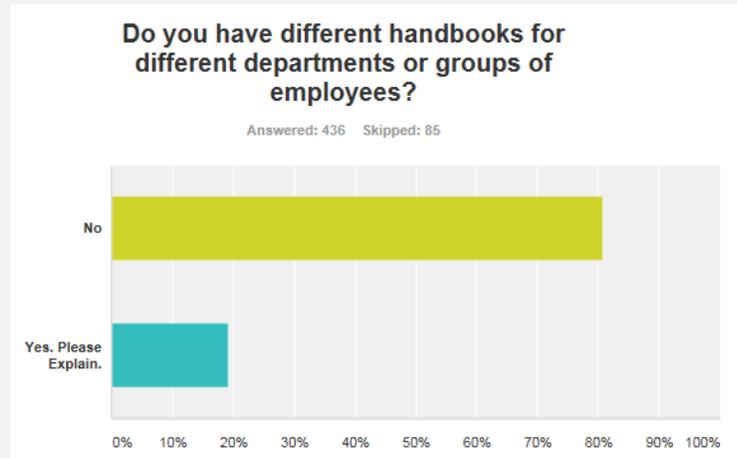


Different Versions of Handbooks

Four of five respondents indicate that they do not have different handbooks for different departments or groups of employees.

Of the remaining respondents, their write-ins generally fell into one of the following representative responses:

- Seasonal Employees vs. Permanent Employees
- Corporate vs. Stores-by-State
- Hourly vs. Salary
- Union vs. Nonunion
- Field Workers vs. Office Workers
- Staff vs. Faculty vs. Administration
- Exempt vs. Non-Exempt
- Manager vs. Employee

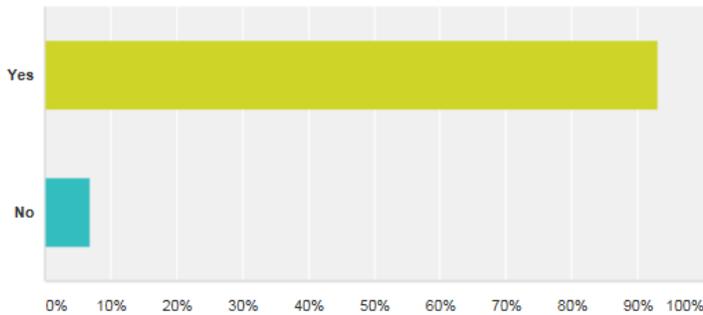


Other examples of specific write-ins reflected the need for flexibility in the approach to handbooks based on specific workplace configurations and work practices:

- Public Safety has an additional handbook.
- Four of our departments choose to operate under their own handbooks. There is similar verbiage in all of them pertaining to fed/state laws, but their internal policies (hours worked/discipline policy) may be different.
- Salaried staff who have benefits, casual staff without benefits, and unionized staff are each separate.
- Physician group has a different handbook than the employee handbook.
- The university has a standard handbook and each unit/department/college can develop one that is more unique to their particular unit.
- There are separate manuals for Retail and Warehouse employees that clarify certain issues unique to them.
- We operate in several countries. Handbooks are customized for different populations.
- Different Business Units have differing policies; Warehouse has different Policies; Separate HB for Interns and other Temp Employees.
- Over 10 policy manuals for various employee groups.
- We have fast food and regular restaurants. Rules are different for the two (2 restaurants sell liquor).
- Different companies and inside and outside CA.
- Separate IT handbook.
- Drivers vs. Non-Drivers.

Do you require written employee acknowledgement of receipt of the handbook?

Answered: 436 Skipped: 85



More than nine of ten respondents require a written acknowledgement of the receipt of a handbook by employees, reflecting widespread adoption of this best practice.

Greatest Challenges

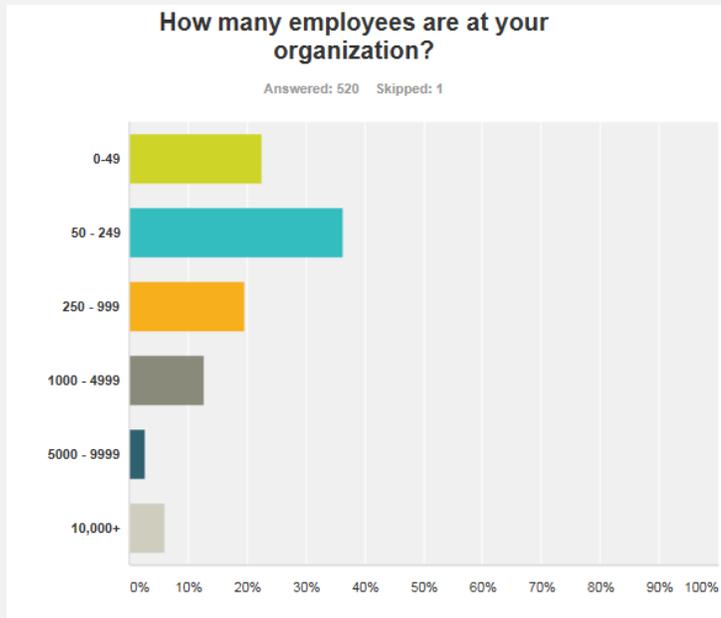
Respondents find that keeping their handbook current with an evolving workplace and workforce (41%) is the most challenging aspect of managing their employee handbook, but keeping it current with the law is a close second (35.6%). A distant third is getting employees to comply with the handbook, for just over 1 in 10 respondents (11%). Addressing state requirements was selected by a mere 3.4% for their greatest challenge. In the dozens of write-ins, some indicated they do not find their handbook challenging while some indicate all these issues are equally challenging. Getting employees to read the handbook and getting internal signoff on it from senior leadership were the most commonly listed challenges.

Conclusion

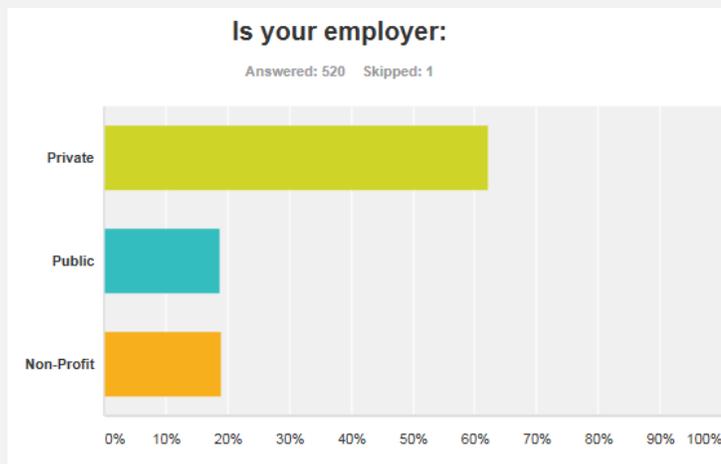
Employee handbooks have been a part of most workplaces for decades and this does not appear to be changing. Still, the updating and distribution of handbooks is evolving with technology, as are the topics that are included. The challenges of keeping up with a changing workforce, new laws and just getting employees to read the handbook are not new, yet addressing workplace issues of paid sick leave, data privacy, and social media are. Overall, employers remain committed to keeping their handbooks up to date, demonstrating the value placed on this important communication and risk management tool.

Addendum: About the survey and survey respondents

The survey was conducted in February 2015 and elicited 521 responses. All entries were entered into an anonymous raffle for two \$50 Amazon gift cards.



A significant proportion of respondents were from smaller and mid-sized employers (58.5% from employers with 249 employees or less), yet, the total employees covered by the respondents are disproportionately from employers with 1000 employees or more (nearly 85%). 22.4% (117) respondents have 0-49 employees, potentially representing 5,733 employees in 117 workplaces. Just over 1/3 (36.1%) of respondents represented employers with 50 - 249 employees, representing as many as 47,061 employees in 189 workplaces. One in five (19.9%) respondents represented employers with 250 - 999 employees, potentially representing 103,896 employees in 104 workplaces. Thirteen percent of respondents represented employers with 1000 – 4999 employees, potentially representing 334,933 employees in 67 workplaces. Nearly 3% of respondents represented employers with 5000 - 9999 potentially representing close to 140,000 employees in 14 workplaces. Slightly over 6% of respondents represented employers with 10,000+ employees, equating to over 320,000 employees in 32 workplaces.



Six in ten of respondents represented private employers where the remaining 40% were equally divided between public and nonprofit entities.

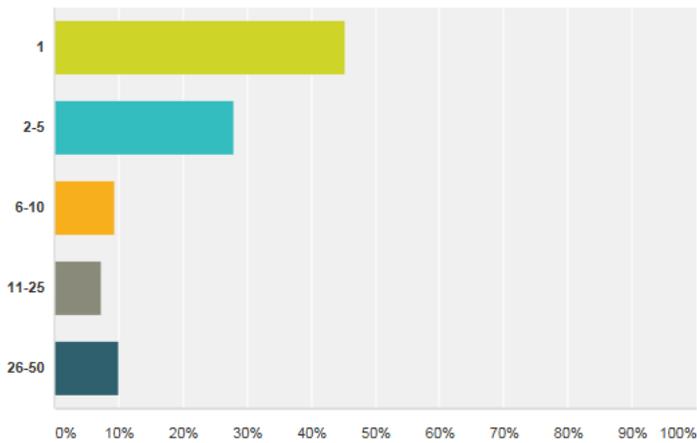
Industry sectors represented by respondents ranged from over 25 industry sectors, with no one sector resulting in excess of 10% of total respondents. Nonprofits 10.4%, health care 10.2%, and manufacturing at 9.8% represented the largest sectors responding. Presumably those 10.4% responding as “nonprofit” to the industry sector question and those 20% responding “nonprofit” to the “is your employer” question classified themselves via the type of nonprofit, such as health care, half of the time.

Reflecting the wide range of job titles and levels with HR responsibilities and vested interest in employee handbooks, the job titles of the respondents ranged from Senior HR (Exec, SVP, VP) at 12.2%, Mid-Level HR (Director, Manager) at 46.3%, HR Generalist or Specialist at 23.9%, Business Owners at 3.8% and Attorneys at 1.3%. Yet, a significant proportion of respondents did not fall into these standard categories. More than 1 in 10 (12.4%) wrote in titles ranging from finance, office and administrative positions (Office Manager, Senior Bill Review Analyst, Finance Manager, Business Manager), medical practice positions (doctor,

dental assistant, clinical manager), senior management not in HR (Chairman of the Board of Directors, Executive Director, Deputy Director, President, Vice President, General Manager, Director of Operations) and other management roles (Training Store Manager, Manager, Volunteer Services Coordination Supervisor, Safety Director, Assistant Manager, Operations Manager) as well as support positions (Admin, Staff Assistant, Executive Assistant, Human Resource Assistant). Clearly a wide range of professionals are directly, or indirectly, responsible for employee handbooks in our melting pot of employers.

In how many state(s) do you operate and/or employ staff?

Answered: 520 Skipped: 1



Nearly half (45.4%) of respondents report operating and/or employing staff in one state, while 27.9% operate in 2-5 states, 9.4% in 6-10 states, 7.3% in 11-25 states and 10% in 26-50 states.

Creating and Updating an Employee Handbook Has Never Been Easier

Simplify the process and remove the stress from building and revising your employee handbook with XpertHR's Employee Handbooks tool, created in partnership with top global employment law firm, Littler Mendelson.

The Employee Handbooks tool features:

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