

Workplace Holiday Parties — A Great Way to End the Year!

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Throughout the year, we have been talking about the importance of creating management strategies for your business that enhance employee engagement as well as focusing on building amazing workplaces where employees feel valued and connected to the company and their co-workers. While employers use many different ways to thank employees for their contributions during the year that meet their

employees' needs, the company budget, and the cultural "fit" of the business, one of the most popular events is the holiday workplace party. In a survey by Seamless.com of 1,100 professionals, 85 percent indicated that they would be disappointed if the company holiday party was cancelled and 78 percent viewed the holiday party as important to corporate culture.

There are tremendous advantages to the year-end holiday party. It's a great opportunity to network with your employees in a non-work environment, get to know their spouses or significant others, and reconnect with employees who you don't get to see often. The holiday get-together has great benefits for telecommuting and remote workers, too, serving to increase their connections to their co-workers and company.



For those of you planning to celebrate the holiday season with your employees, we encourage you to take a few precautions to make your events safer and possibly lessen the potential

“hidden costs” involved in employer-sponsored events. ThinkHR recently hosted a webinar with [Robin Shea](#), partner with employment law firm Constangy, Brooks, Smith & Prophete, LLP. Robin shared her insights with our Chief Knowledge Officer, Laura Kerekes on the wide range of legal and practical issues arising from company parties, which supplements ThinkHR’s party suggestions to reduce employer liability, including:

- **Always remember that the party is an employer-sponsored event.** Keep in mind that as the employer, you may be responsible for whatever happens at the party and sometimes for events that occur after the party.
- **Follow your stated employee policies.**
- **Determine up-front how you will handle the alcohol question,** especially as it relates to where and when you will be holding the party. Ms. Shea agrees that alcohol can be the number one risk factor for employer liability and states “Employers having parties where drinks are served need to do what they can to protect intoxicated guests and their potential victims.” As such, keep in mind the following:
 - If your policies do not permit drinking either on your company’s premises or during work hours and you plan to have the party at the office as a part of the work day, don’t serve alcohol.
 - If you decide that alcohol must be served and your party is off-site and after hours, consider taking steps to limit alcohol consumption. Here are some ways that others have managed this:
 - Having a cash bar or a short period of time for drinking before the dinner.
 - Providing each employee with a limited number of “drink tickets.”
 - Having a good selection of nonalcoholic drinks available.
 - Closing the bar well before the party ends.
 - If you don’t want to place any limitations on drinking, make sure that your bartender(s) have the authority to stop serving employees or managers who are intoxicated. In addition, make sure that your bartender(s) know that they should check IDs for anyone who looks to be under age 30.
 - Arrange for designated drivers. Some creative employers even offer incentives to employees who volunteer to be designated drivers.
 - Some employers arrange transportation for intoxicated employees directly by using a transportation service or making arrangements with local hotels nearby (or at) the party site to provide discounted hotel rooms for those unable to drive home safely.
 - Consider the food you’re serving. Avoid serving lots of salty, greasy, or sweet foods, which tend to make people thirsty. Serve plenty of foods rich in starch and protein, which stay in the stomach longer and slow the absorption of alcohol in the bloodstream.
- **Remember that since a holiday party is a company-sponsored event, all policies in your employee handbook remain in force.** In particular, the rules regarding sexual and racial harassment still apply. That means that racial or sexual jokes, gossiping about office relationships, and unwelcomed touching are not permitted during the holiday party just as they are not permitted in the office. Harassment at a holiday party is still harassment.

When drinking, some people may feel less inhibited and might forget that caveat. And, of course, don't hang any mistletoe! Accordingly:

- Some concerned employers redistribute their company's sexual harassment policy before the holiday party takes place, emphasizing that all guidelines will apply at the party even though it is off-site and after work hours.
- We recommend the more common-sense approach of reminding your supervisors to set a good example, keep an eye out for employee behavior that needs managing, and not inviting co-workers to any informal gathering after the employer's party that keeps the alcohol flowing.
- We also recommend setting a tone of moderation before holiday parties, which automatically reminds employees to be responsible.
- Finally, make sure you investigate all complaints. Failure to respond to any single complaint can lead to greater liability than the alleged misconduct. Don't dismiss complaints associated with the company's holiday party without conducting a thorough investigation.
- Ms. Shea suggests, "Another good thing to do, if you can afford it, is invite spouses and significant others to the party. They aren't called "better halves" for nothing — they will frequently be forces for moderation."
- **Managing pay issues.** Determining how to handle the pay issues should be decided in advance of the party, such as:
 - For parties where attendance is strictly voluntary and held after hours, paying for attendance at the party is not required unless nonexempt employees are actually working the party, such as helping to set up, work during the event, or staying after the party to clean up. In that case, the employee would be compensated for all time worked at regular wages, including any eligible overtime.
 - If the party is mandatory or would have any consequences for those not in attendance, nonexempt employees would be paid for the entirety of the party.
 - There is no requirement to pay exempt employees additional compensation for attendance or working at the party.
 - If the party is held during normal work hours, then all employees would be compensated for attending the party.
- **Consider reviewing your insurance liability policies with your broker prior to the holiday party.** Employers often ask us if a party-related injury might be considered compensable under workers' compensation. The best answer is always to consult with your insurance broker, who is a specialist in this area as well as your key partner in understanding your policy for alcohol-related exclusions. Typically, however, workers' compensation does not apply in most company party situations, because the injury is "incurred in the pursuit of an activity, the major purpose of which is social or recreational," not work related. Here are a few things you can do to make the holiday party seem less "work related":
 - Don't require employees to attend as a condition of employment.
 - Schedule the party on weeknights after normal working hours (employees are less likely to overindulge).

- Don't take attendance at the party.
- Hold the party at an offsite location.
- Make the party a family affair by including spouses, invited guests, and children.

Final Thoughts on Employee Holiday Gifts

If you have the holiday tradition in your workplace of giving gifts and/or you do a mystery gift exchange (either serious or gag gifts), here a few words of common sense and caution:

- Remind employees to keep the company's antiharassment policy in mind and keep the gifts in good taste (especially with gag gifting).
- Remind employees to be aware of the company's conflict of interest or code of ethics policies in accepting or giving gifts to vendors or customers.
- Consider the tax implications to gifts of cash, gift certificates, or items of larger value.
- Treat employees consistently without showing preferential treatment when giving gifts.

Have fun planning your employee holiday celebrations or recognition event to let your employees know how much you value each and every one of them, not just during the December holidays but throughout the year!

About Laura Kerekes, SPHR, SHRM-SCP

Laura Kerekes is ThinkHR Corporation's Chief Knowledge Officer and leads the company's human resources knowledge operations teams. She provides expertise to customers with complicated human resources and management issues, offers knowledge and guidance regarding management and HR best practices, and regularly shares her expertise through articles and webinars.