

3 Reasons Why You Should Write An Employment Letter

By [LawCanvas](#)

Hiring a new person for the team is a big step for a startup. It's a signal that things are going well and that your company is growing. While its easy to get caught up in the new possibilities that your new team member brings, don't forget about the important administrative bits - writing an employment letter!

What's an employment letter?

An employment letter specifies the terms and conditions between an employer and an employee. Depending on the nature of the employment letter, the content may differ. Other than standard information like the employee's job description, salary, working hours and place of work, it should answer pertinent questions such as:

What are the conditions relating to confidentiality? What is your employee allowed to share with his or her friends and acquaintances? Is this still applicable even after they leave the company?

Is there a non-competition period? How long must the employee wait after leaving before he or she can join a competing business?

Who holds the ownership of intellectual property that is created within the firm? If the employee develops an innovation while working at the company, does it belong to them when they leave the company? Or does it stay with the company?

3 Reasons why you should have one

Both employers and employees benefit from having an employment letter prepared in the following ways:

1. *It gives a sense of security.* Incoming employees have a greater sense of assurance when they know that there is a written document specifying their rights, compared to just a verbal agreement. Having these documents in order are a trait of a professional workplace.

2. *It helps to manage expectations.* An employment letter facilitates a common understanding of the terms and conditions of the working relationship. Ambiguity and conflicts can be avoided by setting expectations right from the beginning. Both the employer and employee will have easy reference to their rights and responsibilities in case one of them forgets.

3. *Its an opportunity to talk about critical issues.* In the absence of an employment letter, one may forget to discuss with new employees important issues such as the confidentiality of sensitive company information. Its often taken for granted that employees automatically understand their duty to keep company secrets to themselves, or that they know how to treat such information. Furthermore, if confidentiality provisions haven't been agreed on, its difficult to hold an employee accountable if he or she does share such information with outsiders.

How do you go about creating one?

Larger companies typically have standardised employment letters that have been written by professionals. Smaller businesses or startups don't have the luxury of such help, and often find themselves searching online for templates from overseas that may not be relevant for their needs. If you are crafting your own employment letter from scratch, the websites of the authorities overseeing employment issues often provide helpful resources, such as these [guidelines from the Singapore Ministry of Manpower](#).

Creating an employment letter shouldn't take up so much time that it holds you back from building your business. It is simply the start to your relationship with your new team member, and you have bigger tasks ahead in integrating them and helping them to settle in well.

The LawCanvas app provides employment letter templates for different types of employees, and allows you to easily customize the clauses for your company's use. We're helping businesses to save time on legal stuff so that they can get back to building products and delighting customers.

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