Social media is widely being used by people all over the world. Advancements in IT and introduction of smart phones have increased the use of these social media tools. Social media play important role in the life of all human beings in creating relationship with others. These social media when used in work place may decrease the productivity of the employees. The man hours may be wasted in sending mails, chats, sharing pictures, videos etc., In order to overcome this problem, companies should design proper social media policy guidelines and properly circulate the same among the employees. This article explains the selected and widely used social media tools available. It highlights the pros and cons of using social media in the workplace. It also illustrates use of social media policy for companies for the effective use of social media in workplace with some examples