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The new risks of premature job offers

Rescinding job offers just got more legally dangerous. As incredible as it sounds, if you pull the rug out from a candidate's job offer, the person may be able to sue for and recover the future wages you would have paid him or her if the deal had worked out as planned.

While that legal risk may not stand up in every court, it stood up in one recent case, which shows how critical it is to formalize your job-offer process and make sure hiring managers understand that job offers (even oral ones) are essentially contracts for at-will employment. Make sure everyone necessary signs off on a job offer before it's presented. Then, inform the candidate that the offer doesn't become official until it's followed up in writing. If you must withdraw an offer, tell the prospective hire as soon as possible, and consider offering job-assistance help or partial reimbursement for expenses incurred.

Recent case: Joseph Toscano, a piano store general manager, resigned his job after accepting an offer from Greene Music. But just before the new job was to begin, Greene Music rescinded the offer. Toscano sued, claiming breach of contract and interference with prospective economic advantage, saying the job offer caused him to resign and lose out on substantial wages.

A trial court awarded Toscano $537,000, representing the amount he would have earned at his old job, up to his projected retirement. An appeals court agreed with that ruling on principle, saying employees' lost future wages are recoverable from prospective employers who break their promises. But it vacated the award and ordered a new trial, looking for more proof that Toscano would have actually stayed employed at the piano store. (Toscano v. Greene Music, No. D043281, CA4/1, 2004)

For more tips, access our free article, How to Make Legally Smart Job Offers, at www.hrspecialist.net/hiring.

7600 Leesburg Pike, Suite 300, Falls Church, VA 22043-2004 (800) 543-2002