

Business

CAREERS + WORKPLACE



CHRIS GASH FOR THE LOS ANGELES TIMES

'I WAS FLABBERGASTED'

With the economy on an unsteady course, some employers are making the rare move of snatching back job offers, leaving would-be workers — even some who've relocated — in the lurch

BY SAMANTHA MASUNAGA

After a successful summer internship at a mortgage tech company, Alana Klopstein was thrilled to get a job offer.

She signed the contract in January 2022, giving her peace of mind during her final year at UC San Diego. Then in June, three months before her start date, she got an email from the company. The market downturn had forced the firm to make difficult decisions, it read. Her offer was being rescinded.

"It was really devastating," said Klopstein, 22, who lives in San Diego. "I had a vision of what my life would look like, what kind of adjustments I would have to make to transition into the working world after doing so many years of school, and that just wasn't a thing anymore."

As tech companies and other firms lay off workers by the thousands, some are also revoking job offers — sometimes just days before the start date and long after would-be employees relocated or restructured their lives. Rescinding of offers is not as widespread as layoffs, but the practice could grow if the economy heads into a recession.

"If the economy is where people think it's going to be and we're in the middle of a meaningful recession, I would expect you'll see an impact to graduating college students and business school graduates," said Dan Kaplan,



SANDY HUFFAKER FOR THE LOS ANGELES TIMES

Alana Klopstein planned to work at a mortgage tech company after graduation from UC San Diego. But the company rescinded her job offer a few months before she was set to start.

senior client partner at Korn Ferry, a management consulting firm.

Companies typically rescind offers when "a shock hits the system," such as the 2000 dot-com implosion, the market jitters after 9/11 or the 2008 recession, he said. More recently, companies rescinded offers at the beginning of the pandemic when there was widespread uncertainty about the future.

Today, monthslong fears of a recession, combined with upheavals in industries such as crypto, financial services and tech, resulted in this latest round of rescinded offers affecting mostly entry-level and mid-career positions.

"You saw all of this surge of opportunity, surge of activity, there was this expectation we were going to see all this growth," Jamie Kohn, research director in consulting firm Gartner's HR practice, said of companies' hiring practices as the pandemic eased.

"With the market being slow to pick back up, companies are not seeing that growth on the horizon. They're starting to think maybe it's going to be a couple more years before they get to the place that they thought they would be by now," Kohn said.

Zening Zhao, 24, had interned at tech companies but started hearing rumors of layoffs or hiring freezes as he got closer to graduation. Working in finance seemed more stable, so he accepted a job as a Python software developer at a trading company in Chicago.

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BARBARA BRY

I'm There for You, Baby

Importance of empowering women in the business world

Lisane Basquiat is the owner of Carlsbad Hera Hub, a coworking space for women business owners.

She bought it in 2017 because growing up, she remembered watching her mother (after her divorce) give primary custody to her husband because she didn't believe she could have a successful career and raise her children. "There was no support system or role models for her. I wanted to change this for other women," said Basquiat.

I am passionate about this subject, and so my husband graciously ceded this week to me.

In 2011, I interviewed Felena Hanson, who had just started the first Hera Hub in San Diego. At the time, Hera Hub had 81 members in one location. During COVID, some coworking businesses downsized or closed. In contrast, Hera Hub has grown to over 500 members with three locations in San Diego County and four others in Washington, D.C., Irvine, Temecula and Chicago. Hanson owns three; the others are licensed locations including Carlsbad. Membership starts at \$149 a month for coworking and \$99 for virtual services.

Hera Hub and similar organizations are about much more than physical space. "They provide a community, a safe place where women business owners can be open and vulnerable, where you can say I need help, I don't know what I'm doing. Sharing your challenges can be difficult in a coed environment," said Hanson.

Twenty-five years ago, I started Athena San Diego to empower women in the innovation economy — to provide a safe place where they could share personal and business challenges. Athena continues its work with a new generation of leaders. Before that, I graduated from Harvard Business School — my class was about 15 percent women, double the percentage of the prior class. An active Women's Student Association, still in existence at HBS, was an important support system in surviving what was often a hostile environment.

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DAN EATON

The Law at Work

9th Circuit invalidates law on employment arbitration

My last column focused on a California Court of Appeal ruling that confirmed it is easier for an employer to enforce a pre-dispute arbitration agreement when the employee signs the agreement in his or her own handwriting rather than with an electronic signature.

In addition to having its employees sign the arbitration agreement in their own handwriting, the employer in that case expressly gave applicants and employees the option not to sign the arbitration agreement and still obtain or retain employment. I suggested employers consider giving employees the express right to opt out until resolution of a pending challenge to California's statute prohibiting employers from requiring employees to sign pre-dispute arbitration agreements (AB 51).

On Feb. 15, a split three-judge panel of the U.S. Court of Appeals for the 9th Circuit struck down AB 51 as preempted, that is trumped, by the Federal Arbitration Act (FAA). That was a reversal of a ruling of the same panel almost a year and a half ago upholding the law.

Here's why the court ruled as it did and three reasons it still may make sense for employers to give employees the option not to sign pre-dispute arbitration agreements.

Why 9th Circuit invalidated AB 51

AB 51 made it unlawful for an employer to condition initial or continued employment or any employment benefit on an applicant or employee giving up their right to sue for unlawful discrimi-

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THE BEST TAX SOFTWARE OPTIONS FOR SIDE HUSTLERS

BY KATHY KRISTOF

Tax season is a mixed bag for side hustlers. On one hand, having a side hustle makes you a "self-employed business owner" as far as U.S. tax officials are concerned. And that means you get a host of deductions and credits that aren't available to employees. But claiming those deductions is complex enough to almost demand tax software for side hustlers.

On the bright side, tax software for side hustlers is relatively cheap — and tax-deductible.

What do you need? That depends on whether you just have one side job or many; the number of expenses your business generates; whether you also need help with invoicing clients or making tax deposits to federal and state authorities. Here's our best recommendations based on the complexity of your situation.

It's also worth mentioning that several sites are offering tax-season discounts.

Simple situations: TaxSlayer

If you use side hustle platforms that handle client invoicing for you, all you need is a tax-filing program that accommodates a Schedule C. The Schedule C helps you report the profit and/or loss



PETER BARRERAS AP

You can get help with claiming business deductions with TurboTax self-employed, but there are lower-cost alternatives.

from your business. And it's where you get to take all sorts of deductions for things like business cards, mileage, office expenses, subscriptions, dues, and work-related travel and meals.

Your best bet? TaxSlayer Self-Employed, which guides you

through entering your business income and expenses to maximize your tax deductions.

What makes this program best? It's easy to use and relatively cheap. You can get the same help with claiming business deductions with TurboTax self-em-

ployed, for instance. But TurboTax charges \$89 (regularly \$119) to file a federal return.

Client and collection headaches: Freshbooks

If you send invoices to multiple freelance clients and need help keeping track of who has paid and who hasn't, you may want to look into Freshbooks. FreshBooks lets you plug in billable time and expenses, create professional invoices and set up recurring invoices.

The software sends automatic payment reminders when payments are due or past due, and manages other aspects of your business's finances. It also allows your clients to pay you with bank transfers or credit cards, easing your collection challenges.

This accounting and tax software also can connect to your bank and generate reports on income and expenses. Its double-entry accounting features also ensure that you don't make mistakes while handling your tax filings.

Cost? As little as \$2 per month (This is roughly 50 percent of the normal price.)

Multiple side hustles: Quickbooks Online

What if you have several side

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BRY OFFERS • Some candidates lose trust in companies

FROM C1

Today, I wondered: Do organizations like these still fulfill a function?

I talked with Elaine Swann, founder of The Swann School of Protocol, which she started in her garage. In 2016, she joined Hera Hub Carlsbad. Swann offers corporate training, courses and classes, teaching materials and certification.

"Hera Hub helped me connect with other women in business. Before joining, I was hiding in my garage. I would do a speaking engagement or class and go back to my garage and work. I didn't have a connection with folks. Initially, I joined so I would have a place to work but what I found was an incubator that helped my business to grow. I went through a 12-week intensive program, which taught me how to scale my business, most importantly how to license my business model," she said.

Once she had employees and a need for a full-time classroom and meeting space, Swann moved her business out of Hera Hub but maintains her membership. Today there are 30 Swann Schools of Protocol around the U.S. and two in Africa.

Jami Shapiro, founder of Silver Linings Transitions, which provides home organizing and moving management services, moved into Hera Hub Carlsbad seven years ago.

"I had heard about it eight years ago but didn't want to spend the money. As an entrepreneur and a woman business owner, I was feeling very alone. I went through a divorce and at Hera Hub I got the support that I needed both personally and professionally. The pivotal event for me was attending a networking event with mostly male attorneys. I left that event feeling icky. I said where do I feel comfortable and where is my energy better so I increased my membership level at Hera Hub so that I could take advantage of more services," she said.

Every Wednesday she attends the community class, and what she learned helped her grow her business.

When I started Athena San Diego 25 years ago, I thought for how long would it be needed. Wouldn't women soon have the same access to the executive suite, and if they started a business, wouldn't they have the same access to capital to grow their business? Yes, it's true that women have made progress, yet they continue to face hurdles that men don't. My conclusion: Organizations like Hera Hub, Athena and the HBS Women's Student Association are more important than ever.

Neil Senturia and Barbara Bry are married, and they are serial entrepreneurs who invest in early stage technology companies. Please email ideas to Neil at neil@blackbirdv.com.

FROM C1

After graduating in December from the University of Washington, Zhao packed up his life in Seattle, relocated and signed a lease for a new apartment. Five days before his start date, he got a call from his employer telling him his offer was rescinded because of reductions in company expenses.

"I felt desperate at that moment," Zhao said. "I've prepared everything for the job. It's the darkest day of my life so far."

Although the trading company paid \$10,000 of Zhao's relocation costs, the high rent in Chicago forced him to leave the city, move back to Seattle and stay with a friend. He's now facing a tough job market flooded with out-of-work engineers — after submitting more than 100 job applications, he got only a few responses.

The experience has made him more wary of the finality of job offers. And that level of skepticism could bode ill for companies later on, said Kohn of Gartner. Job candidates are now saying they don't trust companies to be honest with them during the hiring process, she said, and they're more likely to entertain other job offers after they've already accepted.

"Things like layoffs and rescinded offers just amplify the way that trust is broken," Kohn said.

Spurning candidates with little regard for future relationships could also affect companies' recruiting. Good talent talks to other good talent, and such actions can give firms a black eye. Assisting would-be hires in landing new gigs, on the other hand, is a goodwill gesture that can leave candidates with a positive impression.

After interviewing with two companies, Evan Patterson got job offers that were then rescinded in the same week. But the founders of both startups said they would pass on his resume and share his content with their networks in hopes of helping him find another gig. Those connections are now helping him in his current job search.

"They were just being decent human beings in response, and that was more than I could ask for," said Patterson, 28, who lives in Chicago and does community and business-to-business influencer marketing for software startups. "I even told them in two, three, four years, things might change, tap me on the shoulder."

Meta paid Noor Abdellatif six weeks' worth of salary when the social me-



Alana Klopstein is considering jobs outside the technology industry as she continues her employment search. "It's definitely a difficult market," she said.

SANDY HUFFAKER FOR THE LOS ANGELES TIMES

Tips for bouncing back

Getting a job offer rescinded can be devastating. Suddenly, you lose the vision you had for your near future as well as the promise of financial stability. And you're forced to get back into the job market. Here are some tips from career experts and people who have had job offers revoked on how to get through this time.

Network, network, network: "Let everybody know you're looking for a job, definitely do a lot more informational interviews, apply, get involved in your professional organization, volunteer and move forward knowing that what seems to be a negative may turn out to be a positive," said Lori Shreve Blake, senior director for career engagement at the USC career center.

Ask the tough questions: "Look for companies that are willing to talk very openly about their talent strategy, how they're thinking about bringing people in and how they can build confidence that this isn't going to happen for this job," said Jamie Kohn, research director in the Gartner HR practice.

Don't be shy about asking for money or other help: Companies will sometimes make a one-time payment to candidates who got their offers rescinded as a goodwill gesture. You can also ask about covering relocation costs. If payment is not an option, you can ask for advice on navigating the job market. "What I'm thankful for with my company is that even though they had to rescind the offer, they were very kind about it and empathetic about the situation," said Alana Klopstein, who had a job offer rescinded last year. "Not just severing the ties and moving on but also wanting people like me who have had those offers rescinded to have you as a resource, if needed."

Talk to multiple companies, even toward the latter stages of your job search: "If you can continue having conversations and be clear that you are in the late stages of a hiring process with other organizations, companies can decide whether they want to continue talking with you or not," Kohn said. "Accepting multiple offers, however, would look very bad."

Take care of yourself and take a break, if you can: "It's going to be difficult, but it's important to give yourself grace, take time to really step back and take care of yourself and just get back into it later," Klopstein said.

Look for side hustles in the meantime: Gig work or consulting jobs can tide you over until you find a more permanent position, Shreve Blake said.

dia giant rescinded her job offer last spring for a remote recruiter position. Although she was crushed that the job didn't work out, the payment gave her a higher opinion of the company.

"They knew people were depending their lives on that and it just — my respect honestly grew more toward Meta for doing this," said

Abdellatif, 32, from Severn, Md. "That was something unheard of."

By September, she got a new job as a recruiter for an engineering firm. The annual salary is \$20,000 less than she would have made at Meta, but her new employer has never laid off workers during economic downturns in its 30-year history, she

said.

"That was my main goal — stability over a high pay," Abdellatif said.

The number of rescinded offers today is "nowhere near the levels we've seen before," said Kaplan of Korn Ferry, because companies typically have other options to tap before they withdraw offers, such as reducing bo-

conditions under which an arbitration agreement was made and not banning arbitration itself, the legislature hoped to "navigate around" prior Supreme Court rulings invalidating state laws making pre-dispute arbitration agreements unenforceable.

The 9th Circuit majority rejected that gambit. AB 51 plainly "disfavors the formation of agreements that have the essential terms of an arbitration agreement." AB 51 effectively bars an employer from requiring its employees to sign an agreement that gives up the employee's right to sue the employer in court. "Because a person who agrees to arbitrate disputes must necessarily waive the right to bring civil actions regarding those disputes in any other forum, AB 51 burdens the defining feature of arbitration agreements." Discouraging an employer from entering into an arbitration agreement with its employees undermines the FAA's endorsement of arbitration agreements and therefore cannot stand.

nuses or layoffs.

"You spend so much time and energy to bring people into your company, the worst thing you can do is to go back to them and take it back," he said. "Companies really try to avoid them."

But when they happen, it's crucial to reach out to your networks, whether that's LinkedIn, an alumni association or an industry-specific group.

Isa Goldberg got hundreds of supportive comments and messages from connections on LinkedIn after she posted about her experience of having a health care consultant job offer rescinded just six days before her start date.

"I was just flabbergasted," Goldberg, 27, who lives in Brooklyn, said of the rescinding. "I just took kind of an hour to cry, have an emotional moment, come to the ground and realize what was going on."

The company offered to pay her \$5,000 or let her stay in the job applicant pool until January, when it would potentially have a job open. She tried to negotiate for a higher payment but was unsuccessful.

Goldberg ended up breaking her lease in New York City, moving in with family to save money and looking for a new opportunity. She found one in three weeks, thanks to a referral from a college friend.

"It's definitely a shock when you think you're on the diving board of your career, and you jump off and you end up with a shallower bottom than you hoped," Goldberg said.

But, she said, "the benefit of having a strong, supportive network outweighs the momentary upset that getting a rescinded offer causes. Let people help you immediately."

Klopstein, from San Diego, is still looking for a job in software engineering. It's been a grueling last few months, with interviews that went nowhere, radio silence after submitting applications and emails saying companies are no longer hiring.

She's considering getting a part-time job outside of tech just to tide herself over until she can find something. But she's trying to stay optimistic.

"It's definitely a difficult market," Klopstein said. "Luckily I've had some friends find stuff, and it gives me hope that there's something waiting for me in the near future."

Masunaga writes for the Los Angeles Times.

EATON

FROM C1

nation or violations of the California Labor Code in court. The law also barred an employer from taking any action against an applicant or employee who refused to agree to give up their right to sue in court.

In other words, an em-

ployer could not require an applicant or employee to sign a pre-dispute arbitration agreement or retaliate against an employee or applicant who refused to do so. AB 51 subjected an employer that violated these provisions to civil and criminal liability.

The FAA, however, makes any written arbitration agreement enforceable

unless the agreement offends general principles of substantive and procedural fairness applicable to other kinds of contracts, such as rules barring agreements limiting substantive rights. The U.S. Supreme Court has said the FAA embodies "a liberal federal policy favoring arbitration agreements, notwithstanding any state substantive or procedural policies to the contrary." A state law that frustrates the objectives of a federal law is invalidated by the supremacy clause of the U.S. Constitution.

The 9th Circuit noted that "to avoid preemption by the FAA, the California legislature included a provision [in AB 51] ensuring that if the parties did enter into an arbitration agreement, it would be enforceable." The court said "[t]his resulted in the oddity that an employer subject to criminal prosecution for requiring an employee to enter into an arbitration agreement could nevertheless enforce that agreement once it was executed." By restricting only the

conditions under which an arbitration agreement was made and not banning arbitration itself, the legislature hoped to "navigate around" prior Supreme Court rulings invalidating state laws making pre-dispute arbitration agreements unenforceable.

The 9th Circuit majority rejected that gambit. AB 51 plainly "disfavors the formation of agreements that have the essential terms of an arbitration agreement." AB 51 effectively bars an employer from requiring its employees to sign an agreement that gives up the employee's right to sue the employer in court. "Because a person who agrees to arbitrate disputes must necessarily waive the right to bring civil actions regarding those disputes in any other forum, AB 51 burdens the defining feature of arbitration agreements." Discouraging an employer from entering into an arbitration agreement with its employees undermines the FAA's endorsement of arbitration agreements and therefore cannot stand.

Three reasons it still makes sense to allow opt out of arbitration agreements

First, an employee who signed an arbitration agreement after having had the option not to may be more willing to submit to arbitration without the employer spending time and money going to court for an order compelling arbitration.

Second, allowing employees to decline to sign an arbitration agreement will make it harder for employees resisting arbitration to meet their burden of demonstrating the agreement was procedurally and substantively unfair.

Third, a larger panel of the 9th Circuit may agree to review this split ruling. That may result in AB 51 again being upheld.

For now, though, employers may require applicants and employees to sign arbitration agreements and reject applicants or fire employees who refuse.

Eaton is a partner with the San Diego law firm of Seltzer Caplan McMahon Vitek where his practice focuses on defending and advising employers.

Notably, Quickbooks has a payroll system, too. But it's glitchy, hard to use, and the customer support is poor, says Nisall. Gusto, on the other hand, has an easy step-by-step guide for setting up your account. Once set up, you can push the button to make payroll — including payroll tax payments — automatic.

And while irregular bonus payments can mess up your regular payroll system with other sites, it doesn't here. If you want to run employee benefits, such as health insurance and 401(k) contributions through Gusto, that's easy too.

Cost? \$40 per month, plus \$6 per employee.

Kristof is the editor of SideHusl.com, an independent website on the gig economy.

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