

THE EMPLOYMENT AGREEMENT

Generally, Texas is an “at will” state which gives few rights to the employee that are not created by statute or governed by labor regulations.

The employment contract is one of the most important contracts used in business today. It is the employment contract that sets out the terms on which a company hires an individual or an individual hires a company. If properly prepared, the contract is a legally binding agreement.

Contract terms can come from a number of sources and can include the following:

- Verbal agreements
- Agreements in writing or document form
- Agreements required by law
- Implied – not written but understood to exist
- An offer letter
- An employee handbook
- A company notice board
- Collective agreements

Wrongful dismissal is a breach that violates statutes involving age, sexual preference, race discrimination, disability, other common law, the requirement of the commission of an illegal act by the employee or dismissal without being given proper notice or following the procedures as set out in the contract.

In order to change a contract, there must be an agreement between the parties. Under certain circumstances, the employer may need to make changes to the contract because of economic circumstances. Things that might change include:

- Rate of pay and/or commission terms and guidelines
- Work time
- Duties and responsibilities
- Work Location
- Correcting an error in the contract
- Disciplinary action – check disciplinary procedures to make sure this is done properly

Employees may ask for a change in a contract to:

- Improve their work environment
- Get a raise in pay
- Get more vacation or holiday time
- Change work hours

A breach of the contract occurs when either the employer or the employee breaks a provision of the contract. A breach may be the result of a verbal or, in some cases, an oral (implied) agreement less than one year in duration. If you think a breach of contract has occurred, it is best to take the problem to the employer first and attempt to work out a solution. If you decide to take legal action, remember you will need to prove financial loss in order to recover compensation. Damages are based on net pay (after taxes) not gross pay. Legal action may prompt the employer to counter sue, if the employer thinks it has a legal ground. An employer has the legal right to sue the employee for damages just as the employee has the right to sue the employer.