**Case 1-5 Reneging on a Promise**

**Part A**

Billy Tushoes recently received an offer to join the accounting firm of Tick and Check LLP. Billy would prefer to work for Foot and Balance LLP but has not received an offer from the firm the day before he must decide whether to accept the position at Tick and Check. Billy has a friend at Foot and Balance and is thinking about calling her to see if she can find out whether an offer is forthcoming.

**Question**

1. **Should Billy call his friend? Provide reasons why you think he should or should not. Is there any other action you suggest Billy take prior to deciding on the offer of Tick and Check? Why do you recommend that action?**

Billy could be placing his friend in an awkward situation. The friend may not be part of the final hiring process of the firm and could jeopardize his own career by asking about the hiring situation with Billy. Billy may also be encouraging his friend to make promises she cannot reasonably keep or to lie, possibly unknowingly. It makes sense for Billy to contact the partner who was his contact during the recruiting process and get a status update on the possible offer from Foot & Balance. An honest approach is to tell that person about the offer from Tick and Check and seek to find out as soon as possible whether an offer is forthcoming from Foot and Balance.

**Part B**

Assume that Billy calls his friend at Foot and Balance and she explains the delay is due to the recent merger of Vouch and Trace LLP with Foot and Balance. She tells Billy that the offer should be forthcoming. However, Billy gets nervous about the situation and decides to accept the offer of Tick and Check. A week later, he receives a phone call from the partner at Foot and Balance who had promised to contact him about the firm’s offer. Billy is offered a position at Foot and Balance at the same salary as Tick and Check. He has one week to decide whether to accept that offer. Billy is not sure what to do. On one hand, he knows it’s wrong to accept an offer and then renege on it. On the other hand, Billy hasn’t signed a contract with Tick and Check, and the offer with Foot and Balance is his clear preference because he has many friends at that firm.

**Case Overview**

This case speaks to a dilemma that many students face. Often they do not realize that this is an ethical dilemma. This is good example to use to discuss the consequences of their actions. Many students will identity with being the one who lost out on an offer due to the star student sitting on many offers from the different firms. This may also be an issue to discuss for the department to discuss with the career placement center: should accounting firms and candidates have a uniform signing day? Firms may be dishonestly pressuring earlier and earlier decisions and recruiting before students could know their preferences.

Firms have the right to recruit and offer jobs to the best candidates possible. Candidates have the right to accept the job offer they like best. Candidates need a definite job to take when schooling is complete and are scared that he will end up with neither job. Candidates have the right to know honestly from firms if they are a serious contender for the job. The candidate could make easier decisions if he knew that the offer was being delayed due to him being considered a “second choice” for the firm versus the firm is moving slowly. Both the firm and candidate have a right to expect that promises and contracts made will be kept. The candidate needs to understand that an offer is a promise but is not a contract; it becomes a contract when accepted by the candidate.

A job candidate is ethically bound to a job offer once he has orally accepted. Normally a company is only ethically bound by a written and signed contract. (Many CPAs remember Andersen jobs being reneged when Enron exploded.) A job candidate who accepts an offer and then reneges harms not only the firm, but also other students (both current and future) and the school. It is a selfish act. Career placement centers will explain that the reason many firms quit recruiting on campus is due to candidates accepting and then reneging on offers. Many firms today do a detailed and expensive background check once a candidate accepts so that firms are harmed when a candidates renege by needing to find another candidate and by the expense of an unnecessary background check.

Both the firm and candidate should be trustworthy, show respect, and take responsibility, display fairness and caring. In taking responsibility, both sides should think before they act and be accountable for their actions. This duty would overlap with trustworthiness of being reliable and honoring promises. Both sides should play by the rules (do departments and career centers have a duty to help clarify the rules?) and not take advantage of others. The firms should not pressure candidates into early acceptances which could cause candidates to commit before they are ready and then later feel as if they have to renege. Likewise, candidates should not play firms against each other to get the most offers or to see if a bidding war on salary can take place. The firms and candidates should not deceive each other; the interviewing process should be as honest as possible. Both firms and candidates suffer if the wrong hire is made.

**Questions**

1. **Identify the stakeholders in this case. Evaluate the alternative courses of action for Billy using ethical reasoning. What should Billy do? Why?**

The stakeholders include other students waiting for offers, Tick and Check LLP and Foot and Balance LLP; both firms want honest, trustworthy and diligent employees. Billy Tushoes wants a job where he can gain experience and maybe advance to become a senior, manager, and partner. The other classmates of Billy would like the opportunity to work at a renowned firm to gain experience. The school and program has its reputation at stake and want its students to be prepared for the workplace; the employers to think that the school and program attract and prepare quality candidates; and the employers to continue to hire students and support the program.

Using the Golden Rule in determining the fairness of the situation, the firm should treat Billy as it would like to be treated. Perhaps the firm should have made the situation clearer to Billy as to why the delay existed.

Ethically once Billy accepted the offer from Tick and Check, he should have notified the other firms that he was off the job market. If Billy had done that he would not have gotten the offer from Foot and Balance and would not be facing this dilemma. When students argue that they would be extremely unhappy with Tick and Check, then they shouldn’t have accepted if they would be so unhappy. If Billy determines that Foot and Balance is the best firm for his first accounting job, he should honestly explain the situation to both firms, apologize and make amends.

1. **Do you think it is ever right to back out of a promise that you gave to someone else? If so, under what circumstances? If not, why not?**

Most people at one time or another will break a promise. When a promise is broken, one should accept responsibility for breaking the promise, should apologize, be sincere and offer to make amends. A general rule when a person does something wrong (i.e., Lance Armstrong) is to (1) admit the mistake; (2) promise never to do it again; (3) make amends; and then (d) change one’s behavior. Even though one can do all the steps, a broken promise may cause a loss of trust. The trust may or may not be regained. It takes time for trust to be regained; the sincerity and true amended actions help to regain the trust. Billy should consider that a reneging on the promise may lead to an embarrassing event down the road such as running into the partner of Tick and Check at a professional or social meeting or if the partner of Foot and Balance knows the partner at Tick and Check who made the offer to Billy. It can be a small world in public accounting.