



CONFLICTS OF INTEREST

Conflicts of Interest

- A person may have different types of interests. Such interests can be pursued according to the will, convenience and the laws prevailing.
- A person working in an organization might have multiple interests related to the job he is doing; if he does some side business which means he might be a competitor or he might work with a competitor, it might pose a problem for the employer.
- Such an employee is usually fired from the organization.
- Thus, we can refine our definition of **conflicts of interest** by saying that they typically arise when the following two conditions are met –

- The professional is in a relationship or role that requires exercising good judgment on behalf of the interests of an employer or client.
- The professional has some additional or side interest that could threaten good judgement in serving the interests of the employer or client.

Dilemma

There occurs a usual dilemma between **conflicts of interest** and **conflicting interests**. To get a clear understanding between both, let us consider two examples.

Example 1

Let us consider a girl who needs to choose from among her interests in order to fit in her timetable. She wants to attend the exam in college, to attend the music class, to go out for a movie, to deliver a seminar and also go visit her friend. As she is falling short of time, it is her interest to choose what to do and what not. The term used to mention this can be “**Conflicting interests**” and this cannot be morally wrong.

Example 2

If another instance is considered where a man works for a company, being in some crucial position where he has access to all the confidential information and if he works as an unofficial adviser to his wife’s company, it would be morally wrong, where a moral conflict definitely arises. This can be termed as “**Conflict in interests**”.

Hence, the two concepts are different.



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There arise very subtle situations with various conflicts of interests. Let us see the most common ones –

Gifts, bribes and kickbacks

The following definitions will help us understand this –

- A **bribe** is a substantial amount of money or goods offered beyond a stated business contract with the aim of winning an advantage in gaining or keeping the contract and where the advantage is unfair or otherwise unethical.
- **Gifts** can be small gratuities offered in the normal conduct of business.
- Prearranged payments made by contractors to companies or their representatives in exchange for contracts actually granted are called **Kickbacks**.

At times, if the money or gifts offered are substantial enough to threaten the fairness of competitive situations, then such gifts turn out to be bribes. They cannot be accepted as simple gratuities. Hence there is a thumb rule stating such condition as, “If the offer or acceptance of a particular gift could have embarrassing consequences for your company if made public, then do not accept the gift”.

Interest in other companies

An Employee while working in his company, if supports another company, during his leisure time to earn more or for some other career aspects, can be understood as committing an immoral act. Such an act is called **Moonlighting** which usually creates conflicts of interests. Instances creating such conflicts can be working for competitors, suppliers or customers.

The want of additional income or the need for personal and professional growth might foster one to pursue such ideas, which usually creates problems. A special kind of conflict of interest arises, however, when moonlighting leaves one exhausted and thereby harms the job performance.

Insider information

The insider information might concern one’s own company or another company with which one does business. Leakage of the information for the interest of some other benefits is like digging one’s own pit. The interest in other’s companies makes a person morally low and lets him to go beyond moral boundaries and this might create an impact on the confidentiality for the reception of special privileges. When a person crosses his moral grounds, even the beneficiaries stop trusting him further.



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Employee conflicts of interest occur when employees have interests that if pursued can keep them from meeting their obligations to serve the interests of the employer or client for whom they work.

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