

WRITING SAMPLE-MBA ESSAYS

Introduction to Conflict of Interest

Mr. Cloyce is an employee in a reputed marketing company. He gets paid based on referring products to his company. And, Cloyce always feels that his pay is insufficient to be financially stable. One day, a good friend of Cloyce offers a product, which his company is seeking. Also, his friend claims that he will get a huge amount as commission, if his company buys the product. Keeping the financial profit in his mind, Cloyce decides to refer his friend's product to the company without knowing much about the quality of the product. He does this to benefit himself. Now the question is, was it ethical to refer his friend's product to his company without knowing its value, just to satisfy his financial desires? No, right. And, it is considered as a conflict of interest, because Cloyce has a special interest on the commission rather than his professional duties. Come on; let us deal this concept with different approaches for a better understanding.

Conflict of Interest

Conflict of interest refers to a situation that has a potential to undermine the impartiality of a person, which is unethical to the moral justice. For example; Influencing the selection process or promotion of the employees. However, this conflict of interest exists mostly in the institutions, where an individual is involved in dual or multiple roles within or outside an institution. Thus, leading to a professional conflict of interest. In general, a professional conflict of interest is the situation, where the professional has an interest that, if pursued, might prevent him from meeting his obligations to his employers or clients. For example, an electrical engineer, working in the state electricity board may have a financial interest in a company, which supplies electrical instruments. If the engineer decides to rely on the supply of electrical instruments, there arises a conflict of interest. But, there is always a difference between 'conflict of interest' and 'conflicting interests'. For example, a student has to clear four arrear subjects in the supplementary examination. But, he finds that he does not have sufficient time to study all the four subjects. In this case, two or more desires cannot be fulfilled under any given circumstances leading to conflicting interests. And, there is no moral problem involved in pursuing all subjects. Whereas, in professional conflict of interest, there is a possibility of pursuing all the conflicting interests, thereby inviting moral problems. Furthermore, conflict of interest is classified depending on the severity of outside interests such as;

- Actual conflict of interest
- Apparent conflict of interest
- Potential conflict of interest

In that, actual conflict of interest refers to the situation where objectivity is lost in decision making, and inability to discharge ones duty to the employer. As a result, a weaker judgement and service occurs. For

example; a civil engineer working in the public works department has financial interest in a contracting company, which has submitted a bid for the construction of a bridge. Then, the other apparent type of conflict of interest, is one in which a person would think that the professional judgment is likely to be compromised. For example; an engineer is paid based on a per cent of the cost of the design and there is no incentive for him to cut the costs. In this case, it appears that the engineer makes the design more expensive in order to gain larger commission. Thus, this situation leads to doubting the engineer's interest and the ability for a professional judgment. Finally, we have potential conflict of interest, wherein an employee extends beyond the current employer and into the interest of one's spouse, relative or a friend. This interest changes into intimacy and the subsequent non-moral judgments against the interest of the employer and in favour of the outsider or even a potential competitor. Thus, depending on the employee's interest, potential conflict of interest is divided into four types as;

- Favourable contact.
- Bribe and gift.
- Moonlighting.
- Insider information.

Favourable contact.

Imagine an engineer's spouse is working for a contractor. If the engineer is to give a subcontract to the contractor or purchase order to the supplier, the conflict arises.

Bribe and gift.

Here, the conflict arises when accepting large gifts from the suppliers. Thus, government and company policies generally ban gifts more than a nominal value. And, an additional thumb rule is that the acceptance of the gift should not influence one's judgement on merit.

Moonlighting:

Moonlighting, wherein a person works as an employee for two different companies in his spare time. This makes the person exhausted and harms the job performance in both places.

Insider information:

This establishes a business venture to get an advantage for oneself or one's family or friends. The information may be either of the parent company or its clients or its business partners. For example, engineers might inform the decision on the company's merger or acquisition of another company or if an innovative strategy is adopted. In such cases, their friends get to know the information on stock holding and decide on trading their stocks to sell or buy quickly, so that gain is more or prevent a loss.

Hope, you all understood the concept of conflicts of interest and its types. Finally, we can conclude by saying that, conflict of interest arises when a person chooses personal gain over his duties to their organization and exploits from their position for personal gain in some way. In our scenario, Cloyce

juggles between his financial interest and professional interest. And, thereby opting to satisfy his financial interests, he leads himself to legal ramifications as well as job loss.

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