



SNS COLLEGE OF TECHNOLOGY

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COIMBATORE-641 035, TAMIL NADU



19GET201-Professional Ethics and Human Values Unit – III

Conflicts of Interest, Occupational Crime:

Conflicts of interest and **occupational crime** are significant issues in professional ethics and legal compliance, impacting the integrity of individuals and organizations. Understanding these concepts helps in maintaining ethical standards and ensuring accountability in various settings.

Conflicts of Interest

Definition: A conflict of interest occurs when an individual's personal interests or relationships interfere with their professional responsibilities or decision-making. This can lead to biased judgments or actions that are not in the best interest of their employer, clients, or stakeholders.

Types of Conflicts of Interest:

1. Personal vs. Professional Interests:

- **Example:** An employee who has a financial stake in a company that competes with their employer may face a conflict if they are involved in decisions that could benefit that competitor.

2. Family and Relationships:

- **Example:** Hiring or promoting a family member within the organization can create a conflict of interest if it affects the fairness and objectivity of the hiring process.

3. Gifts and Benefits:

- **Example:** Accepting gifts or favors from vendors or clients could influence an individual's decisions or create the appearance of favoritism.

4. **Financial Interests:**

- **Example:** An executive with stock holdings in a company might face a conflict when making decisions that affect the company's stock value.

Managing Conflicts of Interest:

1. **Disclosure:**

- **Definition:** Individuals should disclose any potential conflicts of interest to their employer or relevant parties.
- **Example:** An employee should report any financial interests or relationships that might affect their work.

2. **Recusal:**

- **Definition:** Individuals should recuse themselves from decision-making processes where a conflict of interest exists.
- **Example:** A manager should step aside from approving a contract involving a company they have a financial interest in.

3. **Policies and Procedures:**

- **Definition:** Organizations should implement clear policies and procedures to identify, manage, and mitigate conflicts of interest.
- **Example:** Developing a conflict of interest policy that outlines procedures for disclosure and handling conflicts.

4. **Training and Awareness:**

- **Definition:** Provide training to employees about recognizing and managing conflicts of interest.
- **Example:** Conduct regular ethics training to educate employees about the importance of avoiding and managing conflicts of interest.

Occupational Crime

Definition: Occupational crime, also known as white-collar crime, involves illegal activities committed by individuals in their professional roles or positions. These crimes typically involve deceit and are motivated by financial gain, often occurring in business or professional settings.

Types of Occupational Crime:

1. Fraud:

- **Definition:** Wrongfully deceiving individuals or organizations for financial gain.
- **Example:** Embezzlement, where an employee siphons off funds from their employer's accounts for personal use.

2. Bribery and Corruption:

- **Definition:** Offering or accepting bribes to influence business or government decisions.
- **Example:** A company paying a government official to secure a favorable contract.

3. Insider Trading:

- **Definition:** Trading stocks based on non-public, material information.
- **Example:** An executive buying or selling company stock based on confidential financial information.

4. Theft and Embezzlement:

- **Definition:** Stealing assets or funds from an organization.
- **Example:** A financial officer diverting company funds into their personal account.

5. Tax Evasion:

- **Definition:** Illegally avoiding tax payments.
- **Example:** Falsifying income reports to reduce tax liabilities.

Preventing Occupational Crime:

1. Internal Controls:

- **Definition:** Implementing policies and procedures to prevent and detect fraudulent activities.

- **Example:** Regular audits, segregation of duties, and approval processes for financial transactions.

2. **Ethics Programs:**

- **Definition:** Developing and maintaining comprehensive ethics programs that promote integrity and compliance.
- **Example:** Establishing a code of conduct, ethics training, and reporting mechanisms for unethical behavior.

3. **Whistleblower Protection:**

- **Definition:** Providing protection for employees who report illegal or unethical behavior.
- **Example:** Creating secure channels for reporting misconduct and ensuring that whistleblowers are not retaliated against.

4. **Regular Audits and Monitoring:**

- **Definition:** Conducting regular audits and monitoring to detect and prevent occupational crimes.
- **Example:** Implementing financial and compliance audits to identify discrepancies and potential fraud.

5. **Legal and Regulatory Compliance:**

- **Definition:** Ensuring adherence to laws and regulations to avoid illegal activities.
- **Example:** Complying with securities regulations, tax laws, and industry-specific regulations.