A local pastor, who also serves as a one-person pastoral care department in a rural healthcare institution, became aware at a meeting that his institution intended to take over a religious reflection area built with donations from local parishes. All in attendance were asked to keep the plans confidential. As a community leader-activist he felt conflicted and wondered whether he should alert other religious leaders to the actions being proposed by the institution.

This vignette, like most cases in organizational ethics, actually contains a web of potential ethical problems, including conflicts of interest, breaches in confidentiality, and breaking promises to donors. While all are important to explore, a common but frequently misunderstood issue is: conflicts of interest. When, for example, do this pastor’s “competing interests” become a “conflict of interest”? Are some conflicts tolerable while others are not? In all life, we regularly balance competing interests, for example, between family and work, but rarely does meeting a professional obligation jeopardize a civic obligation. How can the pastor resolve competing interests between obligations to his work and community?

The key to avoiding conflicts of interest is to ask oneself whether any clear moral directives inform moral obligations. For instance, when physicians experience competing moral obligations between patients’ welfare and business interests, they often prioritize obligations by relying on a clear professional dictum to “do no harm.” In this case, the pastor needs to ask himself whether he has made any explicit commitments in his work contract not to divulge management plans, or whether in his volunteer fundraising he has obliged himself to be vigilant in the stewardship of gifts. In many cases, management personnel sign an annual conflict of interest statement, which sometimes contains language that the employee will not divulge proprietary information. If the pastor has signed such a statement, this would prioritize his obligation and make clear that a conflict of interest would happen if he were to share the information with the community. Most institutional conflict of interest statements also require that those who face conflicts must declare them to superiors. Would the pastor know how to make known that he is moving towards a potential conflict of interest? Would employees who did not sign the statement but felt they had a conflict know what to do? Finally, even if the pastor had informed his supervisor, would there be clear guidance for the supervisor, who in some cases is authorized to allow the employee action after the declaration, to discern which conflicts were manageable and which were not?

A classic definition of employment conflict of interest describes it as a conflict between an employee’s personal interests (e.g., finances and family) and the institution’s interests. Numerous conflicts can be observed institutionally, including placing business with friends or relatives, confusing outside business interests with the employer’s interests, maintaining partial relationships with actual and potential vendors and contractors, and accepting gifts, meals, and entertainment from vendors. The moral consequences for acting on conflicts are not always obvious. A professional who seeks personal interests over professional commitment would most times not wear a scarlet letter indicating his integrity had been sullied. Or, when an institutional decision-maker purchases goods or services for the institution influenced by relatives or friends, the increased costs or the discrimination lodged against equally situated bidders might be obscured by complicated budgets or never recognized at all.

While defining conflicts and identifying some ill consequences might be easy, spotting conflicts is less so, in part because it is difficult to remain alert and conscientious in distinguishing the institution’s interests from personal ones. Even in the best of circumstances when, for example, employees can spot conflicts, it is less clear which conflicts to accept and which ones to...
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A hospital requested bids for cleaning service from two companies. The director of household services is aware that the executive of one of the cleaning companies is the sister of the CEO’s wife, and the word on the street is that her company will probably be awarded the contract. The director of household wonders if the company likely to get the bid will be able to fill the hospital’s needs.

- Since it is agreed that employees generally should avoid placing business with any person or company in which a relative or friend has a direct or indirect interest, is there a way to protect the institution when this option seems inevitable, for example, in a small community where few vendors exist?

A food service employee has a close relationship with the marketing director of a food distribution company who wants to establish a business relationship with the regional health corporation.

- Would the employee know how and when to alert others that he/she may actually be in, or appear to be, in a conflict of interest?
- Does the institution have a clear way for employees who are in a conflict of interests to recuse themselves from the bidding process and to make certain that no action is taken by the employee to influence the bid?
- Does the institution create an atmosphere where employees feel comfortable identifying conflicts of interests and where failure to do so has consequences?

A surgeon purchases implantable devices “off-contract” because it is not offered by the group purchasing organization (GPO). He argues that the off-contract product is better than those offered by the GPO, even though the off-contract product costs more for the institution and patient. His brother-in-law is a representative of the company from which he purchases the devise.

- Do conflict of interest standards apply only to management employees?
- Is there any way to fairly evaluate off-contract products while keeping those with interests at arm’s length from the purchasing decision?
- Are institutional policies in place to review such purchases?

The director of laboratories in a rural area has hired the only phlebotomist to apply for the position. The new employee, a recent med-tech graduate is also the daughter of the director of laboratories.

- Since it is generally agreed that it is a conflict of interest to hire or supervise a relative or domestic partner, is there a way this situation can be accommodated?

The best option for employees is to avoid conflicts of interest, or barring that, to disclose them and keep at arms length from the decision making process. The purpose of reflecting on conflicts of interest is not to place unreasonable constraint on the employee or to forbid outside interests, but rather to protect the CHE value of integrity for the employee and the institution.