

# UCS1704 – Management and Ethical Practices

## UNIT – IV

Confidentiality, Conflict of Interest and  
Occupational Crime

Semester – VII

Dr. G. Raghuraman, Associate Professor/CSE



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# OUTLINE

- Safety and Risk
  - Assessment of Safety and Risk
  - Risk Benefit Analysis and Reducing Risk
  - Respect for Authority
  - Collective Bargaining
  - Confidentiality
  - Conflicts of Interest
  - Occupational Crime
  - Professional Rights
  - Employee Rights
  - Intellectual Property Rights (IPR)
  - Discrimination
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# External Responsibilities

- Responsibilities of an engineer towards outside world, that the Responsibilities outside organization
- It include
  - ❑ Confidentiality
  - ❑ Conflict of interest
  - ❑ Occupational crimes

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## Types Of Crime

### ***Domestic crime***

Non-accidental crime committed *by members* of the family

### ***Professional Crime***

When crime is *pursued as a profession* or day to day occupation

*Blue collar crime (or) Street crime*

Crime *against person, property* (theft, assault on a person, rape)

### **Victimless crime**

Person *who commits* the crime *is the victim* of the crime. E.g.

Drug addiction

### ***Hate crime***

Crime done on the banner of religion,  
community, linguistics

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# Occupational crimes

- ❑ Occupational crimes are *illegal acts made possible through one's lawful employment.*
- ❑ It is the *secretive violation of laws* regulating work activities.
- ❑ When committed by office workers or professionals, occupational crime is called “*white collar crime*”
- ❑ *Most of occupational crimes are special instances of conflicts of interests.*
- ❑ *These crimes are motivated by personal greed, corporate ambition, misguided company loyalty*
- ❑ **Examples:**
  - ❑ Price Fixing
  - ❑ Endangering lives
  - ❑ Industrial espionage

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# Occupational crime of price fixing

- While fixing price for any product or service sometimes all competitors come together and jointly set up the price to be charged. These are called pricing cartels.
  - This is unfair and unethical practice
  - Example: 1983, Washington power bids
  - Laws are enforced which forbids companies from jointly fixing
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# Endangering lives

- Some companies employ workers without disclosing them harmful health effects and safety hazards about the working environment
  - This is kind of occupational crimes
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# Industrial Espionage(spying)

- Industrial spying
  - Espionage refers secret gathering of information in order to influence relationships between two entities
  - The vital information's are secretly gathered through espionage agents for economic gains
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# Conflicts of Interest

- In general conflicts of interest means individuals as two or more desires that all interests cannot be satisfied given circumstance.
- Professional conflicts of interest are situations where professionals have an interest, if pursued, could keep from meeting one of their obligations to their employers
- Example:
- Employee working in a company serving as a consultant for a competitor's company

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# Types of conflicts of interest

- Actual conflicts of interests
  - Potential conflicts of interests
  - Apparent conflicts of interests
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# Confidentiality or confidential information

- Information considered desirable to be kept secret.
  - Any information that the employer or client would like to have kept secret in order to compete effectively against business rivals.
  - This information includes *how business is run, its products, and suppliers*, which directly affects the ability of the company to compete in the market place
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## Privileged information:

- Information available only on the *basis of special privilege*“ such as granted to an employee working on a special assignment.

## Proprietary information:

- Information that a company *owns or is the proprietor of*.
  - This is primarily used in *legal sense*.
  - Also called *Trade Secret*. A trade secret can be virtually any type of information that has *not become public* and which an employer has *taken steps to keep secret*.
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# *Patents*

- *Differ* from trade secrets.
  - *Legally protect specific products* from being manufactured and sold by competitors *without* the express *permission of the patent holder*.
  - They have the *drawback of being public* and competitors may *easily work around them* by creating alternate designs
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# Obligation of Confidentiality

Based on ordinary moral considerations:

## I. *Respect for autonomy:*

- *Recognizing the legitimate control* over private information (individuals or corporations).
- This control is required *to maintain their privacy* and protect their self-interest.

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# ***Respect for Promise***

- Respecting promises in terms of *employment contracts* not to divulge certain information considered sensitive by the employer

## ***Regard for public well being***

- Only when there is a *confidence* that the physician *will not reveal* information, the patient will have the *trust to confide* in him.
  - Similarly *only when companies maintain* some degree of *confidentiality* concerning their products, the benefits of *competitiveness* within a free market are *promoted*.
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# Effect of Change of Job on Confidentiality

- Employees are *obliged* to protect confidential information regarding former employment, *after a change of job*.
  - The *confidentiality trust* between employer and employee *continues beyond* the period of employment.
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# Conflict of Interest

Conflict of Interest arises when two conditions are met

- The professional is in a relationship or a role that requires exercising good judgment on behalf of the interests of an employer or client and
  - The professional has some additional or side interest that could threaten good judgment in serving the interests of the employee or client. E.g. When an engineer is paid based on a percentage of the cost of the design and there is no incentive for him to cut costs- The distrust caused by this situation compromises the engineer's ability to cut costs and calls into question his judgment.
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# Conflict of Interest created by Interest in other companies

- When one works actually for the competitor or subcontractor as an employee or consultant.
  - Having partial ownership or substantial stock holdings in the competitor's business.
  - It may not arise by merely having a spouse working for subcontractor to one's company, but it will arise if one's job also includes granting contracts to that subcontractor
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# **Conflicts of Interest created by Insider information**

- Using inside information to set-up a business opportunity for oneself or family or friends.
  - Buying stock in the company for which one works is not objectionable but it should be based on the same information available to the public.
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# Avoiding Conflicts Of Interests

- Taking guidance from Company Policy
  - In the absence of such a policy taking a second opinion from a coworker or manager. This gives an impression that there no intension on the part of the engineer to hide anything
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# People Committing Occupational Crimes

- Usually have high standard of education
  - From a non-criminal family background
  - Middle class male around 27 years of age (70% of the time) with no previous history
  - No involvement in drug or alcohol abuse
  - Those who had troublesome life experience in the childhood (Blum)
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