



# **SNS COLLEGE OF TECHNOLOGY**



**Coimbatore-36.**

**An Autonomous Institution**

**Accredited by NBA – AICTE and Accredited by NAAC – UGC with ‘A+’ Grade  
Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai**

**COURSE NAME : PROFESSIONAL ETHICS AND HUMAN VALUES**

**IV YEAR/ VII SEMESTER**

**UNIT – III RESPONSIBILITIES AND RIGHTS**

**Topic: Conflicts of Interest, Occupational Crime**

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## *Conflicts of Interest*

- A conflicts of interest occurs when the employees have an interest to pursue.
- It prevent them from meeting their obligations to serve the interest of their employers or clients
- For example: an electronics engineer working for a state department of communications might have a financial interest in a company which has a bid on supply of instruments



# *Conflicts of Interest*

## **1. Actual conflicts of interest:**

- Based on weaker judgment and service
- Refers to the loss of objectivity in decision making and inability to faithfully discharge professional duties to employers

## **2. Potential conflicts of interest:**

- Based on the difference between gifts and bribes
- Example: an engineer may find himself becoming a friend gradually with a supplier for his company
- This kind of potential conflicts also arise when accepting large gifts from the suppliers

## **3. Apparent conflicts of interest:**

- This may occur 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.
- There are some other conflicts of interest. They are:
  1. Interest in other companies
  2. Moonlighting
  3. Insider information



# *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



# *Occupational Crime*



## **Occupational Crime**

- 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'

## **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)
- People without firm principles (Spencer)
- Firms with declining profitability (Coleman, 1994)



# *Types Occupational Crime*

- **Organizational Crime**
- **State based Authority Crime**
- **Professionals Crime**
- **Individuals Crime**

## *Organizational Crime*

The Crimes for the benefit of an employing organization

Who Benefits ?

The employee/the company(macro)

Examples

- Price Fixing
- False Product Test Results
- Fraud
- Secrets Theft

## *State based Authority Crime*

The Crimes committed by govt official or employees through the exercise of their power given to them by their job

Who benefits? The offender benefits directly

Examples:

- Senator taking Bribes
- Police stealing confiscated goods
- May or get kick backs
- Cuyahoga Country Corruption charge



# *Types Occupational Crime*

## *Professional Crime*

Prof Crime committed by Professional which violate the trust Place in them by their patients/clients /individuals

Who benefits? The offender benefits directly

Examples

Lawyers billing clients for hours they did not work

Doctors/Vets making a false diagnosis

## *Individual Occupational Crime*

The Crimes committed by a worker themselves (Unrelated to govt , authority , profession or organization) Micro

Who benefits ?The individual themselves only

Examples

Employee theft

Driving Company vehicles while drunk

Falsification of expense reports

Income tax evasion



## *3 Factors to Commit Fraud*

**Pressure.** Most individuals require some form of pressure to commit a criminal act. This pressure does not need to necessarily make sense to outside observers, but it does need to be present. Pressures can include money problems, gambling debts, alcohol or drug addiction, overwhelming medical bills. Greed can also become a pressure, but it usually needs to be associated with injustice. “The company has not been paying me what I am really worth,” for instance.

**Opportunity.** An opportunity to commit the act must be present. In the case of fraud, usually a temporary situation arises where there is a chance to commit the act without a high chance of being caught. Companies that are not actively working to prevent fraud can present repeated opportunities to individuals who meet all three criteria of the fraud triangle.

**Rationalization.** The mindset of a person about to commit an unethical act is one of rationalization. The individual manages to justify what he or she is about to do. Some may think they are just going to borrow the stolen goods, or that they need the money more than the “big” company they are stealing from.





# 3 Factors to Commit Fraud



## Using The Fraud Triangle

➤ *Relieve Pressure*

➤ *Minimize Opportunity*

➤ *Target Rationalization*



# *References*

1. Mike W. Martin and Roland Schinzinger, Ethics in Engineering, Tata McGraw Hill, New
2. R.R Gaur, R Sangal, G P Bagaria, A foundation course in Human Values and professional Ethics, Excel books, New Delhi, 2010, ISBN 978-8-174-46781-2

