Conflict of Interest
Questions for classroom discussions

1. What conflicts of interest have you personally experienced in personal or professional roles?

2. If you perceive a potential conflict for yourself, what are some ways you might ensure that this conflict doesn’t lead to unethical behavior for you and others?

3. When have others’ conflicts of interest impacted how you or those you know were treated?

4. What types of policies can or do organizations implement to try to reduce conflicts of interest or their costs?

5. Why do you believe conflicts of interest are so pervasive in society? Why don't we take more steps to avoid them?

6. Why is it so hard for individuals to recognize their own conflicts of interest, and how is this impacted by behavioral biases?
**Additional Teaching Note**

A detailed article with extensive resources for teaching behavioral ethics is Prentice, Robert. 2014. “Teaching Behavioral Ethics.” *Journal of Legal Studies Education* 31 (2): 325-365; and may be downloaded here:


**Additional Resources**


Incentives are pervasive in every aspect of society. People are rewarded for taking certain actions, and not rewarded for taking others. Workers are paid for their effort and productivity, salespeople are paid for their sales, and small business owners are rewarded with profits for successful ventures. So long as these incentives are well-understood by everyone, they work reasonably well. They motivate effort, performance, and social welfare. But sometimes, individuals have incentives that conflict with their professional responsibilities, often in ways that are not transparent to the public or in their own minds. These conflicts of interest produce serious economic and social problems.

Conflicts of interest are pervasive in markets and in society, and can motivate professionals to act in ways that violate their responsibilities and hurt their client and employers. Doctors, for example, may face a conflict of interest when they are paid more for some procedures than for others. Their professional responsibility is to do what is best for a patient, but their financial incentive is not always aligned with this responsibility. If an oncologist profits from selling chemotherapy agents to their patients, and some agents are more expensive than others, this conflict becomes a problem. Most doctors would never think of profiting in ways that hurt their patients, but some may either consciously or subconsciously.

When there are conflicts of interest, you can almost guarantee that they will at least sometimes lead to bad outcomes. Surprisingly, in many states, real estate agents can represent both the buyer and the seller in a home transaction. The conflict in such transactions is clear. The agent could never have both parties’ best interests in mind, just as an attorney could never adequately represent both a plaintiff and defendant in civil lawsuit. Even professors face a conflict of interest when they’re designing courses that will be evaluated by students seeking high grades and low workload. If the professor is ultimately promoted based on their popularity with students, will they consider making the course a little bit easier?
The key implication is that managers and policy-makers must constantly evaluate whether professionals and employees might face incentives to act counter to their responsibility. Eliminating conflicts of interest is one of the simplest and most effective ways to reduce unethical behavior. But in order to do so, we must be willing to acknowledge that professional codes of conduct, like those followed by doctors, lawyers, accountants, and real estate agents, do not make people immune to these conflicts, and that these codes are rarely a justification for ignoring the likely outcomes that conflicts of interest create.