Public Relations Ethics Case Study #5

Conflicts of Interest

You head the public relations department of the state’s largest bank. The department is responsible for putting together a quality service recognition program. Your bank’s public relations agency is designing the advertising specialty components for the program targeting the bank’s 10,000 employees.

Your spouse owns Large Promotions, the largest advertising specialty firm in the state. The company offers the best prices for large orders. Large Promotions has supplied products for a number of other accounts of the public relations firm. This is the first time, however, that the public relations firm has used Large Promotions for a bank project. The public relations firm does not know that your spouse owns Large Promotions. You have not suggested the use of Large Promotions.

The public relations firm has made its recommendations to you, including using Large Promotions as the vendor for the quality service recognition program.

What are your next courses of action? With the public relations agency? With your management team? With your spouse?

1. Define the specific ethical issue and/or conflict.

Do I inform my bank’s management about the potential conflict of interest? Should I ask the public relations firm to select another vendor? Should I let the public relations firm pick the vendor? After all, I didn’t force them to pick my spouse’s company. Large Promotions did have the best price.

2. Internal/external factors that may influence the decision.

- Conflict of interest policy at bank
- Conflict of interest policy of public relations firm
- Responsibility to employees

3. Identify key values.

Honesty — We adhere to the highest standards of accuracy and truth in advancing the interests of those we represent and in communicating with the public.

Expertise — We build mutual understanding, credibility, and relationships among a wide array of institutions and audiences.

Independence — We are accountable for our actions.

Loyalty — We are faithful to those we represent, while honoring our obligation to serve the public interest.

Fairness — We deal fairly with clients, employers, competitors, peers, vendors, the media, and the general public.
4. Identify the parties who will be affected and define the public relations professional’s obligation to each.
   - Bank management
   - Bank employees

5. Select ethical principles to help the decision making process.

The core principle of the “Conflicts of Interest” section of the PRSA Code of Ethics Provisions is: “Avoiding real, potential or perceived conflicts of interest builds the trust of clients, employers, and the publics.” The intent of this provision is: “To earn trust and mutual respect with clients or employers,” and “To build trust with the public by avoiding or ending situations that put one's personal or professional interests in conflict with society's interests.”

6. Make a decision and justify.

Building trust with the employee public is key in this case. Even though the use of your spouse’s company would most likely result in a good and best price for the bank, letting the public relations agency use the company to supply the components for the quality service program would present a definite conflict of interest. You should immediately notify the public relations agency not to use your spouse’s company as a vendor for this and all future bank programs. You should explain that employees might perceive a conflict of interest, and that the perception would damage mutual understanding and credibility. The lack of trust by employees might be extended to the entire management of the bank. The loss to your spouse’s company might be substantial, but you need to put the interests of your employer and its employees before your personal interests. Even if you revealed the conflict to your bank’s management team, and they approved the supplier, employees might still perceive that you personally benefited from the bank using your spouse’s company as a supplier. Avoiding the conflict would guarantee continued mutual respect between you and employees.