

Conflict of Interest, Washington Employers

Hiring Resource

Conflict of interest is one of a number of policies designed to address employees' conduct. Similar policies might include: Non-compete, Confidential Information, Inventions, Gifts, Ethics and Outside Activity, which could include both work activity (moonlighting) and personal activity. It is sound business practice to inform employees of how they are expected to conduct themselves with outside organizations. Policies intended to govern employees' conduct are generally sufficient, although Washington Employers can provide copies of "side contracts" if the situation dictates. Any attempts to govern ex-employee conduct, particularly agreements not to compete, should be done contractually and involve an exchange of consideration.

Example #1

To protect the company's interest, employees are expected to avoid:

1. Using their position with the company to influence business transactions for their personal benefit, or for the benefit of any businesses in which they may have any interest, or in which any member of their family or their spouse's family may have any interest.
2. Working for a competitor or supplier of goods or services to our company, its divisions or subsidiaries.
3. Working for any other person or firm (moonlighting) where such additional work will interfere with the performance of job responsibilities or work schedules at our company or its divisions or subsidiaries.

Failure to make full disclosure of a conflict of interest or a potential conflict of interest may result in disciplinary action, up to and including, discharge.

Example #2

A conflict of interest occurs when a situation benefits an employee's own personal interests at the expense of, either monetarily or in reputation, the company and/or its customers.

Employees should know that under no circumstances is it proper to use one's position with the company, directly or indirectly, for private gain, to advance personal interest, or to obtain favors or benefits for oneself, a family member or any other person.

Example #3

In all of its dealings, [Company Name] and its employees must demonstrate a high level of ethical conduct, knowledge, skill and competence. Employees must show diligence in the performance of their occupational duties, comply with all policies, abide by all laws and regulations and avoid any conduct or activity, which might appear questionable to a third party. Exactly what constitutes a conflict of interest or an unethical business practice is both a moral and a legal question. [Company Name] recognizes and respects the individual employee's right to engage in activities outside of his or her employment which are private in nature and do not in any way conflict with or reflect poorly on [Company Name]. Management reserves the right, however, to determine when an employee's activities represent a conflict with [Company Name]'s interests and to take whatever action is necessary to resolve the situation -- including terminating the employee. This high standard of conduct includes, but is not limited to, the following specific areas:

- Employees are prohibited from having any personal financial dealings or employment relationship with any individual or business organization that furnishes merchandise, supplies, property or services to [Company Name]. This includes arrangement to receive loans (other than normal bank loans), commissions, royalties, property shares or anything of value.
- [Company Name]'s personnel directly involved with the purchase of merchandise and services from supplier firms, including management personnel with approval authority, are prohibited from having any interest or making investments in those companies other than normal stock and bond market transactions.

Example #4

[Company Name] respects your right to engage in private activities and personal business beyond your employment with us, provided such activities do not conflict with the interests of the Company.

You are free to engage in outside activities, provided this is done on your own time and with your own equipment, and does not conflict with your regular duties; and provided such endeavor is not in direct competition with the Company. You may not exploit your connection with the Company in the course of such activities without the permission of the Company. Prior notice to the _____ is required before performance of outside activities, which originate from your status as a Company employee. Should a conflict with a client or an activity on your part be of a nature that it could tarnish the image of the Company or hurt our business position in the community, management reserves the right to enforce proper disciplinary actions.

Acceptance of gifts or services from current or potential suppliers or customers is prohibited. This includes personal holiday gifts, but not ordinary courtesies such as meals or company labeled promotional items of little value. You are prohibited from having any personal financial dealings or employment relationship with any individual or business organization that furnishes merchandise, supplies, property or services to [Company Name]. This includes arrangement to receive loans (other than normal bank loans), commissions, royalties, property shares, or anything of value.

All personnel directly involved with the purchase of merchandise and services from supplier firms, including management personnel with approval authority, are prohibited from having any interest or making investments in those companies other than normal stock and bond market transactions.

This information is general in nature and is meant as a guide for members of Washington Employers. As such, it is not intended to be, nor should it be used as, legal or management advice. If you have a question about a specific situation, please contact a Washington Employers' professional staff member at (206) 329-1120