Relevance of Relationships and Compliance

Relationships typically are thought of in reference to friendships or the connections of people in groups. Ultimately, relationships always involve people, a situation, and an agreement of some form regarding that relationship. Compliance is the last thing most people would consider when thinking about relationships.

Relevant means there is a significant and demonstrable bearing or social significance of the matter at hand, so you might wonder what the relevance of relationships is to compliance. The most typical relevant relationship in compliance is the situation known as conflict of interest.

Conflicts of interest are a clash that most often occurs between requirements and interests. Various types of conflicts of interest can occur because of the nature of relationships versus rules of organizations or federal and state laws. People can easily become biased (have an unfair preference) because of small things like friendship, food, or flattery, or they may be influenced to make a decision because of the potential to gain power, prestige, or money. Conflicts can occur when an individual makes or influences a decision and does so for some personal gain that may be unfair, unethical, or even illegal.

Transparency (being completely open and frank) becomes important when dealing with both actual and potentially perceived conflicts of interest. Perception happens when an individual observes something (behavior or activity) and comes to a conclusion. Perceiving a conflict of interest does not make it a conflict of interest. The true test of verifying whether a matter is just a potentially perceived conflict of interest, or an actual conflict of interest, is disclosure.

Disclosure is typically a more formal and documented process that most organizations have adopted in policy to address conflicts of interest. The disclosure process is intended to help the work force be transparent and accountable for (explain or justify) their actions and decisions. Disclosure of a potential conflict of interest does not make it an actual conflict, but may help eliminate the perception. On the other hand, disclosure of an actual conflict of interest does not remove the conflict, but helps get it in the open to be properly addressed. It's important to disclose both potentially perceived and actual conflicts of interest to allow others to evaluate the matter and make the decision, rather than keep it to oneself and then create an ethical or legal situation. The individual cannot make the determination as to whether it is a conflict or not, because he/she does not have an independent or objective point of view.

“When in doubt, ask” is an old saying that makes a great deal of sense when working through conflicts of interest. There is no harm in asking, but there could be a great deal of harm to an individual, the organization, or both, by not asking. It is always best to be transparent and accountable to ensure we eliminate either the perceived or actual conflict of interest.

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