



Conflict of Interest

Conflict of interest in recruitment for managers

Conflicts of interest are common in recruitment across the public sector, especially in small organisations, or regional areas.

Introduction

A conflict of interest arises when there is a conflict between a private or personal interest (including a person's family, friends and associates) and the performance of a public duty. The conflict can be actual, perceived, or potential.

Effectively managing conflicts of interest in recruitment protects the process itself and the reputation of successful applicants, the panel, and the organisation.

The merit principle

Best practice in recruitment in the Tasmanian public sector is based on the merit principle, which means that:

- ▼ all eligible members of the community are given a reasonable opportunity to apply for a position;
- ▼ an assessment is made of the relative suitability of candidates, using a competitive selection process;
- ▼ the evaluation is based on the relationship between the candidates' work-related qualities and the qualities genuinely required to perform the relevant duties;
- ▼ the assessment focuses on the relative capacity of candidates to achieve outcomes related to the relevant duties; and
- ▼ the assessment is the primary consideration in making the employment decision.

How can conflicts of interest arise in recruitment?

Conflicts of interest in recruitment can occur in several ways, including:

- ▼ designing and advertising a position with a particular applicant in mind;
- ▼ if you are on a recruitment panel, assisting one of the applicants with their application;
- ▼ being part of a panel where there is an undisclosed relationship (positive or negative) with an applicant; or
- ▼ appointing panel members who the chairperson can influence to ensure a favoured candidate is selected.

Potential outcomes where a conflict of interest is not declared and managed

Favouritism

Favouritism is the practice of giving special treatment or unfair advantage to a person or group for reasons outside of their job performance. For example, designing a job or promotion opportunity for a favourite employee.

Nepotism

Nepotism is the practice of hiring family members who may not be the best (most deserving) candidate for the job, for example, hiring an immediate member when they do not satisfy all of the criteria for the job or hold an essential requirement.

Cronyism

Cronyism is a form of favouritism where an employee uses their position to provide a benefit to or seek a benefit from a friend or associate, for example, using your position to give a former work colleague an advantage during a recruitment process.

Preferential treatment / partiality

Preferential treatment occurs when a person (usually a manager) gives special treatment to or demonstrates favourable attitudes towards one person over all other employees for reasons unrelated to performance. For example, a manager provides their favourite employee benefits and opportunities for no valid work-related reason, including job opportunities or promotions.

Bias, prejudice or discrimination

A conflict of interest may result from a public sector employee misusing their position or influence to disadvantage an otherwise deserving or suitably qualified associate due to personal dislike, prejudice or discrimination.

Prevention strategies for your organisation

In addition to policy and procedures, public sector organisations need to have specific strategies for managing conflicts of interest in recruitment. Strategies should include:

- ▼ providing training and ongoing support for panel members
- ▼ developing guidance documents and declaration templates for panel members, including identifying and managing areas of particular risk (such as internal applicants)
- ▼ clarifying the points in a recruitment process (planning, advertising, selection) where conflicts of interest should be declared, considered and discussed
- ▼ having clear roles and expectations in the process for:
 - ▼ hiring managers
 - ▼ Human Resources (HR) staff

- ▼ panel members, and
- ▼ panel chairs
- ▼ confirming requirements for documenting conflicts of interest and other decisions, and
- ▼ consistently applying pre-employment screening processes for all applicants in recruitment, including information about qualifications, work history, discipline and criminal histories, and conflicts of interest.

Responsibility of panel members

Any person involved in any stage of a recruitment process must consider, before their involvement, whether they have a conflict of interest, including:

- ▼ a current or previous personal or professional association with any of the applicants
- ▼ financial interests (either concerning an applicant or the process outcome), or
- ▼ a negative relationship with any applicant.

Panel members should disclose to the panel chair any knowledge of, or association with, any applicant.

Responsibility of panel chair

The panel chair should canvas panel members independently before the selection process commences to see if they have any personal interests regarding any applicant.

The chair must document any declarations, review any disclosures, decide how conflicts should be managed, and document the outcome. Staff in Human Resources or the delegate can offer guidance at this stage.

Management strategies

Any conflict of interest needs to be identified, disclosed, documented and managed as early as possible.

Management strategies will include one or more of the following:

- ▼ document the declaration of the conflict of interest as part of the recruitment and selection process
- ▼ to mitigate influence, have the panel member with a perceived conflict of interest comment last when discussing the suitability of the applicants
- ▼ restricting the person's role in the process (for example, where they have particular skills, limiting their role to participating in a blind assessment of a task given to applicants)
- ▼ including an independent person from outside the organisation on the panel, or
- ▼ removing the person from the process (particularly if there is a family relationship).

Internal applicants

The recruitment process must demonstrate fairness and impartiality in respect to internal applicants for a position.

Your organisation should have procedures in place to ensure that any potential internal applicants are not involved in any part of the recruitment process, including that they do not:

- ▼ assist with the preparation of position descriptions or statements of duty
- ▼ assist with the preparation of position advertisements, or
- ▼ be listed as the contact officer for potential candidates.

No applicant should receive an advantage. Advantages include coaching or specialist advice not provided to all applicants.

Internal applicants must not be given an expectation of success or failure.

Referee reports by selection panel members

If an applicant asks you to be a referee and you are on the selection panel, you must declare an interest and ensure the panel members agree to any one or more of the following options:

- ▼ that you provide a written referee report once the applicant has been shortlisted and before interviews take place
- ▼ that you suggest the candidate nominate a different referee, or
- ▼ the panel obtains a second referee report.

Documenting decisions is key:

Ensure that all disclosures and decisions are documented, including the disclosed conflict of interest and decisions around managing a conflict of interest.



The Commission can help

We are available to provide support and assistance with identifying, reporting, investigating, managing and preventing misconduct: contact@integrity.tas.gov.au or 1300 720 289.