Public Relations Society of America
Board of Ethics and Professional Standards
Code of Ethics Case Study Series

AI-Generated Misinformation

An innovative tech company is facing a potential PR crisis after an AI-powered chatbot releases misleading or false information about a current flu epidemic. They are already in precarious financial shape and are about to lose contracts with health systems, meaning a huge loss of revenue and layoffs for the fledgling company. The CEO would like to fix the technical glitch and urges you, as the Director of Public Relations, to keep the mistake confined to internal discussions and solutions.

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

- The specific ethical issue here is **whether to disclose or conceal the chatbot's release of misleading public health information, balancing transparency and public safety against the company's financial survival and loyalty to the employer**.
- This involves a conflict between:

   Duty to the public — being honest and transparent about misinformation that could affect health decisions during a flu epidemic.

   Duty to the employer — protecting the company's reputation, contracts, and financial viability by keeping the issue internal until it is fixed.

2. Identify internal/external factors that may influence the decision.

Internal Factors:

1. **Financial Stability** – The company is already in precarious financial shape, meaning any decision must weigh the costs of potential lawsuits, PR damage, and operational fixes.
2. **Ethical Considerations** – The CEO's directive to keep the mistake internal conflicts with transparency and responsible AI practices.
3. **Technical Capabilities** – The ability of the AI development team to quickly diagnose and fix the chatbot's misinformation issue will impact decision-making.
4. **Leadership & Corporate Culture** – Whether the company prioritizes ethical AI, accountability, and public trust versus short-term damage control.
5. **Legal & Compliance Risks** – If regulatory agencies investigate the misinformation, non-disclosure could lead to fines or further legal trouble.

6. **Employee Morale & Retention** – Layoff risks and internal secrecy could lower trust among employees, impacting productivity and talent retention.

External Factors:

1. **Regulatory Scrutiny** – Government agencies and AI watchdogs may intervene if the issue violates consumer protection laws.
2. **Public Trust & Brand Reputation** – If the issue becomes public knowledge, consumers and health system clients may lose faith in the company's products.
3. **Media Coverage & Social Perception** – News coverage or viral social media discussions could amplify the crisis, making secrecy a risky approach.
4. **Market & Competitor Reactions** – Competitors may exploit the company's mistake to gain market share or bolster their own AI trustworthiness.
5. **Health System & Client Relationships** – Key contracts are at stake, so clients will expect reassurances about product reliability and company accountability.
6. **Legal & Ethical Standards for AI** – Industry norms and global AI regulations may influence whether the company is expected to be transparent or face legal action.
7. Concern about **Public Safety** - There is a risk of potential harm to the public caused by misinformation during a flu epidemic

3. Identify key values.

- **Honesty** – The company must be truthful in correcting AI-generated misinformation.
- **Loyalty** – The PR team must balance their duty to the company with their responsibility to the public.
- **Fairness** – The company should not intentionally mislead or manipulate public perception.

4. Identify the parties who will be affected by the decision and define the public relations professional's obligation to each.

Internal Stakeholders

1. **CEO & Executives** – Concerned about financial stability, reputation, and crisis management.
2. **AI Development Team** – Responsible for fixing the technical glitch and ensuring future reliability.
3. **Legal Team** – Advising on regulatory risks, liability, and ethical considerations.
4. **Employees** – Facing potential layoffs and reputational consequences.
5. **Investors & Board Members** – Concerned about financial losses, strategic direction, and company stability.

External Stakeholders

1. **Health Systems & Clients** – Organizations considering contract cancellations due to misinformation.
2. **Regulators & Government Agencies** – Authorities monitoring AI compliance, misinformation, and consumer protection.
3. **Media & Journalists** – Covering the PR crisis and influencing public perception.
4. **Consumers & General Public** – Users of the chatbot who may have received false or misleading flu epidemic information.
5. **Competitors** – Other tech firms that may capitalize on the company's misstep.

5. Select ethical principles to guide the decision-making process. Core principles of the PRSA Code effecting this decision are:

- **Disclosure of Information** – This provision instructs PR professionals to:

  Be honest and accurate in all communications and act promptly to correct erroneous communications for which the member is responsible. Given that, the company must correct misinformation and disclose AI's role in the error.

- **Enhancing the Profession** – PR professionals should advocate for ethical AI use and transparency.

6. Make a decision and justify.

   Relying especially on the Disclosure of Information code provision, the company should take **a transparent and proactive approach** by publicly acknowledging the chatbot's misinformation, committing to a fix, and reinforcing ethical AI practices. This decision aligns with the **PRSA values** which emphasize honesty, accountability, and protecting the public interest.

Recommended Actions:

1. **Issue a Transparent Statement** – Acknowledge the error, explain what happened, and provide assurances about corrective measures.
2. **Deploy a Technical Fix** – Ensure the AI chatbot is updated to prevent similar errors.
3. **Strengthen AI Oversight** – Implement additional safeguards to improve fact-checking and data accuracy.
4. **Engage with Stakeholders** – Communicate with health systems, regulatory agencies, and the public to rebuild trust.
5. **Develop a Crisis Communication Plan** – Prepare for media scrutiny and maintain open, ethical dialogue.