



# Gift and Hospitality Issues

## *Part 1 - Ethical Issues and Problems*

### Gifts and Hospitality

What are gifts and hospitality?

- A gift is something that is given to another person to give pleasure or show gratitude. An example of a business gift may be a memento or item exchanged between two parties as a gesture of goodwill or thanks.
- Hospitality is the kind and generous treatment offered to guests. Business hospitality typically comes in the form of meals and entertainment.

Why do we give gifts?

- Giving gifts can be just as enjoyable as receiving gifts. Giving gifts is universal. People have always used the act of giving gifts since the dawn of civilization and in every culture.
- Gift giving and showing hospitality is a normal part of doing business. The business world depends on it to build and solidify relationships, show appreciation, secure new business, maintain current business, or simply for good protocol and good will.

What do good gifts say?

“Thank you!”  
“You’re welcome!”  
“Here’s something to remind you of us!”  
“Welcome!”  
“We appreciate you!”  
“Here’s a sample.”  
“We’ve got it and we want to show it!”  
“Happy birthday!”  
“Happy anniversary!”  
“You’re important to us.”  
“We can work together.”

Gifts can bad gifts say?

“If you do something for us, we can do something for you.”  
“There’s more where that came from.”  
“We hope you will see things our way.”  
“Here’s a little gratuity just between us.”

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“This is the cost of business that no one else needs to know about.”  
“Put me in the front of the line.”

Unfortunately, gifts and hospitality can easily be corrupted into a tool for manipulation, influence, and unethical business dealings.

## Gifts Come in All Forms

Kinds of business gifts:

- Mementos
- Promotional gifts – key chains, pens, calendars, and other logo items
- Sample products
- Special occasions – birthday presents, Christmas baskets, welcome baskets
- Souvenirs

Kinds of business hospitality

- Meals in normal course of doing business
- Lodging related to business
- Entertainment (sporting events, shows, special events)
- V.I.P. treatment or service

## Three Reasons for Rejecting Inappropriate Gifts?

1. Inappropriate gifts undermine customer relationships. A relationship based on exchanging inappropriate gifts is phony and disingenuous. It is based solely on what one party can get from the other.
2. Inappropriate gifts hurt your company's reputation. One corrupt act can tarnish the reputation of the entire company. If one customer gets away with giving or receiving an inappropriate gift, then the impression will be made that this is how your company normally conducts business.
3. Inappropriate gifts put your company in legal jeopardy. Many inappropriate gifts are not harmless exchange but are considered bribery. Oftentimes, illegal gifts and hospitality are evidence of larger scale corruption and other illegal activities.



## Bad Intentions

It's all about intentions. Before accepting a gift consider the intentions of the giver.

What are the intentions of a gift?

- To Influence a purchasing decision
- Quid Pro Quo or "This for That" exchange
- For compensation for rendering services
- As a bribe for preferential treatment
- A kickback to pocket funds through the back door
- To give a misleading impression

## What the Law Says

Here is what the law says about inappropriate gifts and hospitality:

- Inappropriate gift giving is a form of bribery. It is serious business with serious consequences.
- Inappropriate gifts are universally recognized as wrong and unethical.
- Anti-corruption laws such as the Anti-Kickback Act apply to many kinds of business gifts and hospitality.
- International bribery laws such as the FCPA (Foreign Corrupt Practices Act) apply to all gifts exchanged between foreign governments and private companies.

You must be aware of what the laws are that govern your gift giving policy.