



Gifts and Hospitality Ethical Issues and Problems

Gifts and Hospitality

Exchanging gifts and showing hospitality is a normal part of doing business. Each play an important role in developing strong business relationships. In this area, an employee's first obligation is to conduct himself or herself in a fair and impartial manner. He or she has a responsibility to not let gifts and business hospitality compromise, or even appear to compromise, his or her ethical standards against undue influence.

It takes a good eye and a dose of common sense to see when a situation is pushing the limit on what is and is not acceptable. It can be difficult to override personal feelings, desires, or needs to say "No" when it's so easy to rationalize a "Yes." One needs to see past the material and notice the moral principles and ethical responsibilities at stake. So, what are business gifts and hospitality? Well, 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.

Understand this: gift giving and showing hospitality is a normal part of doing business all around the world. We use gifts to build and solidify relationships, show appreciation, secure new business, maintain current business, or simply for good protocol and good will. On the other hand, gifts can be used to manipulate, bribe, give a misleading impression, pay back, and even to break the law. Make no mistake, inappropriate gifts are unethical, illegal, and wrong. You need to be very, very, careful so that the gifts and hospitality you receive in the course of doing your job do not have any other unethical motivation attached.

What Good and Bad Gifts Communicate

So, what do good gifts say? Appropriate business gifts say,

"Thank you!"

"We appreciate you!"

"You're welcome!"

"Here's something to remind you of us!"

"Here's a sample of our products."

"Congratulations on your special occasion"

"We've got it and we want to show it!"

"You're important to us."

Or, "We can work together."



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."

"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.

Kinds of Business Gifts and Hospitality

Let's cover some examples of business gifts and hospitality. These kinds of business gifts can include:

Mementos

Promotional gifts – such as key chains, pens, calendars, and other logo items

Sample products

Gifts to celebrate special occasions, holidays, or welcome baskets

Souvenirs

Kinds of business hospitality include:

Meals in normal course of doing business

Lodging related to business

Entertainment (sporting events, shows, special events)

V.I.P. treatment or service

Reasons for Rejecting Inappropriate Gifts

There are three common reasons for rejecting inappropriate gifts

First, 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.

Second, 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.



Lastly, inappropriate gifts put your company in legal jeopardy. Many inappropriate gifts are not a harmless exchange but are considered bribery. Oftentimes, illegal gifts and hospitality are evidence of larger scale corruption and other illegal activities.

Remember this: It's all about intentions. Before accepting a gift consider the intentions of the giver. Ask yourself: What are the intentions of a gift? And see if any of these intentions are attached to that gift:

- It is given to influence a purchasing decision
- It is a quid pro quo (or "This for That") exchange
- It is back-door compensation for rendering services
- It is a bribe for preferential treatment
- It is a kickback to pocket funds through the back door
- It gives a misleading impression

If any of these intentions exist, then the gift is inappropriate and should be rejected.

What the Law Says

Inappropriate gifts are universally recognized as unethical, illegal, and wrong. Inappropriate gift giving is a form of bribery. Bribery is against the law and carries serious consequences. Anti-bribery Laws and Conventions include the FCPA or the Foreign Corrupt Practices Act, the OECD Convention on Combating Bribery, and the European Union Convention on the Fight Against Corruption (or the EU Convention). It is your responsibility to be aware of what the laws are that govern your gift giving policy and avoid giving or receiving inappropriate gifts.