

Giving and Receiving Gifts: The Ethical Dilemma



In the Corporate World as well as in Government Agencies, the act of giving gifts helps to establish and maintain fruitful business relationships. It is also used to recognize the hard work and achievements of staff. On the other hand, one of the most challenging decisions to make for employers and employees is where to draw the line in terms of giving and receiving gifts. Is it WRONG or is it RIGHT?



What is a Business Gift?

A business gift is a valuable item offered without obligation to selected recipients by a firm's representative, as an expression of appreciation or goodwill. Unlike promotional items, business gifts generally do not carry an advertising message but may instead be personalized with the recipient's name. Intangible business gifts, such as vacations and cruises, now comprise a significant portion of corporate gift-giving.

Receiving Gifts

Accepting gifts from clients, suppliers, and vendors may be a proper part of a business relationship. In some situations, however accepting gifts can be a serious breach of professional and business ethics or a violation of the law. It is important to note that luxurious gifts such as cars should ALWAYS be avoided, especially when it is offered by a Supervisor or Manager. Additionally, gifts from persons of the opposite gender may be misconstrued which can lead to unnecessary trouble. The appropriateness, timing and monetary value all play a part in whether gifts should be accepted or politely refused.



Giving Gifts

The fundamental intent of gift-giving should be to enhance relationships (whether internally or externally) in the most professional manner. Gifts should NEVER be offered during a bidding process, while awaiting the renewal of a contract or during business negotiations.

Gifts should never be given to one person but rather to a team or department. The reason for giving gifts should always be made clear and as much as possible, be placed in writing for example: thanking long-term customers or recognizing a dedicated employee.

GIFTS or BRIBERY?

While gifts are often given as a gesture of good business relationships, overly-generous business gifts or lavish gifts, at times, tend to place unnecessary pressure on the recipient to extend above and beyond the good business relationship. Thus, the thin line between sincere giving and bribery is becoming more and more unclear. A gift is something of value given without the expectation of return whereas a bribe is the same gift given in the hope of influence or benefit. Both can be monetary, tangible goods or they can be tickets to a sporting event, entertainment, trips or restaurant meals.

It is clearly unethical and in some cases, illegal to accept gifts or invitations to events where the obvious intent is to buy favour. Gifts used to influence outcomes in one's favour, undermine the much needed trust in business relationships. Some institutions rate the potential risk to the organization's credibility and reputation so great because of the acceptance and offering of gifts, that all gifts to employees are banned **outright**.

Tipping Off

An example of influence gained through the giving of gifts is *Tipping Off*. For instance, an employee may feel obligated to give Mr. Z a 'heads up' on a possible Suspicious Transaction Report because he always brings him/her nice gifts.



Section 4 of the Proceeds of Crime Act 2009, states, "A person who knows or suspects that an investigation into money laundering has been, is being, or is about to be made, and divulges that fact or other information to another person, whereby the disclosure of the fact or other information is likely to prejudice the investigation, commits an offence, and shall be liable, on conviction, to a fine not exceeding one hundred thousand dollars and to imprisonment for a term not exceeding three years."

Topics Discussed:

- ⇒ What is a Gift?
- ⇒ Receiving Gifts
- ⇒ Giving Gifts
- ⇒ GIFTS or BRIBERY?
- ⇒ Tipping Off
- ⇒ Best Approaches for Dealing with Gifts at Work
- ⇒ Scenario Discussion
- ⇒ References

Best Approaches for Dealing With Gifts at Work

Implementation of A Gift Policy

A gift policy provides guidance to company employees about what is and what isn't appropriate to accept as a present, offering, advertisement, award, or token of appreciation from a customer, vendor, supplier, another employee, or potential clients. A gift policy is very beneficial as it ensures that employees demonstrate the highest standards of ethics and conduct when dealing with internal and external stakeholders.

A Gift Policy outlines the following:



- * **Whether employees are to accept gifts both within and outside of the work premises;**
- * **Who may give a gift to an employee;**
- * **The acceptable value and type of gifts permissible to employees.;**
- * **The circumstances under which a gift may be accepted;**
- * **Exemptions to the policy—exceptional situations or circumstances in which employees may accept gifts that are otherwise not allowed.**

Because a policy cannot cover all situations, a clear set of decision making principles can help employees to make the best choices. **These can take the form of questions.**

- * **Would you be embarrassed if someone found out about the gift?**
- * **Does receipt of the gift influence you in anyway?**



Implementation of a NO GIFT Policy

To totally avoid misconceptions and conflicts of interest, the company may mandate that employees do not, under any circumstances, accept gifts from any individual or organization.

Scenario 1:

Maria Munez works as an attendant in Hall A at the University of MAL. James Q is a senior at the University. One day, he gave Maria a box of chocolates with a note saying, "Thank You for cleaning my room so well!" Maria took the chocolates, smiling. Later that week, he left another box of chocolates which Maria again accepted. A few weeks later, he gave her a bouquet of flowers. The next time he saw her, he asked her to bump his room to the top of the cleaning list.



**Were the gifts appropriate? Why or Why Not?
What action would you take if you were Maria?**

Be Proactive

What to Do

The company, in its general correspondence, should inform potential and existing clients of the code of ethics and that no gifts are to be accepted by staff. This would prevent awkward situations for Management and Staff.



Offer An Alternative

Offer clients and other stakeholders the opportunity to reward employees with positive letters of praise and recommendation which can in turn be placed on employee files. In this way, clients are also able to provide feedback on goods and services provided as well as the level of customer service exhibited.



Provide Employee Training

Employees should be trained to respectfully and professionally inform clients or other employees of the company's policy in relation to receiving gifts as well as the reasons why the company has adopted the policy.

Staff should be aware of the following:

- * **The company's policy on the offering and acceptance of gifts.**
- * **Requirements for reporting offers and acceptance of gifts.**
- * **Chain of command for reporting offers and acceptance of gifts.**

Discussion Questions

Scenario 2:

As an auditor with Company XYZ, Linda Welsh and her counterparts are currently on an inspection at Luxury Us Distributors. The Operations Manager kindly asks Linda to accept a silver watch as a token. "It's nothing", he remarked. There seems to be excess stock in the warehouse anyway so he is finding ways and means to give them away.

**How should Linda respond?
What are the ethical concerns?**



REFERENCES

- "Why You Need an Employee Gift Policy", Susan M. Heathfield. Oct 17, 2017. www.thebalance.com
- St. Christopher and Nevis Proceeds of Crime Act, 2009 Cap 4.28
- The Ethical Dilemma in Business Gifts: Gifts or Bribery, Karl Smith, July 16th 2014
- "The Ethics of Gifts and Hospitality." Issue 29. November 2012. Institute of Business Ethics