

Gifts and Entertainment

Is it OK for the sales or other personnel (such as a purchasing agent) of an ethical company to accept gifts from suppliers or customers of the company?

The dilemma that many companies have is that the exchange of gifts on the one hand can help in a positive way to establish or enhance a relationship. On the other hand, many companies are concerned that the giving of gifts by a supplier to, for example, the purchasing agent of the company establishes a *quid pro quo*. Consider this example and the ethical issue it creates: "I have been giving you gifts (or taking you out for expensive dinners, or paying for vacations, or fixing you up with dates) and now I want repayment. Send me a copy of the specs in advance."

Many companies are very concerned about this issue and have established rules for this sort of thing in their ethics statement or employee handbooks. Here is an example:

RECEIVING AND GIVING GIFTS

Substantial gifts, favors or excessive business entertainment from customers or suppliers are strictly prohibited. A gift, favor or entertainment is considered substantial or excessive if it might influence your business relationship with the donor. Generally, substantial gifts of favors are defined as having a value of \$100.00 or more. Any gift or dollar amount must be immediately reported to management.

In articulating their policy on gifts, many companies also limit how much their employees can be entertained by customers, suppliers, and others. For example, it is reasonable to think that a customer's representative who takes a company's salesman or other employee to his company's luxury box at a Buffalo Bills football game and wines and dines him further may well have reason to expect something in return, whether he or his company are deserving or not.

Again, it could be a matter of reciprocity rather than straight-forward good business practice. Many companies address this concern by either not permitting their personnel to accept such invitations or requiring them to pay their own way to avoid even a hint of an unethical business practice.

Whether policies limiting gifts and entertainment are actually enforced is, of course, another issue. It is the kind of policy that requires frequent reminders to all concerned.