

Accepting Gifts And Amenities

As engineers, you can expect to be given responsibilities that exceed those of non-professionals. This reflects the respect which your professional knowledge commands in the workplace. It also means that your favor will be courted by vendors and others who can benefit from your good will.

This good will is often sought by means of gifts and amenities of various sorts. For, while you have been studying engineering, those who study marketing have been learning how to increase sales and curry the good will of those who make purchasing decisions.

Sometimes accepting these gifts and amenities may be a proper part of a business relationship. In some situations, however, accepting them may be a serious breach of business and professional ethics, and perhaps even a violation of the law. Drawing the line between proper and improper acceptance of gifts and amenities may be the first issue in professional ethics that you will face.

The issue of gift giving is troublesome because the line between the legitimate acceptance of a gift or amenity and taking a bribe is often not easy to draw. It is for this reason that many companies and governmental agencies have come up with rules to guide employees in the treacherous terrain of accepting gifts and amenities.

For example, this is a partial list of gifts which a large electronics firm considers it improper for engineers to accept:

- door prizes at a conference;
- raffle prize by a supplier or distributor;
- any gift of excessive value (supervisor must be notified);
- fare lower than commercially available;
- cash rebates;
- tickets to sporting events or other entertainment given as an outright gift where the supplier does not intend to accompany the employee;
- sports team sponsorship by supplier;
- extravagant dinner or entertainment; and
- any gift, favor, hospitality or entertainment that could in any way create a feeling of obligation or could compromise professional judgement.¹
- The mere fact that a corporation makes the effort to construct such a list indicates the importance that it ascribes to proper conduct in this area.

The codes of many large corporations also furnish policies for accepting favors. Here are a few examples:

It is a serious violation of our Standards for anyone to seek a competitive advantage through the use of gifts, gratuities, entertainment or other favors. Under no circumstances may we offer or give anything to a customer or a customer's representative in an effort to influence a contract award or other favorable customer action. It has been and will continue to be General Dynamics policy to compete solely on the merits of its products and services. [General Dynamics standards of conduct]

Staff members and their families may not solicit or accept any gifts of significant value, lavish entertainment or other valuable benefits intended to influence Chase's business. Staff members may not solicit or accept personal fees, commissions or other forms of remuneration because of any transactions or business involving Chase. [Chase Manhattan Corp.]

Employees will give no gifts to customers except items of nominal value which fit the legal, normal, and customary pattern of the Corporation's sales efforts for a particular market. [R. J. Reynolds Industries]

With the exception of reasonable business entertainment and other activities permitted in accordance with the following paragraph, no employee of the Company shall give or transfer anything of value to or for the benefit, directly or indirectly, of the employee or agent of another person, including any customer, union representative or supplier....Reasonable business entertainment would cover, for example, a lunch, dinner, or occasional athletic or cultural event; gifts of nominal value (\$25 or less); entertainment at Pleasantdale Farm or other Company facilities; or authorized transportation in Company vehicles or aircraft. In addition, reasonable business entertainment covers traditional Company-sponsored promotional events. [Allied Chemical Corp.]

No IBM employee, or any member of his or her immediate family, can accept gratuities or gifts of money from a supplier, customer or anyone in a business relationship. Nor can they accept a gift or consideration that could be perceived as having been offered because of the business relationship. "Perceived" simply means this: If you read about it in your local newspaper, would you wonder whether the gift just might have something to do with a business relationship? No IBM employee can give money or a gift of significant value to a supplier if it could reasonably be viewed as being done to gain a business advantage. If you are offered money or a gift of some value by a supplier or if one arrives at your home or office, let your manager know about it immediately. If the gift is perishable, your manager will arrange to donate it to a local charitable organization. Otherwise, it should be returned to the supplier. Whatever the circumstances, you or your manager should write the supplier a letter, explaining IBM's guidelines on the subject of gifts and gratuities. Of course, it is an accepted practice to talk business over a meal. So it is perfectly all right to occasionally allow a supplier or customer to pick up the check. Similarly, it frequently is necessary for a supplier, including IBM, to provide education and executive briefings for customers. It's all right to accept or provide some services in connection with this kind of activity--services such as transportation, food or lodging. For instance, transportation in IBM or supplier planes to and from company locations, and lodging and food at company facilities are all right. [IBM]

It is TI policy that TIers may not give or accept any gift that might appear to improperly influence a business relationship or decision. If we receive any substantial gift or favor, it must be returned and our supervisor notified. This policy does not apply to items of small value commonly exchanged in business relationships, but even here, discretion and common sense should be our guide. In commercial business, the exchange of social amenities between suppliers, customers and TIers is acceptable when reasonably based on a clear business purpose and within the bounds of good taste. Excessive entertainment of any sort is not acceptable. Conferences accompanied by a meal with suppliers or customers are often necessary and desirable. Whenever appropriate, these meals should be on a reciprocal basis. [Texas Instruments]

In spite of the attempts of many companies to provide rules in this area, you will find that there are many situations which are not covered by the rules. The set of cases presented in class illustrates the transition from a case of accepting a favor that almost anyone would find permissible to a case of accepting a favor that almost anyone would find impermissible. In between are cases which will provoke more thought and discussion. In considering these cases, ask yourself what principles you use to differentiate the permissible from the impermissible cases of accepting favors. Notice that there is not a single principle (such as the monetary value of the gift) that will provide the basis of an acceptable answer in every case. Try using some

of the guidelines suggested in the various corporate policy statements presented above. Ask yourself which guidelines seem most workable and fair.

In leading the discussion, your instructor will be guided in part by some insights gained through the use of a method of analyzing moral cases which has a history traceable to the Romans. This method goes by the name of "casuistry". By using series of cases from the clearly acceptable to the clearly unacceptable, casuistry invites us to isolate the similarities between permissible and impermissible actions. The method does not, however, give automatic answers to difficult cases, so it is important to keep in mind that sometimes drawing the line between proper and improper acceptance of gifts and amenities has an element of arbitrariness. This is the reason that it is helpful to have corporate guidelines, such as the ones provided earlier.

Don't let the fact that some decisions are arbitrary obscure the fact that some cases of accepting favors are clearly permissible and others are clearly impermissible. There is a clear difference between night and day, even though there may not be any non-arbitrary way to determine the precise point at which night turns into day. But don't conclude that a decision on accepting a gift is arbitrary until you have examined all of the similarities and differences between the case in question and the more clear-cut cases.

Annotated Bibliography

Carson, Thomas L., "Bribery and Implicit Arguments", *Journal of Business Ethics*, Vol. 6, pp. 123-125, pp. 361-364.

A philosophical discussion of the moral status of bribes and bribery.

Christiansen, Donald, "Spectral Lines: Ethical Judgments", *IEEE Spectrum*, 26:2, Feb. 1989, p. 25.

Christiansen, Donald, "Spectral Lines: Ethical Dilemmas Revisited", *IEEE Spectrum*, 26:4, April 1989, p 21.

A series of gift-giving cases which asked the readers of *IEEE Spectrum* to reply with their solutions. An interesting interplay between professional engineers.

"Cornerstone 1: Understanding Ethics in the Business of TI," Dallas, Texas: Texas Instruments Ethics Office, n.d.

"Cornerstone 2: Gifts, Travel, Entertainment...and TI Ethics," Dallas, Texas: Texas Instruments Ethics Office, 1989.

Both of the previous references are taken from pamphlets given to every TI employee. They serve as quick references on ethical issues. These two deal with the employee/vendor relationship.

"Ethics in the Business of TI," Dallas, Texas: Texas Instruments Publishers, 1990 rev.

The TI employee manual describing the corporate ethical policies.

"Forum: Letters to the Editor: Getting Down to Cases," *IEEE Spectrum*, 26:5, May 1989, p. 10.

A series of gift-giving cases which were made up by the editors. The editors then asked for feedback from their readers on what they would do in the given situations.

Jonsen, Albert R. and Toulmin, Stephen, *The Abuse of Casuistry*, Berkeley: University of California Press, 1988.

A philosophical study of the method of casuistry.

Longnecker, Justin C., "The Ethical Issues of International Bribery," *Journal of Business Ethics*, Vol. 7, 1988, pp. 341-346.

Argues that the maxim, "Do as the Romans do," is not a good guide in the area of international bribery.

Noonan, John T., Jr., *Bribes*, New York: MacMillan, 1984.

A masterly historical survey of bribery.

Skooglund, Carl, "Unacceptable Gifts and Favors," *News.Archives*, a TI online system, Dallas, Texas: Oct. 16, 1989.

The Texas Instruments corporate ethicist discusses TI policy regarding gift-giving.