

Gifts, Gratuities and Boundaries



A simple act of courtesy that involves giving and receiving a gift may be a demonstration of appreciation in a relationship, but in the workplace it may take on additional meaning. If an employee is in a position to influence decisions about a supplier or vendor for example, accepting a gift may be considered akin to accepting a bribe.

In some industries, offering and accepting a gratuity is standard fare. In some establishments, it is common to offer a wait server a 'tip' to demonstrate appreciation for good service at the end of a meal. However, in many situations there is a grey area as to the appropriateness of offering or accepting a gratuity. If you hire a housekeeping service to clean your home, do you also tip the cleaners? What about a personal support worker who provides basic home supports to elderly clients in their homes? Acceptance and distribution of gratuities and the appropriateness of accepting gifts should be clarified to avoid misunderstandings and ethical dilemmas.

Usually a Gift is just a Gift – But not Always

Although it is not prevalent in the workplace, bribes do occur and most of the time employees who are aware of them do not report them. Previously we reported on a 2013 Ipsos Reid Clearview survey in which 42% of employees reported witnessing misconduct in the workplace, including 9% who reported knowing about bribery or corruption. Of the employees who observed misconduct, 48% indicated they failed to report it.

The majority of the time when a gift is exchanged it will not be intended as a bribe, at least not consciously. However, by accepting a gift, another person may feel more inclined to provide special favours to the gift giver in the future. For example, a supplier who gives a pair of extra hockey tickets may be looked upon more favourably and mistakes or delays in delivery may be overlooked or covered up by well-intentioned employees.

The line between what is unethical and what is relationship-building is not a straight one. Certainly you do not want to remove the opportunity for customers, vendors, co-workers and employees to build relationships and demonstrate courtesy and appreciation. That is why clarifying the nature of acceptable gifts and gratuities is important.

The Purpose of the Gratuity

The definition of 'gratuity' includes 'a gift or money given above and beyond payment

due for service.’ The ‘tip’ is very similar to a bribe in that it is designed to reward better service. Clarifying your policies for the collection and distribution of ‘tips’ should be clearly established and communicated. Some Provinces have official rules governing collection and distribution of gratuities; Québec, New Brunswick, PEI, and Nfld have rules that prohibit employers from withholding tips and Ontario was on the way to this legislation, with Bill 49, before the approval the 2014 election call halted passage of the budget.

Build, Communicate and Enforce Clear Rules

4 policy ideas to help manage the challenges associated with gifts and gratuities in your workplace.

1. Gift reporting: Build a culture of trust and transparency by identifying what gifts must be reported, to whom, and within what time frame. While you do not need to ask every employee to report every cup of coffee they are offered, you should establish what you do expect. Indicating that gifts with a monetary value of over \$20 or more should be reported is a potential solution.
2. Conflict of Interest acknowledgement: Create a conflict of interest process and inform employees that they should declare a conflict of interest when they have a relationship or have received special treatment from a customer, vendor, supplier or others.
3. Pooling gifts: When a gift is received that is over \$20, it should be acknowledged as a gift to the organization and not an individual.
4. Internal gift giving limitations: relationships between employees are important. However setting a limit with regards to gifts can keep things simple.

Thank you but . . .

As part of the process of addressing gift giving and gratuity perceptions, it is useful to provide employees with the tools to manage the situation where a gift or gratuity is given. When an employee receives a gift that is above the allowable limit, the employee should thank the gift giver but indicate the gift cannot be personally accepted. Enable the employee to explain that any gift over a certain dollar amount will be contributed to a pool of gifts that are distributed to either employees or to local charities.

With regards to gratuities, publically explaining to whom they are directed including pooled and shared among employees could help clarify the situation to the gift giver and beyond.

With the best of intentions gift giving can have unconscious impact on perceptions. Deciding on your choices for managing gifts and gratuities should involve time and consideration and consultation with members of your own workforce.