



Gifts to Foreign Officials (adapted from NSPE Case No. 76-6)

Year

1999

Description

This case provides guidelines on what gift-giving practices are acceptable. It is an open-ended scenario for discussion based on a case from the NSPE Board of Ethical Review.

Body

Grady is the president of an engineering firm. The firm is negotiating a contract in another country, in which it has not worked previously. A high-ranking official in this country tells Grady that it is an established and legal custom to give personal gifts to the officials who are authorized to award the contracts. This official also informs Grady that while this condition will not be included in the contract, no further work will be awarded to Grady's firm without such gifts. If Grady does not comply, the government will also be less cooperative in the completion of the first contract. Grady also learns that other firms have given such gifts to officials.

How should Grady handle this information? Under what circumstances should the "customs" of a country be excluded or integrated into a firm's own customary behaviour. At what point does a gift become a bribe? Should the gift be given openly or "under the table", and how would that affect the action?

Alternate Scenarios about Gifts to Foreign Officials

Suppose that Grady's firm decides to work through an intermediary. Grady hires a consultant in the country in question, who is familiar with the culture, to handle the negotiations to secure the contracts. Since Grady knows that gifts to officials are common in their line of work in this country, is Grady obligated to inquire into the consultant's methods? If so, how far would Grady need to investigate?

--adapted from a scenario proposed by Arden, an Ethics Center visitor

Suppose that lavish entertainment and hospitality--hospitality that would be excessive and improper by the standards of Grady's home country--are a normal business practice in the country in question. The costs of such hospitality, including gifts, are openly declared as part of an engineering firm's overhead expenses in that country, although they are not itemized in a firm's contracts. Should Grady give the consultant such an entertainment allowance? What should he consider in making this decision?

[NSPE Code of Ethics](#) An earlier version may have been used in this case.

Notes

See the original NSPE case at: [Gifts to Foreign Officials - Case No. 76-6](#).

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