

Corporate Gifts & Entertainment: A Survey of Practices

*A survey by the Health Care Compliance Association
& the Society of Corporate Compliance and Ethics*

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Executive Summary

Despite the reports of lavish executive pay, when it comes to entertainment and gift giving, the business world may be far less generous than people think. A survey of compliance and ethics professionals revealed that, on the whole, business is fairly restrictive of the gifts employees can give and receive and how they can entertain. About two-thirds (63%) either ban gifts to employees or require that they be modest or at a price less than \$50. And, with the numbers for entertainment comparable at 62%, the data does not suggest that business is on an entertainment spree.

Still, the data revealed areas of inconsistency. On balance, the healthcare industry was far more restrictive than industry as a whole in these areas, and there were differences between the for- and non-profit sectors of the economy.

Perhaps most intriguing of all is the fact that most companies have not revised their gifts and entertainment policy significantly since the meltdown. While the data does not show that companies are entertaining lavishly, at least not as a rule, there may be a need to revisit policies in light of changes in the economy.

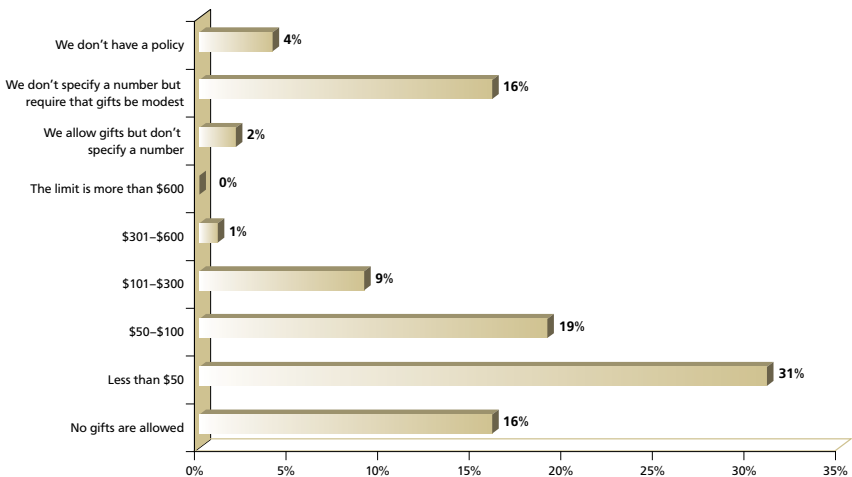
**ACCESS GIFT POLICIES & PROCEDURES
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Detailed Findings

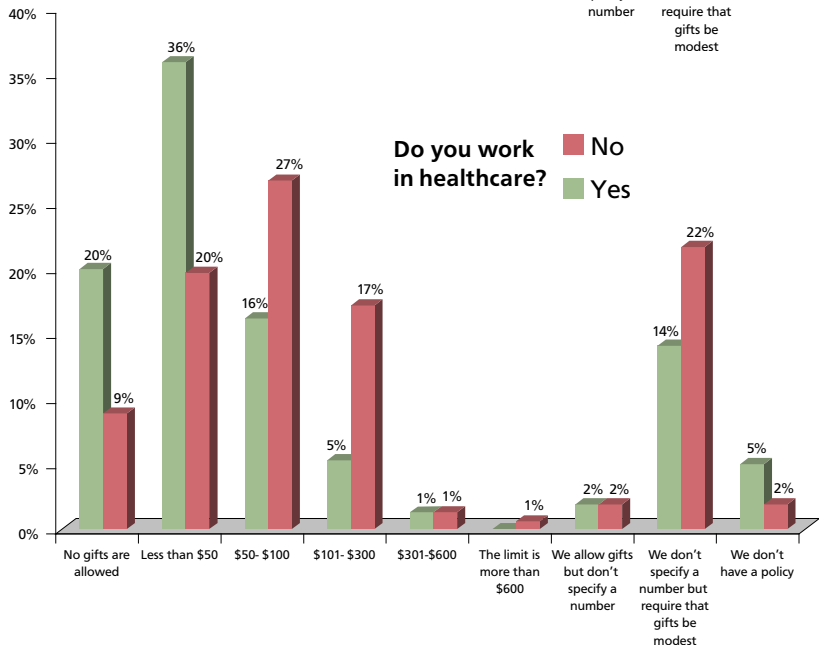
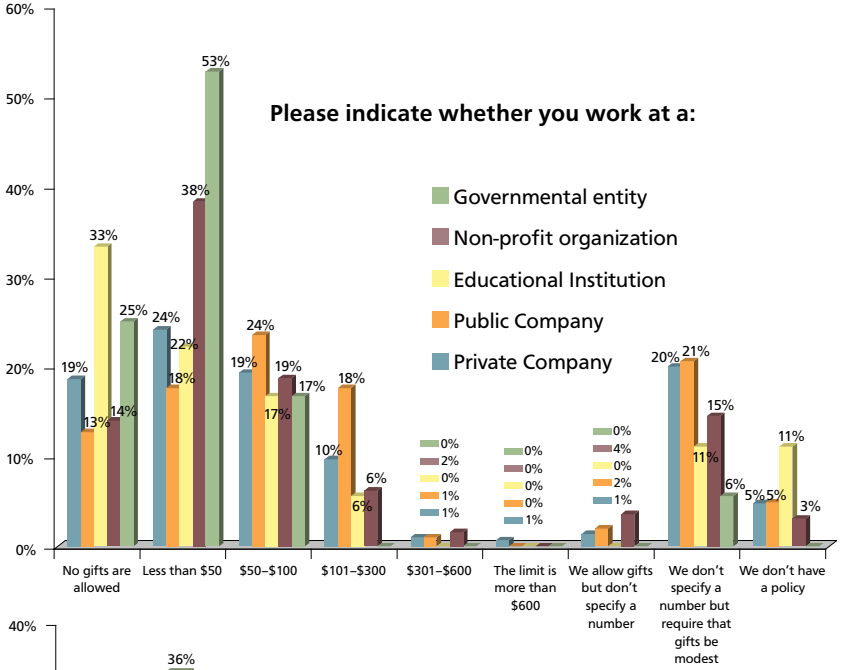
- **While lavish corporate gifts may grab the headline, most compliance and ethics professionals report fairly modest gift allowances.** 16% of respondents reported that their companies do not allow employees to receive any gifts at all. Another 31% specify that their company limits gifts to less than \$50 and another 16% report that, while their company doesn't specify a number, gifts are required to be "modest." That means just 10% of companies allow their employees to receive a gift of \$101 or more.

What is the limit on gifts your organization will allow your employees to receive?



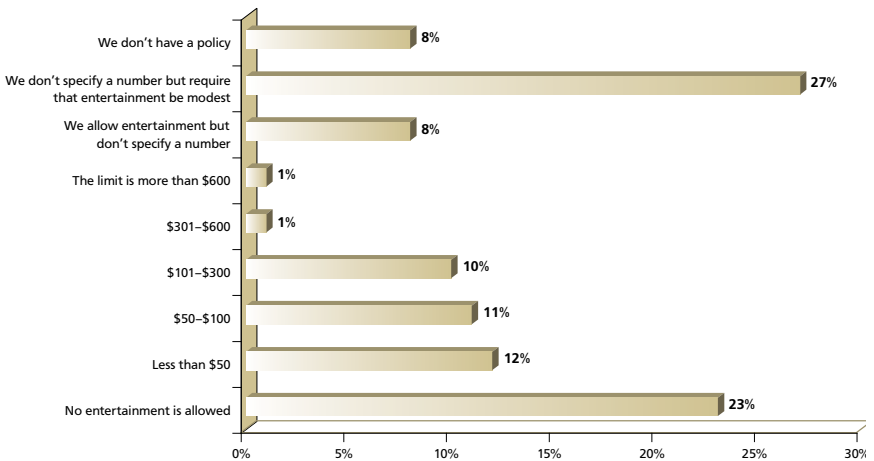
- **Where you work, though, does have an impact on the dollar value of gifts you can receive.** Gift limits for public companies tended to be higher than those for private companies or the sample as a whole. About 1 in 5 public company respondents reported that their companies permitted gifts of \$101 or more, almost double that of the sample as a whole. However, health-

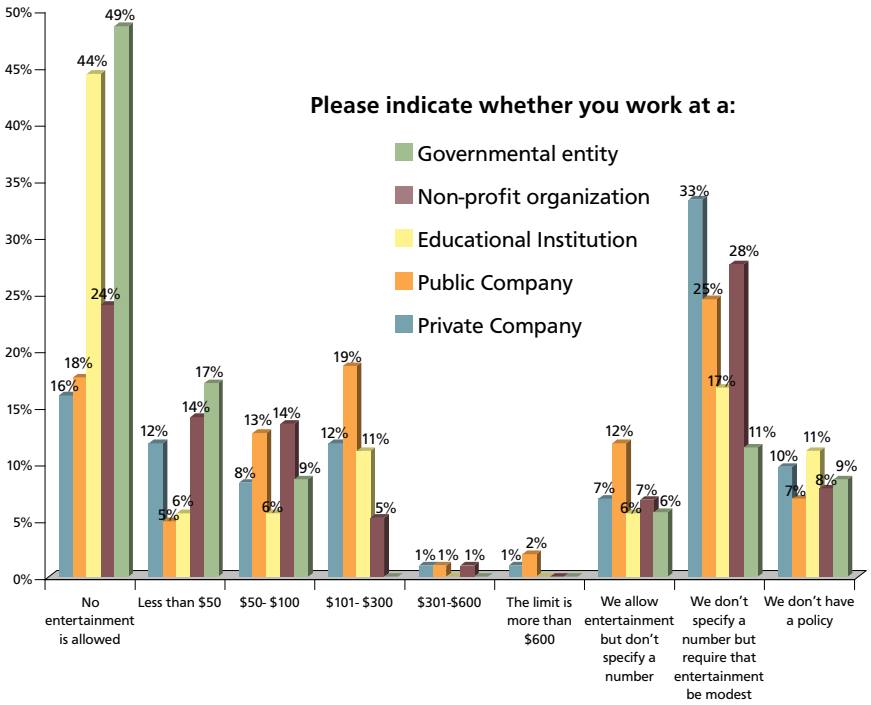
care was far more restrictive. 20% prohibited employees from receiving gifts vs. just 9% outside of healthcare.



- **Limits on entertainment tended to also be fairly restrictive outside of the business world.** 23% of all respondents reported that their employers do not allow employees to be entertained by vendors and other outside parties. An additional 12% have a limit of \$50, and 27% don't have a specific limit but require a modest level of entertainment. As might be expected, governmental entities and academic institutions were about twice as likely (49% and 44% respectively) to ban entertainment, and 27% of healthcare organizations ban it as compared to 14% of companies outside of this industry.

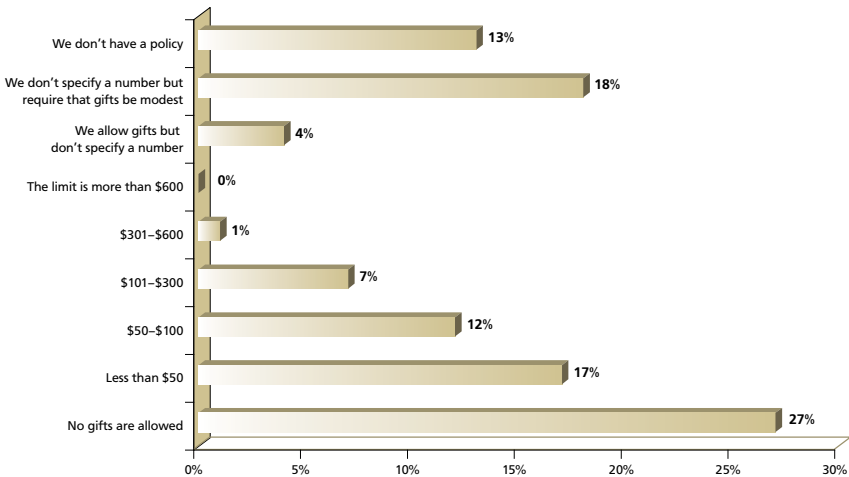
When your employees are being entertained by vendors and other outside parties, what limit do you set on how much can be spent on the entertainment?





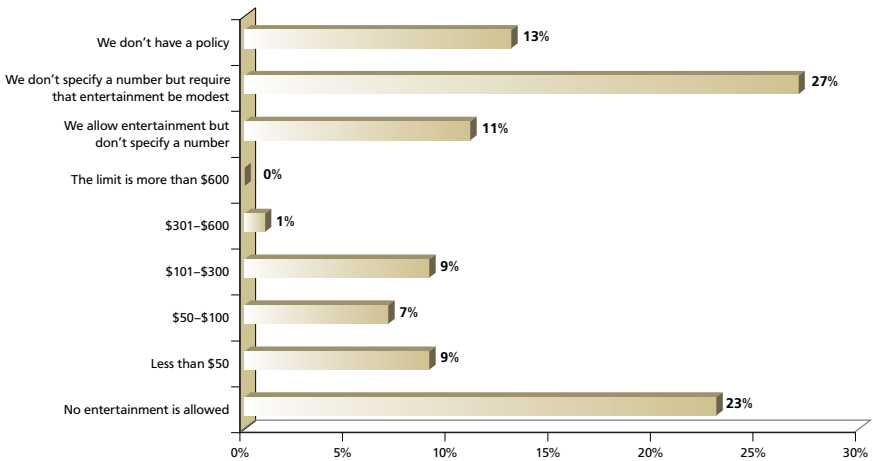
- **Interestingly, the survey revealed that it is easier to receive than to give. Employers were more likely to restrict the giving of gifts than the receiving of them.** While just 16% of organizations banned employees from receiving gifts, 27% banned the giving of them. This was driven by more restrictive policies by academic, nonprofit and governmental respondents, as well as by healthcare. 34% of healthcare organizations ban the giving of gifts, and just 12% outside of the industry do so.

What is the limit on gifts your organization will allow employees to give to clients and other outside parties with which you do business?



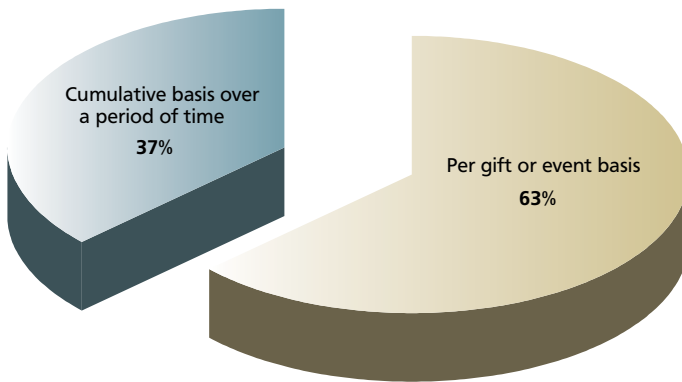
- **When it comes to entertaining and being entertained, the data was more consistent.** As a whole, the respondent’s employers’ reported policies for entertaining were remarkably similar to those for being entertained. 23% do not allow their employees to be entertained, the same percentage that prohibit entertaining. Likewise, 27% require that entertainment be “modest” just as they required that entertainment of their employees be modest. Here, too, it should be noted that the for-profit sector tends to be less restrictive than the non-profit sector.

When your employees are entertaining customers and other outside parties with which you do business, what limit do you set on how much can be spent on entertainment?



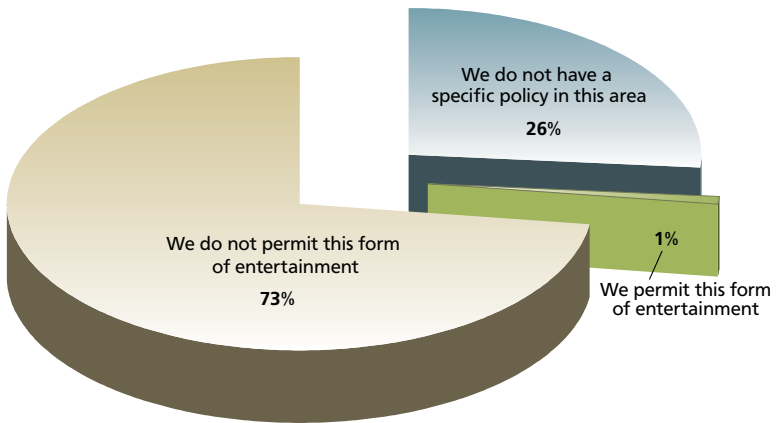
- **Gift policies tend to be calculated on a per-gift basis, rather than over time.** 63% measure gifts individually rather than the total value of all gifts given over a period of time. And while the numbers vary by type of employer, in all categories of for, and not for profit organizations, per gift calculations predominate.

Are your organization's gifts and entertainment limits, if you have them, calculated on a:



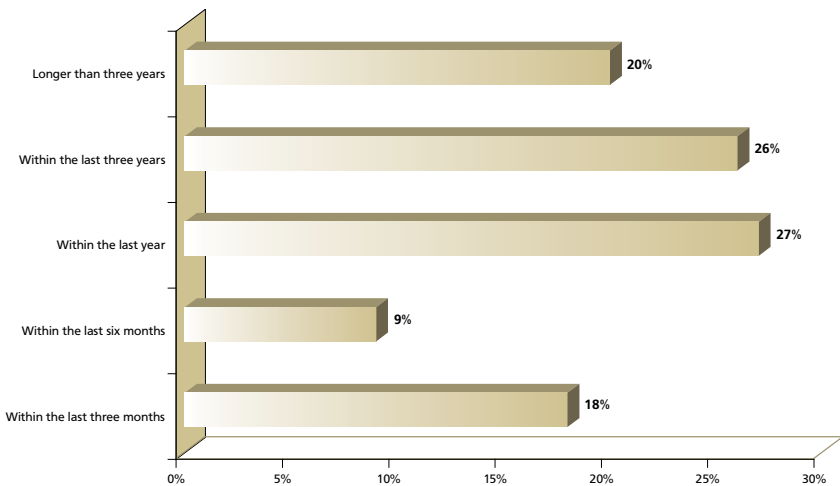
- **When it comes to the controversial practice of entertainment at strip clubs and other adult venues, many organizations are silent on the topics.** 26% of respondents reported that their employer does not have a specific policy in this area, and a surprising 1% report that their company permits this form of entertainment.

Does your organization permit either the entertainment of clients at or the entertainment of your employees at strip clubs or other adult venues?



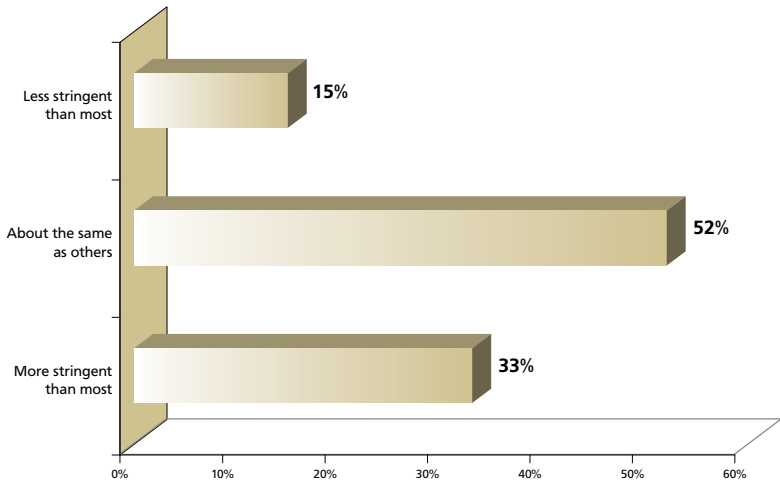
- **Despite the changes in the economy and well-publicized reports of lavish pay by companies receiving bail-out money, less than a third of respondents report that their organization had updated its entertainment policy in the last six months.** 18% had their policies significantly updated in the last 3 months and another 9% report that the policy had been updated in the last six months. And, notably, 46% report that it has been more than a year since their policies were significantly updated.

When was the last time your organization’s entertainment policy was significantly updated?



- **When it came to assessing where their organizations stood vs. others, respondents were very accurate.** Those who claimed to have a gifts and entertainment policy more stringent than most did, in fact, have one that was more restrictive. Likewise those who thought their policies were about the same as others or less stringent were fairly accurate in their assessment.

Do you think that your organization's entertainment policy is:



Conclusions

While bonuses have caught a great deal of attention in a post-bailout economy, any headlines about lavish entertainment or gift giving have to be weighed against the wider data that demonstrates remarkably restrained behavior. For the most part, organizations seem to be avoiding behaviors in this area that could raise eyebrows or appear to be improperly affecting business relationships.

At the same time, organizations will likely need to revisit their gifts and entertainment policies to reflect new social and governmental expectations. Many have policies that have not been reviewed for several years and were formulated at much richer, less-scrutinized times. In addition, the definition of “modest” gift-giving and entertaining may need to be revised downward.

Survey Methodology

Survey responses were solicited during February and March 2009 from compliance and ethics professionals in the database of the Health Care Compliance Association and Society of Corporate Compliance and Ethics. Responses were collected and analyzed using Zoomerang, a web-based third party solution. More than 500 responses were received.