**GIFT-GIVING.**

*The U.S. was a signatory to an OECD “anti-corruption” international agreement that banned gift giving when doing business overseas. A group of US-based managers in an African country they were told by a local official that it was customary to give gifts to the tribal elder, so long as it was (i) not cash, (ii) intended as a mark of respect, and (iii) not intended to influence policies. The official also remarked that in advanced countries like the US it is common for service providers (e.g. doctors) to provide gift-like benefits to “friends and family”.*

**Discussion.**

It might be noted at the outset that:

(i) Differences in the value-priorities (and histories) such as those between “Eastern *vs.* Western” cultures or civilizations have sometimes been held up (controversially) as the root cause of differences in relative economic performance.

(ii) Ina any case, those “differences” are often significant in business negotiations and marketing.

As the case illustrates, conflicts that “involve cultural differences” often arise when doing business internationally. Statements along those lines often carry a subtext to the effect that the different cultures ought to be respected and left alone (see also the discussion of the Bagyeli Pygmies in the “oil pipeline” case appended to chapter 5). Supporters of global hyper-competition, in contrast, do not care much about the preservation of old cultures anywhere. This suggests that “cultural” conflicts in business will often remain unresolved. However, conflicts that are ostensibly cultural often do yield to an analysis using the stable framework, where:

(i) They become re-framed as *political* (or ideological, or values-based) rather than cultural, and

(ii) accordingly invite a search for a *compromise*.

In this “anti-corruption *vs*. gift-giving” case, the “political” frame also reveals a rather obvious irony and complication: political and economic systems have become increasingly “corrupted” by (legal) payments (gifts) made to political campaigns or to entities that deceptively serve narrow interests, while harming the community (this is essentially the kind of scheming amongst merchants that Adam Smith warned about in 1776). As a result of this shift in the system, the analysis of this case become complicated and one can distinguish at least four generic positions or viewpoints: a *left* leaning position that emphasizes justice, authenticity and community (give the gift), a *right* leaning classical-liberal (or truly conservative) economics view (don’t give the gift), and a more extreme hyper-competitive, *far-right* view (give the gift), but also a left-leaning stakeholder view (give the gift). The justifications are different in each of these four positions.

**A *left*-leaning** viewpoint in this case supports a decision to *give a gift* that complies with the 3 conditions, for the following reasons:

* The OECD ban is hypocritical because the entire system of global capitalism that it upholds is *unjust*. The ban on gift giving really is (trying to make a bad system more socially and politically acceptable (like “lipstick on a pig”). It should not be regarded as the moral high ground, or as implying a duty to refrain from gift giving.
* One of the most obvious problems with international business (especially deals involving natural resource extraction) is its failure to support authentic communities. By honouring local customs (condition ii in the case), the managers acknowledge that they accept their role as visitors or guests. Their interaction is thus *social* and expressive, not just *utility*-based and exploitative. Once that is understood by all parties, the gift arguably becomes non-instrumental (i.e. not intended to influence a business decision) and so it also complies with condition (iii).
* If managers play this role as guests they are more likely to genuinely see themselves as such, change their attitudes and adopt a stakeholder approach. According to Sheldrake (1994p154) role playing in any situation “provokes (the actor) into reflecting on their own values and how these might be compromised or reinforced” (see chapter 11 for further discussion). This kind of reflective thought is essential for human moral progress.

**A *right*-leaning (conservative)** viewpoint (arguably) supports a decision *not* to give gifts in this situation, for the following reasons:

* We have a duty to uphold the OECD agreement, which in turn makes global capitalism more politically acceptable and more *efficient*. We have a duty to remain loyal to the institutions that uphold global business.
* By declining to give gifts and explaining the wider reasons for the OECD ruling to the official (and in turn to the tribal elders) we are (i) taking the moral high ground, and (ii) helping them to view themselves in a more enlightened (international, classically-liberal) way.

**A *far-right*** viewpoint in this case, however, arguably also supports a decision to *give a gift* that complies with the 3 conditions, for the following reasons:

* if no gift is given the planned business deal will almost certainly not go ahead with local political approval.
* the benefits to the managers and the business (shareholders) of gift-giving in this situation outweigh the risks of being investigated and prosecuted for non-compliance with the OECD ruling.

Thus, a far-right hyper-competitive approach (which is quite common in practice and in which relevant law is seen as a risk factor rather than an imperative) joins forces with the left, but for different reasons. The situation is further complicated by the possibility that the “far-right reasons” may be the deeper psychological motivation of the managers involved in the case, even when the left-leaning reasons are stated and communicated to the public as an *ex post* justification. Yet another (fourth) possibility (left-leaning again) is that the particular business deal in this case is one that is *genuinely* expected to benefit all the *stakeholders*, without harming anyone. In that case, an “ethical” (left-leaning) manager might decide upon an act of genuine altruism: to accept the personal and business risk of prosecution for non-compliance with the OECD. Here, he knows he is doing the right thing and at least there are some mitigating circumstances that might be relevant if there are legal consequences.