6 Ways to Avoid Conflicts of Interest During the Holidays

At last, the holidays are finally here! That time of year when people celebrate with feasts, family time, and, of course, gift-giving. But it's the last of these customs that can cause problems for employees who run afoul of their company's conflict of interest policies.

Discerning between appropriate and inappropriate gifts can be difficult under the best of circumstances; throw in festivities defined in part by the exchanging of presents, and questions quickly grow complex. Here are some simple rules to avoid conflicts of interest without offending, or playing the part of office scrooge.

COI Rules And Relationships

Let's start with the basics: What exactly is a conflict of interest (COI)?

> " ***A COI occurs when your personal interests and the interests of your organization are not aligned.*** *These can arise through personal relationships with current or potential suppliers, vendors, customers, clients, or competitors. Conflicts of interest can also come from outside activities such as part-time or contract work, volunteering, investments, membership on a board, hiring or working for family members or close friends – or accepting inappropriate gifts.*

At their core, COIs have one key thing in common with the holidays – namely, that they center on relationships and trust. Your employers trust you to make business decisions in the company's best interest. When unreported conflicts occur, they risk breaching that trust, which in turn can harm that relationship.

Given this, it's not surprising that many of the best guidelines on how to sustain healthy relationships also apply to COI: Both rely on transparency and clear communication.

Here Are 6 Ways To Avoid Conflicts of Interest (COI) This Holiday Gift-Giving Season:

1. Focus on the appearance, not the intention
2. Consider the value of the gift
3. Share the gift – and never solicit
4. Don't accept cash gifts
5. Double-check your Code of Conduct
6. Train employees on company policies around COI

Read on to learn how to be vigilant.

1. Focus On Appearance, Not Intention

Unlike all those times you proudly presented your parents a handmade popsicle-stick ornament with your school portrait tacked inside, when it comes to business gift-giving, it's definitely not "the thought that counts." To avoid COI, shift your focus away from the message you meant and instead pay attention to what it may communicate to others.

Conflicts of interest aren't just about intention. It doesn't matter if the recipient was influenced by a gift, or whether the giver meant to affect a particular outcome. If the gift gives even the appearance of undue influence, it creates a conflict. Don't rely on your own perception of events when assessing a situation. Dispassionately consider the facts and how they could be interpreted by others.

Above all, never accept a gift of any type that may create a sense of obligation, either explicit or implied. If public disclosure of a gift would be embarrassing to your organization, then don't give or accept it.

2. Consider The Value Of The Gift

One of the primary ways a gift communicates intent is through its value. If, for example, you receive an expensive gold necklace (instead of, say, a Joni Mitchell box set), it's a good indication there may be expectations tied to the gift.

Similarly, the value of a business gift matters a good deal with respect to COI. When receiving a gift, always ask yourself, "Is this nominal in value?" Don't let the presence of any branding fool you; an expensive item isn't okay to accept just because it has your vendor's logo.

Value also applies to meal items. Of course, every company will have its own policies with respect to accepting business lunches and dinners, but most will advise you to steer clear of expensive or extravagant items. Politely refuse if you're offered a $500 bottle of champagne to toast in the New Year.

Also, remember not to factor in any "deals" the giver may have received when assessing a gift's value. It doesn't matter if your vendor purchased that iPad at a severe discount, or if the condo will simply go to waste if you don't use it for the weekend. It is the objective value of an item – not its actual cost – a conflict of interest may be established.

3. Share The Gift (and Never Solicit)

Sometimes, a gift may fall into the gray area – not too expensive, but not necessarily cheap, either. Quality gift baskets are a frequent offender, with costs ranging anywhere from $20 to $200.

If you receive such a gift, what should you do?

Get fully into the holiday spirit and share the contents with your office. Sharing transforms a gift from a personal item to an individual employee to a present for your whole department – and fits perfectly with the season.

But what if a supplier or vendor sends gift baskets to every department but yours? It's most likely a mistake or an oversight; would it be proper to let them know? After all, you wouldn't want them to be embarrassed, right?

In a word, no. Unlike Santa, it is never proper to ask a supplier or vendor for treats, swag, or other gifts, no matter how sincere your intentions are or how oblique the request.

Even otherwise proper gifts cannot be accepted if they were solicited.

4. Don't Give or Accept Cash

There's a lot of debate over whether cash or cash equivalents (like gift cards) are appropriate gifts. When it comes to business gift-giving, however, the rules are clear: it is not proper to receive cash or cash equivalents of any kind, no matter how nominal the value.

That said, there is one cash equivalent alternative that may be acceptable: Most modern gift card issuers offer the option to donate the sum to a charity instead. This is generally acceptable, but consult your company's policy and code of conduct to make sure.

5. Check Your Code of Conduct

These rules can help you make the right gift giving (and receiving) decisions during the holiday season. However, the essential resources you should consult when determining whether to give or receive a gift are your company's COI policies and Code of Conduct.

See NAVEX's Code of Conduct

If you are your organization's compliance officer, it's important that your company's gift-giving policies and Code of Conduct are up to date and compliant with the latest industry rules and regulations. Highlight rules governing interactions with government officials, as these tend to be stricter. Make sure your compliance program has a simplified and streamlined way to collect, track and mitigate COI.

6. Train Employees on Company Policies Around COI

Last, but not least, make sure to train your employees on your organization's COI gift-giving and receiving policies. Offering a micro-learning session before the holiday is a great way to keep your audience informed without taxing too much of their time during what can be a busy time of year.

Above all, remember: When in doubt, speak up. If you have questions about whether a gift is appropriate, ask a manager or other internal resource. Be as transparent as possible. Most organizations require their employees to tell management about gifts that have been offered or received.

Observing these simple rules can help you keep clear of conflicts of interest this season, giving you peace of mind as you shift your thoughts to peace on Earth – and leaving you free to worry about all the other gifts and givers on your holiday list!

Collect, Track & Mitigate Conflicts of Interest