



SMART TIPS FOR SMES

BUSTING CORRUPTION MYTHS (1)

Running a business requires profound knowledge and skills. Whether you are a novice entrepreneur or an experienced businessman, you may have been caught in corruption myths. In this series of three feature articles, the Hong Kong Business Ethics Development Centre (HKBEDC) will help Oscar, a young entrepreneur, and Uncle Fai, an SME proprietor, debunk some common corruption myths in business operations.

Oscar

Uncle Fai, I recently co-founded a start-up with a friend. While I am responsible for client servicing and sourcing of suppliers, my friend is in charge of product research and development. As our company has yet to generate revenue, a lot of expenses are paid out of my own pocket. A supplier suggested giving me a “rebate” recently which could cover some of my expenses. Can I accept it?

Uncle Fai

As one of the business owners, you certainly can accept the rebate to subsidise your expenses.

Oscar

Moreover, a friend of mine who has been posted overseas recently, helped me close a deal with his employer in Hong Kong. I would like to offer him a commission according to trade practice. Is it okay?

Uncle Fai

Don't ever take things for granted and always return a favour. Your friend offered you assistance, of course you should thank him. Besides, since your friend is not in Hong Kong, such arrangement won't be governed by Hong Kong laws.

Oscar
Young entrepreneur

Uncle Fai
SME proprietor

Oscar and Uncle Fai had some misconceptions about the anti-corruption law in Hong Kong. Let's help them dispel the following myths

A company director can receive personal benefits at work to subsidise his business expenditures?



Myth-busting:

- A company director is also an agent of the company. Without the approval of the board of directors, a director may commit an offence under the **Prevention of Bribery Ordinance** if he/she accepts any advantage as an inducement to or a reward for abusing entrusted power.
- A director should act as a role model and comply with the company's policies on acceptance of advantages.

I must offer commission to the intermediary for business referral as it is a trade practice?

Myth-busting:

- If the offering of commission for business referral is a deal between companies but not to an individual staff; or the individual staff has obtained permission from his/her employer for accepting the commission, it does not constitute an offence under the **Prevention of Bribery Ordinance**.
- However, if a person offers commission to an individual staff as a reward for business referral without the approval of the staff's company, both the offeror and the recipient shall be guilty of a bribery offence.
- "Trade practice" does not constitute a defence for bribery.



Corruption that takes place outside Hong Kong is not governed by local laws?

Myth-busting:

- If any part of the act of bribery (including offering, soliciting or accepting a bribe) takes place in Hong Kong, it may still be pursued by the ICAC under the **Prevention of Bribery Ordinance**.
- One has to comply with the corresponding local anti-corruption laws when conducting business overseas.



ETHICS RESOURCES FOR CORPORATES

Hong Kong Business Ethics Development Centre (HKBEDC), under the auspices of the Community Relations Department of the ICAC, offers free ethics training and consultancy services for business organisations. You are welcome to contact us for more information.

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Want to bust more corruption myths?

Please visit HKBEDC's thematic webpage "**Busted! 12 Myths about Corruption**"



To sustain and pass on the probity culture, the ICAC rolled out in 2015 the "All for Integrity" Territory-Wide Programme consisting an array of activities to reach people from different walks of life. Trade associations / business organisations interested in joining the Programme are welcome to browse the **Programme's website** for more information.