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Feedback

SMEs urged to strengthen governance in tough times

Under the current economic environment, small and medium enterprises (SMEs) are facing challenges from a volatile global market, diminishing purchasing power of consumers and soaring operating costs. Some businessmen may be tempted to cut corners in order to stay afloat or to secure business.

However, experience told us that companies tolerating corrupt practices will only render themselves more vulnerable to financial losses and damage to their reputation.

ICAC Commissioner Dr Timothy Tong Hin-ming warned that companies must maintain their long-term competitiveness during tough times by upholding corporate ethics.



粵港澳中小企業會議

**Integrity and Professionalism -
Key to Business Success**

Conference for SMEs in Guangdong, Hong Kong and Macao

Dr Tong spoke to 200 SME operators from the Pearl River Delta Region and foreign investors at a recent conference jointly organised by the ICAC, the Guangdong Provincial People's Procuratorate and the Commission Against Corruption of Macao.

"SMEs have to abide by the law, practise ethical management and come forward to report corruption."

To help SMEs enhance governance and strengthen their cross-boundary operations, anti-corruption authorities of Hong Kong, Guangdong and Macao will jointly compile a guidebook on updated anti-bribery laws and regulations in the three places.

SMEs seeking corruption prevention services or assistance in staff integrity training are welcome to contact:

Hong Kong Ethics Development Centre (Tel: 852-2587 9812)

Advisory Service Group (Tel: 852-2526 6363)

International Anti-Corruption Public Service Announcement Video Competition and Workshop

Entrusted by the IAACA, Hong Kong's ICAC will host this international event from December 7-9, 2011. Over 200 graft fighters and media experts from across the globe will share experience in engaging the media to raise public awareness against corruption.



Senior merchandiser jailed for illegal rebates scam

Thanks to whistle-blowing from suppliers, a US-funded SME in Hong Kong had been spared substantial financial losses potentially caused by a corrupt staff member.

The US firm had placed 14 purchase orders worth US\$2.6 million (over HK\$20 million) with two toy suppliers. Its senior merchandiser then sent an e-mail to a salesman representing the suppliers to solicit illegal rebates of over HK\$410,000, equivalent to 1.5% to 2% of the order value.

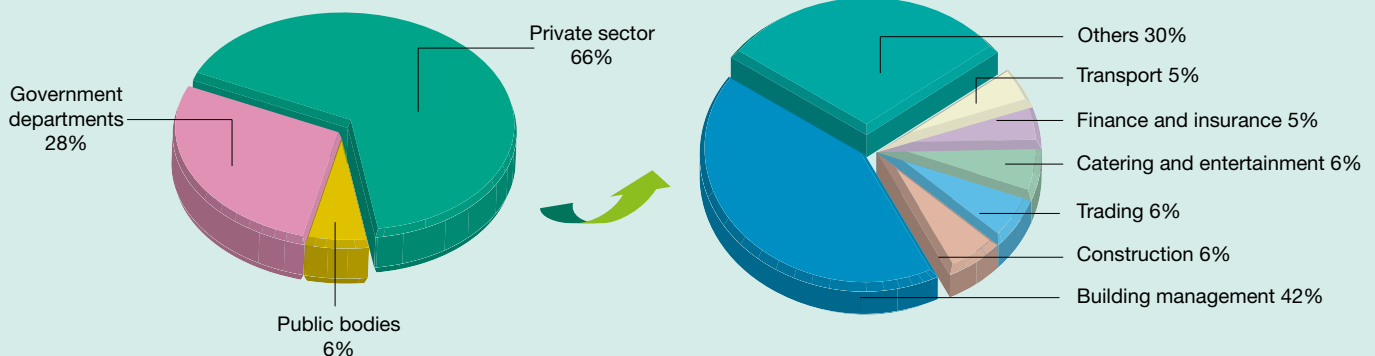


The merchandiser also inflated another purchase order by US\$2,500 (HK\$19,500) and demanded the suppliers to return the amount as illegal kickbacks.

The salesman refused to accede to the corrupt deal. The matter was then reported to the ICAC which prosecuted the merchandiser for committing bribery offences. The defendant pleaded guilty in court.

Although the bribery scam had not materialised, the judge considered the offences were of a serious nature, imposing a jail sentence on the defendant.

Corruption complaints received by ICAC (January - September 2011)



Total corruption complaints: 3,009

Private sector complaints: 1,999

Hotel industry pursues good management practice

Each year Hong Kong attracts on average about 33 million tourists from around the world. Hotel service is one of the major components of our tourist industry.

To assist the hotel industry in enhancing its service quality and competitive edge, the ICAC's Corruption Prevention Department has produced a **Best Practice Checklist** recommending a set of good ethical practices in various aspects of hotel management.

A seminar jointly organised with the Federation of Hong Kong Hotel Owners (FHKHO) was held in October 2011 to promulgate the best practice checklist amongst industry leaders and senior hotel executives.

For tailor-made preventive services, please contact:



Advisory Services Group
Tel: 852-2526 6363
Email: asg@cpd.icac.org.hk



Pictured at the seminar are FHKHO Executive Director Mr Michael Li Hon-shing (left), ICAC Assistant Director of Corruption Prevention Mr Mok Wah-hoi (centre) and a senior ICAC officer.

Hong Kong ranks amongst the strongest in graft control

According to the 2011 Worldwide Governance Indicators compiled by the World Bank and the Brookings Institution, Hong Kong ranks amongst the top (12th out of 213 countries and territories) in corruption control, with a percentile of 94.7.

Best corruption control (percentile)

Denmark	1	100
New Zealand	2	99.5
Sweden	3	99.0
Singapore	4	98.6
Finland	5	98.1
Canada	8	96.7
Australia	9	96.2
Switzerland	10	95.7
Hong Kong	12	94.7

In Forbes ranking of the Best Countries for Business, Hong Kong is rated as the 13th most corruption-free place amongst 134 economies.

"Hong Kong has done a good job of fighting corruption. It happens, but is actively policed against and prosecuted when acts are uncovered."

Political & Economic Risk Consultancy