



SMART TIPS FOR SMES

BUSTING CORRUPTION MYTHS (2)

As the saying goes, "courtesy costs nothing". To some business practitioners, it might be customary to offer gifts to clients and business counterparts as a token of gratitude for their support in business. In this feature article, the Hong Kong Business Ethics Development Centre (HKBEDC) continues to help Oscar, a young entrepreneur, and Uncle Fai, an SME proprietor, unveil the facts of common corruption myths about gifting in business operation.

Oscar
Young entrepreneur

Oscar

Uncle Fai, with the support of clients, my start-up business is growing well this year. As Mid-Autumn Festival is approaching, my partner and I wish to send gifts or fruit hampers to clients' representatives to express our appreciation for their support. On the other hand, is it appropriate for us to sponsor our clients' annual dinner?

Uncle Fai
SME proprietor

Uncle Fai

I would say gifting during festive seasons is a common way to show gratitude to business partners. Also, a fruit hamper is simply food, which I've heard is not an advantage. Anyway, as long as the acceptor's supervisor gives approval, to me that should be fine. Furthermore, sponsoring your clients' annual dinners can be beneficial for maintaining a good working relationship and promoting business growth. So why not?

Oscar and Uncle Fai have **some misconception** about the anti-corruption law in Hong Kong.
Let's help them dispel the myths of gifting.



Myth #1:
I only need to inform my supervisor after acceptance of advantage at work



Myth-busting:

- An agent (employee) should obtain approval of his principal (employer) for accepting advantages in relation to the principal's affairs. Informing the supervisor does not mean getting the approval.
- Furthermore, a supervisor is also merely an agent of the company. Unless the company has delegated the approving authority to the supervisor, the supervisor's approval does not have any legal effect.
- The employee should observe relevant guidelines in the company's Code of Conduct.

Myth #2:
It is not against the law to offer gifts or hampers to my clients on festive occasions

Myth-busting:

- Gifts and fruit hampers are advantages. It is not against the law if they are offered to the client companies. But if they are offered to individual staff of clients out of a corrupt motive, the offeror may commit an offence. "Custom" or "trade practice" cannot constitute a defence.
- Even if no corruption is involved, staff of the client should observe the company's policy on acceptance of advantages (e.g. condition of offering, permissible value, reporting procedure, etc).



Myth #3:
There should not be any problem if I sponsor my client's annual dinner



Myth-busting:

- Sponsorship is a kind of advantage. One should avoid offering sponsorship to any individual staff. If the sponsorship is provided with corrupt intent, one may still be liable for an offence.
- One should understand the policy and arrangement of the client company in accepting sponsorship. The company may also suitably document and record the sponsorship to avoid any unnecessary suspicion.

ETHICS RESOURCES FOR CORPORATES

The 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.

Tel: (852) 2826 3288

Email: hkbedc@crd.icac.org.hk

Website: <https://hkbedc.icac.hk>

Want to bust more corruption myths?

Please visit HKBEDC's thematic webpage "**Busted! 12 Myths about Corruption**" or scan the QR code:

