


Corruption in South Africa – An anti-corruption guide for SMEs

Research shows that SMEs are more vulnerable to corruption than larger enterprises. Business Unity South Africa (BUSA) has put together an information guide to help SMEs understand the anti-corruption laws, where to draw the line, and how to build an ethical business.



Download the complete guide

www.busa.org.za

1	Why we published this guide	3
2	Why should I be concerned about corruption?	3
3	What is corruption?	4
3.1.	What does the law say?	5
3.2.	Examples of corruption	6
3.3.	Related crimes	8
4	When you are unsure	11
5	What can we do as an SME?	11
5.1.	Commit to ethical business practices	11
5.2.	Talk to your employees	11
5.3.	Make rules and communicate them	12
5.4.	Make it part of everyday business practice	13
5.5.	Have an open door	14
5.6.	Apply discipline	14
5.7.	Recognise ethical behaviour	14
5.8.	Report corruption	14
5.9.	Consider 'collective action'	15
6	Where to go for more information	16

table of contents

Why should I be concerned about corruption?

Risks if you are caught being involved –

- *You can face significant fines or jail time. Sentences of up to 5 years can be given by a magistrate's court, and up to life imprisonment by a High Court.*
- *You can be banned from doing business with any government entity for between 5 and 10 years.*
- *This could close your business down – leading to the loss of your own job and all your employees jobs.*

Benefits of promoting ethical business practices –

- *You can attract more ethical staff – thereby reducing your internal fraud risks.*
- *You could be seen as a preferred service provider for large companies and government departments who have strict internal anti-corruption rules.*
- *You would be helping to build a more stable business environment in South Africa.*

What is Corruption?

The **Prevention and Combating of Corrupt Activities Act** says that:

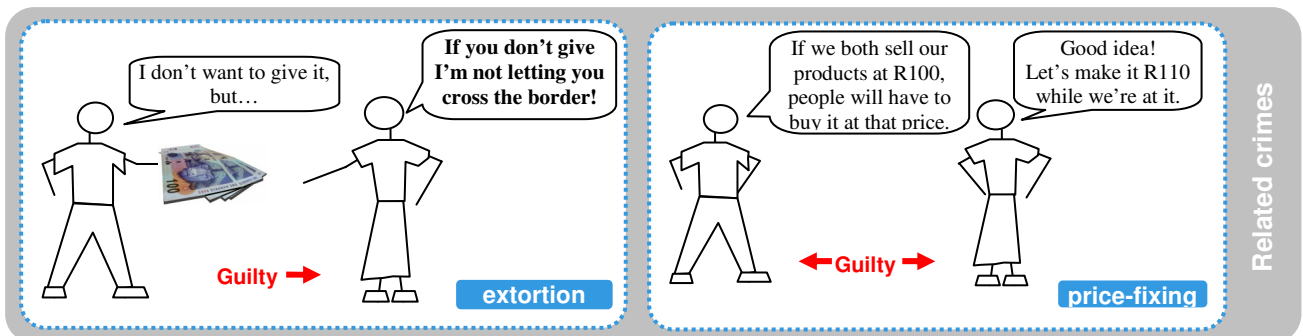
Corruption occurs when one party gives another party **anything of value** with the purpose of influencing them to **abuse their power**.

More about the Prevention and Combating of Corrupt Activities Act:

- Corruption **does not just involve money**. If someone gives someone else gifts, entertainment, loans, employment, or any other benefit to get them to abuse their power, it is also corruption.
- The deal does not have to go through – If you **merely offer** a bribe, or **ask** for a bribe you are already guilty of corruption.
- If you are a business owner or senior manager, and you know of corruption, fraud, or extortion involving **more than R100 000** and don't report it, you are personally guilty of a crime.
- The Act specifically criminalises corruption relating to **tenders, contracts, agents, public officers** and a number of other matters.

Some examples:

- A member of your sales-team says that he can make a sale to a large company if you agree to sponsor a golfing weekend away for the procurement team at the other company.
- You apply for a government business grant. You agree to pay the private school-fees of one of the adjudicating officer's children if he will promote your case.
- You need a business license, but you have left your application too late. The licensing officer mentions that he has had a small car accident this morning. You offer to have his car fixed if he will speed up the process.
- A customs officer asks for a few cartons of cigarettes to speed up the import process at the border.
- Your company manages sub-contractors for a construction project. One of your project managers is accepting kickbacks in return for appointing the sub-contractors.
- A computer sales representative secretly approaches your IT manager and offers to give her a kickback on each computer that your company buys.



You can report corruption anonymously to:

- **Crime Stop** – the South African Police Services' anonymous hotline
 - 08600 10111
 - Any corruption
- **The Public Service Anti-Corruption Hotline**
 - 0800 701 701
 - Public Sector Corruption
- **The South African Revenue Service's Anti-Corruption Hotline**
 - 0800 00 28 70
 - For any complaints related to corruption and extortion at ports or borders (for example - related to importing and exporting), or related to tax officials.