

## **Appendix D.**

# **Hong Kong ICBS Pilot Survey, 2003**

The Hong Kong ICBS Pilot Survey was conducted in July 2003 and referred to victimisation that occurred from 1 January to 31 December 2002. The response rate was 28 per cent, producing a sample of 612 businesses. More than three-quarters of the respondents (78.4 per cent) were the owners or managers/executives of the company. Retail was the major business sector represented in the sample (22.7 per cent, including non-food, 15.2 per cent, and food, 7.5 per cent), followed by manufacturing (19.1 per cent), services, trading, restaurants and hotels (16.5 per cent), and wholesaling/distribution (13.1 per cent). Community, social and personal services (4.7 per cent), construction (3.1 per cent) and transport, storage and communication (2.3 per cent) contributed smaller proportions to the sample. More than 80 per cent was involved in a single sector of activity, but 29 per cent had premises other than those surveyed. Foreign investments were present in 10 per cent of the businesses surveyed, and 35 per cent were conducting import/export.

Not surprisingly, it was difficult to obtain data on the businesses' turnover, with only 45 per cent answering the question. The majority of respondents (66.3 per cent), however, came from their company's management stratum, including business owners, managing directors, chief executives, and finance and production directors, and another 7.5 per cent was responsible for the company's security. We can therefore assume that our respondents had good knowledge of crime and security issues in their company. Most of the businesses surveyed were very small, with three-quarters employing 10 or less employees. Only 2.2 per cent had more than 250 employees.

## **Results of the Hong Kong Pilot**

Table D. 1 presents the findings of the Hong Kong pilot in relation to victimisation and reporting to police. For conventional crime, 11.8 per cent of surveyed businesses reported at least one victimisation incident in the past year. Theft by customers and theft by outsiders were the most commonly mentioned crimes (5.7 per cent and 5.1 per cent respectively), followed by burglary, cited by 4.7 per cent of respondents. Although the sample was small, the pilot survey found a significantly higher level of crime than previous household victimisation surveys in Hong Kong (for example, Census and Statistics Department, Hong

Kong 1999). The proportion of respondents who were victimised by conventional crimes, however, appeared lower than that reported in the ICBS conducted in Central Eastern European capital cities in 2000 (Alvazzi del Frate 2004).

Significant levels of non-conventional crimes, such as fraud, cyber crime, bribery and extortion, were identified. Rates of bribery (4.6 per cent) and extortion (4.6 per cent) in the Hong Kong pilot were about half those recorded in the Central Eastern Europe ICBS (9 per cent offered bribes, 19 per cent asked for bribes, and 9 per cent experienced extortion). The level of fraud by outsiders was particularly high (16.7 per cent), although not as high as that reported in Eastern European countries (26 per cent). Fraud by outsiders was most prevalent in the restaurant/hotel/transport sector (28.8 per cent), followed by wholesale (23.8 per cent) and retail (23 per cent), and manufacturing (17.1 per cent).

The rates of reporting to police varied by types of offences, but were consistently higher for conventional crimes than non-conventional crimes. Of all businesses that reported the conventional or non-conventional victimisation to the police, 18.4 per cent did so out of a sense of duty ('crimes should be reported') and/or to recover property or get compensation from the offender. Sixteen per cent reported to stop the crime from happening again. One-third of respondents who did not report the incident to the police said it was because it was not serious enough. About 15 per cent did not report because of lack of evidence, and a similar proportion thought the police would not do anything about it. On average, about two-thirds of those who reported (64 per cent) were satisfied with the way in which the police dealt with their complaint, although the rate of satisfaction with the police response was only 48 per cent for fraud by outsiders.

For the respondents' perception of potential obstacles to doing good business in Hong Kong, the survey identified crime, corruption and lack of consultation with the business sector as moderate to strong obstacles (Table 4.2). Concern about corruption and crime was higher than concern about conventional 'impediments' to business such as tax regimes, import/export controls, and labour, safety and environmental regulations, which was an unexpected finding given Hong Kong's well-regarded and efficient anti-corruption and enforcement capabilities.

The majority of Hong Kong business respondents believed that bribery/corruption and extortion were not common practices in their line of business. Most (88.9 per cent) perceived that crime problems had remained stable over the past two to three years, and only 6.4 per cent believed they had increased. About one in five businesses surveyed was involved in some type of collective crime-prevention initiative.

**Table D.1 Business Victimization in Hong Kong, 2002: Victimization by type of crime and reporting to police (per cent)**

Type of victimisation	Percentage victimised, 2002 (N = 612)	N victimised, 2002	Reported to police %
<b>Conventional crimes</b>	<b>11.8</b>	<b>72</b>	<b>-</b>
Theft by customers	5.7	35	40
Theft by outsiders	5.1	31	45
Burglary	4.7	29	93
Vandalism	2.0	12	75
Theft by employees	1.1	7	14
Vehicle theft	0.5	3	100
Theft from vehicle	0.3	2	50
Assault	0.3	2	50
Robbery	0.2	1	100
<b>Non-conventional crimes</b>			
Fraud by outsiders	16.7	102	24
Cyber crime <sup>a</sup>	7.7	47	4
Bribery	4.6	28	7
Extortion/intimidation	4.6	28	46
Fraud by employees	3.8	23	17
IP infringement <sup>b</sup>	3.4	21	n.a.
Credit card-related fraud by outsiders <sup>a</sup>	2.5	15	n.a.
Credit card-related fraud by employees <sup>a</sup>	0.2	1	0
Other crimes	2.1	13	61

Notes: <sup>a</sup> New types of crime surveyed in Hong Kong for the first time; cyber crime includes attacks on computers through virus or malware, online fraud, software copyright violation, and unwanted (spam) or lewd communication.

**Table D.2 Obstacles to Doing Business in Hong Kong, 2002: Proportion of respondents who perceived these obstacles as moderate or strong (N = 612)**

Potential obstacle	Percentage moderate obstacle	Percentage strong obstacle	Total moderate & strong
Corruption	27.3	27.8	55.1
Crime and insecurity	36.9	17.7	54.6
Lack of consultation with business sector	38.2	15.7	53.9
Changes in law	35.0	13.9	48.9
Labour regulations	34.3	10.5	44.8
Tax regulations	29.4	13.4	42.8
Safety & environmental regulations	31.0	7.2	38.7
Import/export regulations	27.5	8.2	35.7