

Doing Business in Hong Kong | Hong Kong Social and Business Culture

A Hong Kong Overview

Fact file

- **Official name** – Hong Kong (special administrative region of China)
- **Population** – 7,055,071 million (July 2007 est)*
- **Official Language** – 2 – Chinese & English
- **Currency** – Hong Kong Dollar (HKD)
- **GDP** – purchasing power parity \$307.6 billion*
- **GDP per capita** – purchasing power parity \$43,800*



Overview

Hong Kong is a collection of over 250 islands located off the southern coast of mainland China. Due to its long period of western oriented rule and highly urbanised population, Hong Kong is a bustling, multi-cultural hub of international business and finance. It has been a special autonomous region of China since 1997, when its sovereignty was transferred from the United Kingdom. Still retaining traditional Chinese cultural values, Hong Kong continues to drive forward with a western capitalist business mentality. Understanding this mixture is essential for those seeking to successfully do business in Hong Kong.

Hong Kong culture – Key Concepts and Values

Collectivism – As in mainland China, people in Hong Kong put the collective's good in front of the individual's needs. Chinese philosophy, with its roots in Confucianism, has a strong influence on the importance Hong Kong people put on social relations. Family is the strongest collective and the cornerstone of society. In Hong Kong business it is common that family members work for the same companies and a large number of businesses in Hong Kong are family owned.

Concept of Face – In Hong Kong a person's reputation and social standing rests on the concept of 'saving face' which depends on adhering to ethical and social norms of society in all situations and times. Closely connected to the importance of the collective, it is very important to maintain group harmony and avoid overt conflict so as to not lose face. Losing face will reflect on someone's family as well as any other groups to which he or she belongs. To avoid this Hong Kong people always keep calm, do not show strong emotions in public and do not criticise openly.

East meets West – Hong Kong is a place where East meets West. With a predominately Chinese population and a past under British rule, Hong Kong has developed into a place where Chinese traditions are mixed with Western values and ways of life. Characterised by confluence and contradictions, Hong Kong has its own unique identity which combines elements from different worlds.

Doing Business in Hong Kong

Hong Kong has been inhabited by humans for over 2 ½ million years and yet has never been an independent entity. During the Qin Dynasty of the 3rd century B.C.E., China ruled the region until the First Opium War in the early 1840s. Once under the control of the British Empire, Hong Kong flourished as a commercial centre. Given a 99-year lease over the region in 1898, the British ensured that Hong Kong would be a strong bastion of free market capitalism. These efforts continued in the lead up to the handover back to China in 1997. Since then Hong Kong operates under the 'One Country, Two Systems' mindset set out by Beijing. The double benefits of a capitalist system and easy access to the Chinese market makes Hong Kong one of the world's foremost business centres. To take advantage fully of this unique business culture, an understanding of Hong Kong's complex internal relationship between western business ideals and traditional Chinese culture is essential.

Hong Kong Business Culture Part 1- Working in Hong Kong (Pre-departure)

- **Working practices in Hong Kong**
 - Business hours are from 9 a.m. to 5 p.m. and it is common for offices to close from 12 p.m. to 2 p.m. for lunch. Much of Hong Kong follows a six-day working week where Saturday is a work day that generally lasts until 1 p.m. or longer.
 - Vacation times are the weeks surrounding Christmas, Easter and the Chinese New Year and business trips should be avoided during these times.
 - Appointments should be scheduled well in advance, sometimes even two months before your arrival. Punctuality is very important in Hong Kong business culture and it is advised to be on time for meetings.
- **Structure and hierarchy in Hong Kong companies**
 - Hierarchy is solidly ingrained in the Hong Kong business culture. Companies will have a clearly defined line of authority and Hong Kong employees are very aware of their position in the office hierarchy. A distance between superiors and subordinates is maintained.
 - Age is an important factor in the authoritative structure and is given significance and respect.
 - Despite gender roles being clearly distinct in Hong Kong society, Western style equality has an increasing influence in the business world. Women are a growing part of the work force. However, men still dominate in the public realm.
- **Working relationships in Hong Kong**
 - Although important, personal relationships as a basis of business are not as necessary in Hong Kong as in China and other parts of Asia. However, in the many family-owned businesses in Hong Kong, building rapport based on trust and mutual obligations and favours is essential.

- Small talk is an integral part in doing business with Hong Kong people. Invitations to social events should never be rejected as they are opportunities for relationship-building.
- When presented with a business card, make sure you offer your own in return, showing that you are willing to make contact as well as making known your status in the company. It is advised to have your business card in English on one side and in Chinese on the other.

Hong Kong Business Culture Part 2 – Doing Business in Hong Kong

○ **Business practices in Hong Kong**

- The standard dress code is business suits for men and suits with trousers or a skirt for women.
- Both the traditional Chinese bow and the Western handshake are common greetings. When greeting a group of people, the most senior person should be greeted first. People are generally addressed with their title and last name. Often Hong Kong businesspeople adopt an English first name or nickname to make it easier for foreigners to remember and pronounce.
- Negotiations are often long and tedious as every detail is examined and analysed carefully. Foreigners should make an effort to be calm as aggression and impatience is unacceptable in Hong Kong business culture and will cause you to lose face.
- In decision-making, group consensus is the norm, but with the top of the company having the last say.

○ **Hong Kong business etiquette (Do's and Don'ts)**

- ✓ DO remember that entertaining is an integral part of doing business in Hong Kong. Business deals are often celebrated at restaurants or banquet halls and it is not unusual for new alliances to be built over a meal.
- ✓ DO try to schedule meetings in Hong Kong far in advance, especially when dealing with a large company.
- ✓ DO avoid physical contact such as patting on the back or touching the shoulders with your Hong Kong counterparts, particularly if they are older or more senior.
- ✗ DON'T assume that an answer of 'yes' signals agreement. When Hong Kong people say yes they usually just mean that they have heard what you said.
- ✗ DON'T wear blue or white at social events as these colours are associated with death and mourning.
- ✗ DON'T show your anger in public as this will cause you to lose face.

Hong Kong Culture Quiz – True or False

1. When receiving a gift from your Hong Kong counterpart you should not open it in front of him/her.
2. At a meeting in Hong Kong, it is common to lean back in the chair and cross your legs.
3. Entering the room in a Hong Kong meeting should be done in hierarchical order and people who hold the same position of equal status should sit across from each other.
4. Negotiations often take place over cups of tea. When your Hong Kong business partners offer you tea you should never decline.
5. When bringing a gift to your Hong Kong business partner, clocks are appreciated gift items.

Culture Quiz - Answers

1. True.
2. False. Crossing your legs, particularly if you are a man, can be offensive to people.
3. True.
4. True.
5. False. Clocks are considered as bad luck.

*Source: CIA World Factbook 2007

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