

Doing Business in Hungary | Hungarian Social and Business Culture

A Hungarian Culture Overview

Fact File

- **Official name** – Republic of Hungary
- **Population** – 9,992,339*
- **Official Language** - Hungarian
- **Currency** – Forint (HUF)
- **Capital city** – Budapest
- **GDP** – purchasing power parity \$186 billion*
- **GDP Per Capita** – purchasing power parity \$18,800*



Overview

Since the restrictions of Communism, Hungary pioneered numerous reforms to later become a nation with a flourishing economy and stable market. Hungary is a nation with a strong sense of identity and pride, known for its rich tradition and culture. Due to a sound transition to a free market economy in the 1990s Hungary has attracted numerous foreign investments and enterprises. Hungary has joined both NATO and the EU and continues to solidify its position as an emerging economic power. This unique culture boasts a society with customs and values that must be recognised and appreciated should your organisation wish to venture successfully into Hungary's business sector.

Hungarian Culture - Key Concepts and Values

Individualism – Since the end of Communist rule, Hungarians have moved towards a more individualistic society. Today's Hungarians value independence, freedom and self-reliance. Young people are expected to be responsible and individual achievement is rewarded and respected. Though Hungarians still retain a sense of community and family ties, they have adopted many Western business practices and strive for personal success.

Respect – Respect and formality are key concepts in Hungarian culture. Respect is always present in the home and even more so in a business environment. In business, Hungarians will not use first names until they know their partners well enough. Hungarians believe that it is disrespectful to directly say 'no', and will often be indirect out of courtesy and regard.

Relationships – Hungarians highly value their relationships with others. Business should be conducted face-to-face whenever possible. Relationships truly drive business in Hungary so it is important to know your Hungarian business partners on a personal level and to establish a certain amount of trust before any negotiations take place. Having a personal network and numerous contacts is essential to Hungarians as 'who you know' is fundamental to Hungarian business practices.

Doing Business in Hungary

A nation shaped by multiple empires, two world wars and Communism, Hungary has one of Central Europe's most prosperous economies. Hungary has made a smooth transition towards a free market

society which continues to dramatically increase foreign investment. Hoping to adopt the Euro by 2012, Hungary has sanctioned fiscal freedom and has substantially improved trade. Hungary has attracted nearly a third of Central Europe's foreign investment and is a renowned model for other nations experiencing similar reform. A member of the World Trade Organisation and International Monetary Fund, Hungary offers untold opportunities for businesses looking to take advantage of its successful market.

Hungary Business Part 1 - Working in Hungary

○ **Working practices in Hungary**

- Punctuality for meetings and appointments is a highly valued part of Hungarian business culture. Hungarians are usually either on time or early for meetings, and it is expected that visitors do the same. Give appropriate notice if you are going to be late, as tardiness might make them believe you do not consider your Hungarian counterparts important.
- Traditional working hours are 9:00 am to 5.00 pm, Monday to Friday. However, Hungarians will usually work overtime and often without a lunch break.
- Avoid scheduling meetings during July and August as these are the main holiday months.
- Hungarians dress conservatively and take pride in their appearance. When doing business with your Hungarian counterparts you should also carefully consider what you wear and ensure it is not offensive or loud.

○ **Structure and hierarchy in Hungarian companies**

- Status and hierarchy are very important to Hungarians so you should always respect colleagues and managers. Formality is a must, particularly around supervisors and executives.
- Typically, managers will make all major decisions without the consultation of lower-level employees. Meetings are almost always led by the more senior members of the group.

○ **Working relationships in Hungary**

When meeting new colleagues, you will be introduced with your family name followed by your first name. At first, you may be referred to by surname only. Hungarians do not usually use first names when meeting someone for the first time.

- Business in Hungary is extremely relationship-oriented. It is important to spend time with your Hungarian counterparts and to earn their trust before any negotiations take place.
- Doing business with the Hungarians involves much socialising outside the workplace. Large lunches, receptions and dinners for getting to know each other are an important part of the negotiation process. However, business is rarely discussed at these events.
- Hungarians prefer to keep their private and professional life separate. It may require a long time make friends with your Hungarian counterpart. Despite initially being quite reserved, once Hungarians develop business relationships these are usually genuine and last forever.

Hungary Business Part 2 - Doing Business in Hungary

○ Business practices in Hungary

- Hungarians like to consider every aspect of a deal and will therefore spend more time negotiating and reviewing things before making a decision. Details are vital so Hungarians will often require substantial amounts of information before arriving at a conclusion.
- Most Hungarians conduct business in either German or English. Foreigners are not expected to speak the local language as Hungarian is considered one of the most difficult languages to learn. Be sure to arrange for an interpreter if necessary.
- Deadlines are an important part of Hungarian business culture. Hungarians are expected to work overtime to meet a deadline and expect their foreign business partners to do the same.
- Hungarians appreciate clear and precise contracts. They also expect the contract to be amended should circumstances change.
- In negotiations, Hungarians do not hesitate to interrupt, argue or criticise if they feel it is needed. Arguments and debates are generally considered constructive ways of bringing about new ideas.

○ Hungarian Business Etiquette (Do's and Don'ts)

- ✓ DO familiarise yourself with Hungarian history. Read about Hungarian composers and scientists and be prepared to discuss global Hungarian contributions with your business partners. They will appreciate the effort you make to understand their culture.
- ✓ DO accept dinner and cultural invitations from your Hungarian colleagues. Use these invitations as opportunities to get to know your business partners on a more personal level.
- ✓ DO pay attention to non-verbal cues. Hungarians may use facial expressions rather than words to express their dislike or confusion. Don't be afraid to ask for clarification, as Hungarians will often be indirect out of courtesy.
- ✗ DON'T speak down or act condescending in any way. Hungarians view this as an extreme sign of disrespect, and any perceived arrogance could ruin your relationship with your Hungarian colleagues.
- ✗ DON'T cancel a meeting at the last minute. Hungarians see this as blatant discourtesy and this could potentially harm the trust you have established with your Hungarian business partner.
- ✗ DON'T be uncomfortable if your Hungarian friends or colleagues raise their voices or have very different opinions. This is normal in Hungarian business culture and should not be taken personally.

Hungarian Culture Quiz – True or False

1. Hungarians consider it good luck to clink beer glasses when making a toast.
2. Hungarians do not typically bargain.
3. Email should never take the place of a phone call or face-to-face meeting.
4. Always bring a gift when meeting new clients or business acquaintances.
5. When bringing flowers to your host, avoid even numbers and chrysanthemums.

Hungarian Cultural Quiz – Answers

1. False. Hungarians never clink beer glasses, a tradition dating to 1849 after the defeat of the War of Independence. Hapsburg officers clinked their glasses at each gunshot.
2. True.
3. True.
4. False. Gifts are not expected in Hungarian business culture.
5. True. When bringing flowers roses can be quite nice, but avoid red roses as they can have romantic implications.

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* Source: CIA World Factbook 2010

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