

## Doing Business in Cambodia | Cambodian Social and Business Culture

### A Cambodian Culture Overview

#### Fact File

- **Official name** – Kingdom of Cambodia
- **Population** – 14,701,717 \*
- **Official Languages** – Khmer (official) 95%, French, English
- **Currency** – Riel
- **Capital city** – Phnom Penh
- **GDP (purchasing power parity)** – \$30.18 billion
- **GDP Per Capita** – \$2,100 \*



#### Overview

Cambodian history has been plagued by wars with neighbouring countries such as Thailand and Japan, a century of French occupation and internal conflict. It gained its independence in 1953 and was then led by the violent communist Khmer Rouge but endured a second occupation by Vietnam in 1978 which led to a 13 year civil war. 1992 saw democratic elections and a new constitution approved but it was only in the early 21<sup>st</sup> century that the government worked in collaboration with the United Nations to set up tribunals to bring the leaders responsible for the ‘killing fields’ to justice. The people of Cambodia share a common pride in the country’s unique cultural and historical heritage and understanding these cultural, ethical and business values is essential to any organisation wanting to conduct effective business in Cambodia.

#### Cambodian Culture - Key Concepts and Values

**Face** - The concept of face is essential in Cambodian culture. The Cambodians will do anything to prevent loss of face, even if it means avoiding confrontation or telling others what they want to hear rather than dealing with immediate issues. Criticising someone in public and not staying true to promises are various ways that people may lose face.

**Collectivism** - Cambodia is a collectivist society in which the needs of the group are often placed over the individual. Family, school, work group, country and community concerns will almost always come before business or individual needs.

**Hierarchy** - Cambodians have great respect for hierarchical relationships. Every thing in Cambodian life is led by hierarchical position: parents are superior to children, teachers to students, and bosses to subordinates. Your Cambodian counterparts will always ask you questions to be able to place you hierarchically to know how to behave.

#### Doing Business in Cambodia

Cambodia is still one of the world’s poorest economy dominated by wet rice agriculture. It is now seeing rapid growth due to the garment sector and tourism industry. The country benefits

from its close proximity to very high growth economies such as Honk Kong and Taiwan and to the major Ocean trade routes. In 2004, Cambodia joined the World Trade Organisation which helped the country to increase its commerce and industry. Taking advantage of this emergent economy requires a profound understanding of local social and business culture.

### **Cambodian Business Part 1 - Working in Cambodia**

#### ○ **Working practices in Cambodia**

- Cambodian counterparts prefer to schedule all meetings ahead of time, usually several weeks in advance. Punctuality is important so you should always aim to arrive a bit ahead of the stated time.
- Business hours are from 8 am to 12 am and 4 pm to 5:30 pm from Monday to Friday and from 8 am to 12 am on Saturday.
- Cambodian counterparts will not feel at ease if you are overly friendly with subordinates or household staff.
- During business meeting, avoid asking personal questions as it can make your Cambodian counterparts lose face.

#### ○ **Structure and hierarchy in Cambodian companies**

- Status is obtained with age and education and is very important in Cambodian society. Respect should be given to supervisors and work colleagues by using appropriate titles.
- It is a mark of respect to use two hands when giving something to an elder.
- Hierarchy is also respected in social situations, you should then bow when passing in front of an elder or someone of higher status.

#### ○ **Working relationships in Cambodia**

- Cambodians like establishing good relationships before conducting business, especially with foreign counterparts. It is then important to spend time to get to know each other during the first few meetings in order to establish trust.
- Business relationships in Cambodia are relatively formal and take time to establish. Patience and sincerity are key factors when doing business in Cambodia.
- Non verbal communication is as important as explicit verbal messages.
- Silence can be a way to indicate consideration about what the speaker is saying

## Cambodian Business Part 2 - Doing Business in Cambodia

### ○ Greeting practices in Cambodia

- Men and women never touch. It is now more common to shake hands with the opposite sex but to avoid any faux pas, wait for the other person to make the first move.
- The common way to greet people is to put your hands together at chest height and bow the head saying 'susaday' (good day').
- The younger person or person of lower rank usually initiates the greeting to show respect.
- Titles are very important in the Cambodian culture. Address your Cambodian counterparts with the honorific title "Lok" for a man and "Lok Srey" for a woman followed by their first and last name.
- Introduce people starting by the eldest as a proof of respect.

### Cambodian Business Etiquette (Do's and Don'ts)

- ✓ DO not offer knives to Cambodian people, as it expresses a desire to break the relationship.
- ✓ DO use a low voice and moderate movements as loud voices and excessive hand gestures are perceived as very rude.
- ✓ DO give and receive items with the right hand or both hands.
- ✗ DON'T refuse tea or food when offered by your Cambodian counterpart. It is considered impolite.
- ✗ DON'T touch a member of the opposite sex.
- ✗ DON'T pass anything over someone's head as it is the most sacred part of the body.

### Cambodian Culture Quiz - True or False

1. Some Cambodian will not speak up even if they do not agree with their foreign counterparts in a business negotiation.
2. It is considered rude to point with your finger.
3. The main religion in Cambodia is Confucianism.
4. Pointing your foot at a person or an object is a mark of respect.

### **Cambodian Culture Quiz – Answers**

1. True. Cambodian will always strive to save face.
2. True.
3. False. 90% of Cambodian are buddhist.
4. False. It is considered very rude.

Author: Mélanie Simon MA in International Communication

\* Source: CIA World Factbook 2011

### **Contact Details**

Communicaid  
Mitre House  
12-14 Mitre Street  
London  
EC3A 5BU

Tel: +44 (0)20 3370 8580

Fax: +44 (0)20 3370 8501

E: [info@communicaid.com](mailto:info@communicaid.com)

W: [www.communicaid.com](http://www.communicaid.com)