



# Hong Kong

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## *cultural note*

the vast majority of Hong Kong residents are Chinese. Hong Kong Chinese who do business with Westerners usually choose for themselves a name (or a nickname) that Westerners can pronounce and remember. They expect a similar courtesy from you: Your surname should be transliterated into Chinese. This is not an actual translation; Chinese sounds will be selected that are similar to the sounds of your surname. (You may not think your transliteration sounds very much like your surname. What is important is that it sounds similar to Cantonese ears.) Since Chinese is a monosyllabic language, each syllable of your surname will be represented by a different Chinese character. Make sure to have a native speaker of Chinese help you, since it is easy to select a good sound with an unfortunate meaning. Don't repeat the mistake Coca-Cola made in the 1920s: its Chinese transliteration sounded like the words "Coca-Cola"-but it meant "bite the wax tadpole!"

## Country Background

### History

In 1699 the British East India Trading Company started using Hong Kong Harbor to trade with China. It continued to monopolize trade until 1834, when the monopoly was abolished.

The Opium War (1839-1842) started when the Chinese tried to prevent opium shipments to China, and culminated with a treaty that ceded Hong Kong Island to the United Kingdom and opened five Chinese ports to the British traders. The Kowloon Peninsula, Stonecutters Island, and the New Territories were later added to the colony. Hong Kong was declared a duty-free port in 1841.

### Type of Government

Hong Kong is a British Crown Colony. The British monarch is the chief of state. The head of the government is the governor, who is appointed by the British government.

Hong Kong's governor directs the colony's government along with two councils. The Executive Council is an advisory body and traditionally includes Chinese and Portuguese members. The Legislative Council enacts legislation and approves the budget. There is also an independent judiciary. The current governor is expected to serve until 1997.

Because the ninety-nine year lease for the New Territories will expire in 1997, the British and Chinese governments began discussions in 1982 to determine Hong Kong's future. The agreement they reached will make Hong Kong a special administrative region of China in 1997. It will also provide for the continuation of Hong Kong's unique economic, legal, and social systems for fifty years after 1997. Under an agreement in 1985, Britain and China concluded that Hong Kong would be permitted to keep its capitalist system for fifty years after 1997.

Unfortunately, international confidence in the smooth transition of Hong Kong from the British to the Chinese has been eroded by events such as the Tiananmen Massacre in June of 1989.

## Language

Hong Kong's two official languages are Chinese and English. The most common Chinese dialect is Cantonese, which is a loudly expressed tonal language. However, since mainland China uses the Mandarin dialect of Modern Standard Chinese as its official language, Mandarin is being taught in Hong Kong's schools.

## Religion

There is no official religion. There are about one-half million Christians in Hong Kong, divided equally between Protestants and Roman Catholics. There are also small numbers of Muslims and Hindus.

Many Chinese follow the teachings of a variety of religions at the same time. Strong elements of Confucianism and Taoism (which originated in China) along with Buddhism (from India) influence many aspects of Chinese life.

### *cultural note*

traditional Chinese philosophy is founded on the concepts of order and harmony. This is reflected in many traditions of conformity and the Chinese business person's awareness of his or her position in relation to ancestry, social position, and the family or business unit. Ancient beliefs and religious practices that support this "universal order" can be observed in the Chinese reliance on the lunar calendar, various rituals in the home and at work, and the use of "diviners" to determine auspicious times and dates for important occasions.

## Demographics

Hong Kong's estimated population in 1992 was 5.9 million. The population density is at least five times greater than that of Tokyo, Japan.

Less than 2 percent of the population is European. The Chinese make up over 90 percent of the labor force, and stem from five major groups in Southern China:

- The Cantonese-the largest percentage of the population, from Kwan tung province
- The Fukkien
- Hainan
- The Chui Chow
- The Hakka-from the New Territories

## Cultural Orientation

### Cognitive Styles: How Hong Kong Citizens Organize and Process Information

In Hong Kong, the Chinese process information associatively unless they have had an extensive Western education, in which case they will be more abstractive. As a collective culture they hold group loyalty above personal feelings, but they also feel that particular relationships are more important than personal values.

### Negotiation Strategies: What Hong Kong Citizens Accept as Evidence

The Hong Kong Chinese are basically feeling-oriented, but faith in the ideology of the group may be a more relevant source of the truth. Those with higher education may accept objective facts over personal feelings. They stress wholeness over fragmentation.

### Value Systems: The Basis for Behavior

As in China, the Hong Kong Chinese consider it imperative to save face. A person's actions reflect on his or her family, plus any other groups of which he or she is a member. The following three sections identify the Value Systems in the predominant culture—their methods of dividing right from wrong, good from evil, and so forth.

#### Locus of Decision Making

Decisions are made through consensus of the group, where group members defer to persons with the highest ethos. The Hong Kong Chinese will use polite vagaries rather than say "no." The self is down played. One's face is maintained by adherence to the ethical norms of society in all human dealings, and one must never cause another embarrassment. There is a strong authoritative structure demanding impartiality and obedience.

#### Sources of Anxiety Reduction

The Hong Kong Chinese's feelings of ethnic pride are juxtaposed against the uncertainty of the political situation, and this induces anxiety. The family is the most important unit of social organization, Life is an organization of obligations to relationships. Emotional restraint is prized, and aggressive behavior is frowned upon. One must maintain intragroup harmony and avoid overt conflict in interpersonal relations.

#### Issues of Equality/Inequality

Age is revered. Respect and deference are directed from the young to the old, and authority and responsibility from the old to the young. There is an inherent trust in people because of the homogeneity of the populace and social pressure. Although no one feels like Hong Kong is home, there is a natural bias against foreigners. There are clearly differentiated sex roles in society, but Western-style equality is creeping in. Men still dominate in public situations.

## Business Practices

### Appointments



#### *punctuality*

- Punctuality is considered a virtue among Chinese business people. Make every effort to be on time, which is not easy given Hong Kong's congested streets. Punctuality demonstrates respect.
  - In Chinese tradition, no one is exempt from apologizing. Be sure to apologize profusely if you are late, even if it was not your fault.
  - Do not show offense if your Hong Kong counterpart is a half-hour late. You immediately put yourself at a disadvantage if you appear to be under a time constraint.
- Appointments should be made as far in advance as possible. It is not unusual to schedule appointments two months before your arrival in Hong Kong.
  - Many Hong Kong residents go on vacation during the summer and the weeks surrounding Christmas, Easter, and the Chinese New Year. Try to schedule business trips in October, November, and March through June.
  - Some Chinese businesses close for the entire week of Chinese New Year.
  - Offices may close from 12:00 noon to 2:00 P.m., and many executives may take a longer lunch. In China, many people nap at this time, although this is not common in Hong Kong.
  - Much of Hong Kong follows a six-day workweek. Hours start about 9:00 A.M. and finish at 5:00 P.m., Monday through Friday. Saturdays from 9:00 A.M. to 1:00 P.M. is normal; longer hours are common.
  - Never refuse an invitation to lunch or dinner if at all possible. If you cannot make it, immediately suggest an alternative time. Your success in business depends upon establishing social relationships.
  - Greet everyone when you arrive, beginning with the most senior or elderly.



#### Negotiation

#### *cultural note*

have business cards prepared with Chinese on one side and English on the other. Take a large supply of them with you, since exchanging cards is almost a ritual. Examine all cards presented to you with respect and interest.

- Age is respected by the Chinese. If your Hong Kong clients are Chinese, your chief representative should not be young. A person aged 50 or older will command respect.
- Present all materials and ideas in a modest and patient manner. Aggression is out of place, and if someone loses face during negotiations, the contract may be lost.
- The Chinese are exceptional diplomats when it comes to conversation. They will go to great lengths to ensure that no potentially insulting or embarrassing statements are made.

- Never confront a Chinese person with an unpleasant fact in public; discuss it in private. Appearances are extremely important.
- The word "Yes" does not necessarily mean "I agree with you." A closer meaning would be "I heard you."
- "It would be difficult" may be the closest a traditional Chinese businessperson ever gets to saying "no."
- Always prepare many alternatives in order to give the Chinese negotiator room to negate several options with dignity.
- Be conscious of the positions and status of the Chinese players. It is not appropriate to direct all information to the senior negotiator. His or her presence may be ceremonial, and the more junior staff may be expected to relay the material to the group leader.
- Keep the same negotiating team throughout the process.
- Negotiations can seem exceedingly slow, with extensive attention to detail. This is a normal process. Toward the end, the Chinese negotiating team may request a large discount-which they may refer to as a "compromise."
- The Chinese custom of consulting a *fengshui* man (a diviner or geomancer) to determine auspicious dates and arrangements for opening new offices, moving, and so forth, should be observed. There are many issues that can be resolved in an efficient manner by respecting your Chinese counterparts' belief in the *fengshui's* prophecies.

### *cultural note*

negotiation occurs over cups of tea. Always accept an offer of tea, whether you want it or not. When you are served, wait for the host to drink first.

Chinese negotiators commonly use the teacups as visual aids. One cup may be used to represent your company, another cup to represent the Hong Kong company, and the position of the cups will be changed to indicate how far apart the companies are on the terms of an agreement.



### Business Entertaining

- Entertain at prestigious restaurants and banquet halls. First-class hotels usually can provide facilities.

### *cultural note*

seating etiquette is important. The guest of honor traditionally sits opposite the host. The next most important guest sits to the left of the guest of honor; the third-ranking person is placed to the right of the guest of honor. This continues all the way around the table. Surprisingly to Westerners, this results in the least important people being seated next to the host!

Chinese tables are traditionally round, with a maximum of twelve seats. Since there is no "head" of the table (as there is at a rectangular table), the seat of honor is the one furthest from the entrance. The host sits opposite, in the seat closest to the door.

Placing the host closest to the entrance has advantages. This puts him or her in a better position to oversee the wait staff. Furthermore, the host is expected to escort honored guests out to their car.

- Banquets are a large part of Hong Kong's Chinese culture. Celebrating a productive business meeting or a new alliance usually occurs over eight to twelve courses of a well-prepared banquet.
- A banquet is a very acceptable gift for a Chinese client, and must definitely be reciprocated if offered to you.
- Pace yourself at a Chinese banquet! Eat sparingly of each course. The best dishes tend to be served in the middle courses.
- Using chopsticks will enhance your reputation. Remember, one end of the chopsticks is used for eating, the other end for serving. Do not stick chopsticks straight up in the rice bowl; this makes them look very similar to the joss incense sticks used in religious ceremonies.
- Rice is seen as a filler, so do not eat extensive amounts of it. Leave most rice untouched during the last course; doing otherwise will imply that there was not enough food.
- Entertaining business clients over lunch or dinner often takes place at a restaurant in a private club.
- A very traditional Chinese restaurant might not provide napkins. You are expected to wipe your hands on the tablecloth. At such a restaurant, leaving a messy tablecloth indicates that you have eaten well and enjoyed the food.
- Banquets are long, so everyone leaves soon after the final course.
- It is rare for spouses to be included in an invitation for a business dinner.

## Time

- Hong Kong is eight hours ahead of Greenwich Mean Time (G.M.T. + 8), or thirteen hours ahead of U.S. Eastern Standard Time (E.S.T. + 13).

## Protocol



### Greetings

- The traditional Chinese greeting is a bow. When bowing to a superior, you should bow more deeply and allow him or her to rise first.
- Either traditional English or Chinese greetings are appropriate. Men and women shake hands, and sincere compliments are given. The Chinese appreciate compliments, although their self-effacing nature will not allow them to accept them. It would be poor manners to agree.
- Traditional Chinese greetings often refer to food. "Have you eaten rice yet?" is a common greeting. The question is rhetorical, so always answer, "yes," whether you have eaten recently or not.
- Always recognize and greet the most senior or elderly person in a group first, and politely inquire about their health.
- Courtesy and formality in behavior and in dress are an integral part of Chinese manners. Do not offer opinions too freely, and avoid inquiring about an individual's

plans or where he or she is going. The Chinese find the disclosure of excessive amounts of information vulgar.

- Avoid any behavior that could be construed as aggressive or loud. Decorum is important in both Chinese and British traditions.
- If you only speak English, understand that you may have difficulty interpreting the emotional content of a conversation in Chinese. A simple Chinese conversation (especially in Cantonese) may sound like a heated argument to Western ears.



### Titles / Forms of Address

- Most people you meet should be addressed with a title and their surname. If a person does not have a professional title (President, Engineer, Doctor), simply use Mr., Madam, Mrs., or Miss, plus their surname.
- Chinese names generally consist of a family name followed by two (sometimes one) personal names. In the name Chang Wu Jiang, Chang is the surname (or clan name). He would be addressed with his title plus Chang (Mr. Chang, Dr. Chang).
- When writing in English, Hong Kong Chinese tend to hyphenate their personal names. Thus, Chang Wu Jiang is likely to write his name as Chang Wu-Jiang. Mainland Chinese sometimes dispense with the hyphen and write the two personal names as one: Chang Wujiang.
- Chinese wives do not generally take their husband's surnames, but instead maintain their maiden names. Although Westerners commonly address a married woman as Mrs. plus her husband's family name, it is more appropriate to call her Madam plus her maiden family name. As an example, Li Chu-Chin (female) is married to Chang Wu-Jiang (male) Westerners would probably call her Mrs. Chang. She is properly addressed as Madam Li.
- Thankfully, many Chinese adopt an English first name so that English speakers can have a familiar-sounding name to identify them by. Thus, Chang Wu-Jiang may call himself Mr. Wally Chang. Others use their initials (Mr. WJ. Chang).
- If many Chinese seem to have similar clan names, it is because there are only about 400 different surnames in China! However, when these surnames are transcribed into English, there are several possible variations. For example, Wong, Wang, and Huang are all English versions of the same Chinese clan name.



### Gestures

- Members of the same sex may hold hands to signify friendship, but members of the opposite sex may not.
- Although women may cross their legs, men should keep their feet on the floor. Place your hands in your lap while sitting.
- The Chinese may communicate in closer proximity than is common in the United States.
- Do not pat people on the shoulder or initiate any physical contact. It is not appreciated.
- "Come here" is signified by turning the palm face down and waving the fingers.



## Gifts

- Gift giving is an intricate and important custom in Hong Kong. The best-intentioned businessperson can offend counterparts by giving
  - Clocks (they connote death)
  - Books (they represent a "Curse to Lose" for gamblers)
  - Blankets (they stifle the recipient's prosperity)
  - Unwrapped gifts (this is rude)
  - Gifts wrapped in blue (the color of mourning)
  - Green hats (they suggest that you are a cuckold or your sister is a prostitute)
- Do not open a gift in the presence of the giver.
- Accept and give gifts with both hands.
- Gifts from the Chinese may seem extremely generous, even somewhat extravagant. This is generally just their way of communicating their feelings of respect and friendship.
- Timing the presentation of a gift is vital.
- Bring items from your home with you as gifts (i.e.: handicrafts, jazz CDs, Western items like belt buckles, and so forth).
- Hosting a banquet is a very acceptable gift for Chinese clients, and is required if they have hosted one for you.
- If you are invited to a home, take candy, fruit, scotch, and so forth. Do not excessively admire anything-your host may feel obligated to give it to you.

### *cultural note*

Gifts are often exchanged between business associates during Christmas and the Chinese New Year. It is customary to give a gift of money in a red envelope to children and to the (nongovernmental) service personnel you deal with on a regular basis. This gift is called a *hong boo*. Give only new bills in even numbers and even amounts. Many employers give each employee a *hong boo* equivalent to one month's salary at the Chinese New Year.



## Dress

- Business suits in dark colors for men and muted colors for women are appropriate. Washable, lightweight fabrics are used.
- Do not wear blue or white at social functions, as these colors are associated with death and mourning.