

Management

Hong Kong: a case study of managing in extreme uncertainty

The Asian financial hub's business leaders are forced to adapt as there is no hope of a quick return to normality

Ravi Mattu YESTERDAY

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In a pandemic that has thrown up a long list of clumsy management moves, I may have found the most egregious case of uncaring leadership.

A multibillion-dollar company issued a missive to some Hong Kong staff last month: anyone who travelled overseas could lose their job if they got stuck abroad, even if they caught Covid-19 or were hit by the type of disruption that has become the norm.

The directive was callous. Many employees for global companies in Hong Kong have not seen family for close to three years, owing to quarantine regimes of at least two weeks on returning to the city and cancelled flights to Europe and North America.

But the order also revealed the tensions facing managers as Hong Kong has doubled-down on its controversial zero-Covid strategy and imposed the [toughest restrictions](#) since the start of the pandemic. They have added to the challenges of doing business after Beijing imposed a sweeping national security law on the city following pro-democracy protests in 2019.

The European Chamber of Commerce predicts Hong Kong will not open up to the world until at least summer 2023. The Asian financial centre has become a case study of managing in extreme uncertainty and offers lessons for companies with overseas outposts.

Regional offices often complain of being ignored by headquarters. But managers say the latest restrictions have intensified the feeling of isolation, even though much of Europe and North America experienced tougher lockdowns two years ago.

“There is a disconnect between Hong Kong and the rest of the world, where things are

really back to normal,” says an executive at a European engineering group, echoing a common refrain. “Companies headquartered in the US or Europe are making the assumption that Hong Kong is closely tracking behind and forgetting that we are now dealing with these harsh measures.”

Some companies have tried to demonstrate their commitment. Local bosses are inevitably working to gee up staff and have stayed in the city throughout the disruption. But the most influential voice is the group chief executive. The most effective are communicating regularly and ensuring that their messaging is aligned with regional leaders, reassuring staff and signalling a sense of urgency and awareness to the rest of the organisation.

Others have increased investment or expanded local offices to reflect their long-term priorities, despite the short-term challenges. Prudential, the 174-year-old insurance company founded in the UK, [announced](#) this month that its next CEO would be based in Asia. The move reflects the direction the company set after demerging its UK business in 2018 and spinning off its US division last year to focus on Asia and Africa, although the new boss may have to start work [outside of Hong Kong](#) because of the Covid restrictions.

Ranjay Gulati, a Harvard Business School professor and the author of *Deep Purpose*, says companies and leaders need to communicate a defining vision to deal with these types of extreme pressures to help bind a dispersed organisation. Covid has amplified this need, especially as employees increasingly reassess their relationship with employers in a tight labour market.

Two American football coaches with contrasting approaches illustrate the point.

Pete Carroll of the Seattle Seahawks [resembles Ted Lasso](#), the unrelentingly upbeat American football coach hired to manage an English Premier League football team in the Apple TV series. “Carroll believes if you’re a coach, you have to unlock human potential,” Gulati says, and you cannot do that “unless you demonstrate trust” with your players.

By contrast the defining motto of Bill Belichick of the New England Patriots is “Do your job”. “He’s blunt and that’s his model,” Gulati says, with the onus on individuals to be held accountable for their actions.

Both coaches have been successful because each was able to articulate a clear and simple purpose that infused their organisations.

Heading into a third year of the pandemic, companies also need to level with employees.

The [Mandarin Oriental](#) luxury hotel group and [Pernod Ricard](#), the French spirits maker, want to move staff out of Hong Kong temporarily. Others will cover the quarantine costs for staff returning to the city — when they are eventually able to travel.

But Hong Kong also reveals another reality. Recruiters had a bumper 2021 as companies replaced departing expatriate workers with locals and mainland Chinese, accelerating a pre-Covid shift as the city becomes more deeply entwined with the mainland.

As the multibillion-dollar company's email showed, a lot of employers are happy to let their workers leave despite the angst it is causing. Every company needs a purpose but employees beware: it may lead to a rude awakening.

ravi.mattu@ft.com

Twitter: [@ravmattu](https://twitter.com/ravmattu)

Andrew Hill returns next week

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