

Adapting the MGA for Negotiating with Malaysian & Singaporean Counterparts

Background¹

Although they are currently neighboring countries, Malaysia and Singapore briefly existed as the same country from 1963–1965. Singapore became one of the 14 states of Malaysia after Malaysia's independence from the British in 1957. However, ideological and cultural differences between the leaders of the state of Singapore and the federal government in Malaysia culminated in Singapore splitting from Malaysia in 1965 to become its own nation. From then on, Malaysia and Singapore both made different economic and nation-building choices that led to the divergence in the economic success of both countries today. As a result, these two countries share some cultural similarities, but also have some striking differences in their negotiation cultures.

Since independence, Malaysia has transformed its economy over time and positioned itself for growth. From 1971 through the late 1990s, Malaysia shifted away from its primary reliance on the production and export of raw materials, and became one of the world's leading exporters of electronics and information technology. In recent years, Malaysia has risen steadily in the World Bank's global Doing Business report, from 18th in 2011 to 6th in 2014.² In 2015, Malaysia had a population of 30 million people and a GNI (Gross National Income) per capita estimated at USD\$10,660.00³. Malaysia was Australia's 9th largest trading partner in 2012, with AUD\$17.7 billion in trade, and entered a Free Trade Agreement with Australia in January 2013.⁴

Singapore, on the other hand, is Southeast Asia's most dynamic economy. Along with Hong Kong, South Korea, and Taiwan, it has been dubbed one of the Four Asian Tigers. In 2015, Singapore had a population of 5.5 million people and a GNI per capita estimated at USD\$55,150.00.⁵ Singapore has consistently been ranked among the top three most open and competitive nations in the world,⁶ with a world-class infrastructure and high standard of living. Singapore's economy relies heavily on foreign investments, international trade and overseas companies; it has possibly the highest trade-to-GDP ratio

¹ The authors relied on the available sources of information about the negotiation cultures of Malaysia and Singapore, plus qualitative interviews with negotiators from these two countries and foreigners who negotiated with them.

² [export.gov, *Doing Business in Malaysia*, http://www.export.gov/malaysia/doingbusinessinmalaysia/index.asp](http://www.export.gov/malaysia/doingbusinessinmalaysia/index.asp) and [doingbusiness.org, *Ease of Doing Business in Malaysia*, http://www.doingbusiness.org/data/exploreeconomies/malaysia](http://www.doingbusiness.org/data/exploreeconomies/malaysia) (last accessed November 24, 2015).

³ [doingbusiness.org, *Ease of Doing Business in Malaysia*, http://www.doingbusiness.org/data/exploreeconomies/malaysia](http://www.doingbusiness.org/data/exploreeconomies/malaysia) (last accessed November 24, 2015).

⁴ Australian Government Department of Foreign Affairs and Trade, Malaysia-Australia FTA, <http://www.dfat.gov.au/fta/mafta/> (last accessed November 24, 2015).

⁵ [doingbusiness.org, *Ease of Doing Business in Singapore*, http://www.doingbusiness.org/data/exploreeconomies/singapore](http://www.doingbusiness.org/data/exploreeconomies/singapore) (last accessed November 24, 2015).

⁶ *Economy Watch*, Singapore Economy, http://www.economywatch.com/world_economy/singapore/?page=full (last accessed November 24, 2015).

in the world.⁷ The Singapore economy operates under the Singapore Model, known as ‘Singapore Inc.’ Many suggest that the government manages the country more like a company than a nation.⁸ Malaysia and Singapore also diverge in terms of the makeup of their ethnic groups. Though both countries are multicultural and share the same main ethnic groups – the Malays, Chinese and Indians – the similarities end there. Malaysia is predominantly Malay (Malay: 50.1%, Chinese: 22.6%, Indian: 6.7%)⁹ with a mainly Islamic orientation. Singapore is predominantly Chinese (Chinese: 74.3%, Malay: 13.3%, Indian: 9.1%)¹⁰ and operates under a mainly Confucian worldview.

For Malaysia, this brief focuses primarily on the Malay ethnicity, given its majority representation within Malaysia.¹¹ Despite its ethnic diversity, Singapore possesses a distinctive national culture, so this brief treats Singapore as a single culture.¹²

Malay Culture

Malay values originate from the *budi* belief system, which is a set of traditional moral and social guidelines for living virtuously and appropriately in Malay society. The *budi* system is composed of virtuous qualities such as generosity, respect, consideration, saving face, and discretion. It functions to protect Malays from appearing uncultured and ill-mannered. Among the three main ethnic groups in Malaysia, the Malays place the most importance on relationships, shame, religious belief, and hierarchy. Malays are generally indirect, talking around what they wish to convey.

During our interviews with Malaysian businesspeople, they offered the following self-reflections on their negotiating style:

- *‘... the Malay mentality, such as ... being very generous, is sometimes reflected in some of our negotiations. We are also too kind-hearted with no unkind intention, we are friendly, and maybe we put more on the value of friendship.’*
- *‘I have a feeling that we compromise more than anything to maintain harmony, I think it is the Malay culture. If siblings fight with one another, if you look at family disputes, if you watch television, it is always like that, our ultimate aim is we don’t mind giving in.’*
- *‘We are not confrontational, we are not combative, we are very sedate, we have good decorum, we are very polite, and we do not have a short fuse. That comes back to the basic Malay cultural value, which is to understate and undersell yourself, to have humility, modesty and to not engage in extreme behaviour, to be respectful of the other side, to react to the negative language of the*

⁷ World Trade Organization, WTO Trade Policy Review: Singapore, <http://www.intracen.org/BB-2012-08-27-WTO-Trade-Policy-Review-Singapore/> (last accessed November 24, 2015).

⁸ *Economy Watch*, Singapore Economy, http://www.economywatch.com/world_economy/singapore/?page=full (last accessed November 24, 2015).

⁹ Index mundi, Malaysia Demographics Profile 2014, http://www.indexmundi.com/malaysia/demographics_profile.html (last accessed November 24, 2015).

¹⁰ Singapore Ministry of Health, Population and Vital Statistics, https://www.moh.gov.sg/content/moh_web/home/statistics/Health_Facts_Singapore/Population_And_Vital_Statistics.html (last accessed November 24, 2015).

¹¹ Note that while the Chinese and Indian ethnic groups in Malaysia do have distinct cultures, they are not identical to the cultures of China and India. Therefore guidance on Chinese and Indian national negotiating cultures will be only partly relevant to the Chinese and Indian business cultures of Malaysia.

¹² ‘Still, I find myself nodding my head in agreement at the cultural traits of Singaporeans. In our country, we have distinctive groups of different race and religion. It’s intriguing to see how we all come together and have similar conversation scope.’ Tan P., ‘This Is How Singaporeans’ Negotiation Style Looks Like’, *Vulcan News*, <https://sg.news.yahoo.com/singaporeans-negotiation-style-looks-050028553.html> (last accessed November 24, 2015).

other side in a manner that would not reciprocate that hostility through the use of refined language.'

Malays tend to place primary emphasis on a person's rank by age, and secondarily on a person's gender (male being the superior rank) and wealth. Status differences and formality are based on social status, age, education, personal achievements and family background.

Malaysian Culture

One classic study of cross-cultural negotiation describes four dimensions of work-related value differences across national cultures: Power Distance,¹³ Individualism,¹⁴ Uncertainty Avoidance,¹⁵ and Masculinity.¹⁶ Malaysia is the highest-ranking country in the Power Distance dimension (100), which means Malaysians possess a very high acceptance and expectation of an unequal power between people. Given this tendency, Australian negotiators can expect that Malaysians will likely accord status to counterparts based on factors such as age, gender and apparent wealth.

Malaysia is also a collectivistic society, and thus scores low on Individualism (26). This is manifest in Malaysians' strong long-term commitment to 'member' groups, such as family, social groups, and organizations. Loyalty in a collectivist culture is paramount and overrides most other societal rules and regulations. Such societies foster strong relationships, where everyone takes responsibility for fellow members of their group. Failing to do so may lead to shame and loss of face. Employer/employee relationships in such cultures are perceived in moral terms (like a family link). Hiring and promotion may take into account the employee's social relationships and status, not only job performance.

Malaysia scores low on the Uncertainty Avoidance dimension (36). This suggests Malaysians may be comfortable with a higher level of situational ambiguity and fluidity than Australians. People in cultures with low uncertainty avoidance generally believe there should be no more rules than are necessary and if rules do not work, they should be abolished or changed.

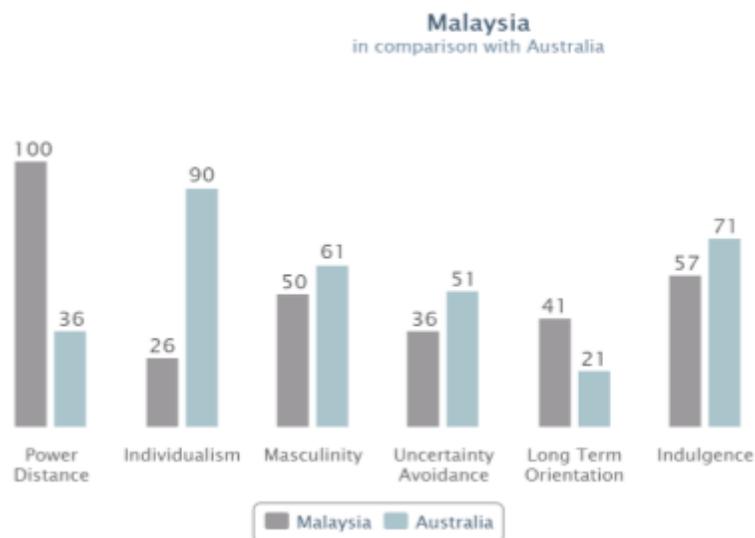


Figure 1: Malaysian & Australian Cultures comparison chart (Hofstede, 1991a)

¹³ Defined as 'the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally'. Hofstede, G. 2011. Dimensionalizing Cultures: The Hofstede Model in Context. *Online Readings in Psychology and Culture*, 2(1)

¹⁴ Defined as the 'degree to which people in a society are integrated into groups'. *Ibid.*

¹⁵ Defined as 'a society's [lack of] tolerance for ambiguity'. *Ibid.*

¹⁶ Defined as 'a preference in society for achievement, heroism, assertiveness and material rewards for success'. *Ibid.*

Schedules are flexible, and hard work is undertaken when necessary but not for its own sake. Precision and punctuality do not come naturally. In addition, deviant and innovative ideas or behavior are tolerated.

Singaporean Culture

Singapore also scores highly on the Power Distance dimension (74), although not quite as high as Malaysia. One of the key principles of Confucian teaching is the stability of society, which is based on unequal relationships between people. These relationships are based on mutual and complementary obligations. Singapore’s high Power Distance index may be an outgrowth of this cultural backdrop. In practice, it means that Singaporean managers rely on direction from their bosses and on rules, and employees expect to be told what to do. Hierarchical relationships are formal and control-based. Similarly, the Singaporean government is often considered to be highly paternalistic (Katz 2008). Singaporeans are accustomed to following their leaders’ direction. At times, this may make it more difficult for them to think creatively and to challenge the status quo. As in Malaysia, Singapore scores low on Individualism (20), which suggests that causing a loss of face, i.e., causing a humiliating or embarrassing experience in front of colleagues, is likely to be highly detrimental to business negotiations. Public image is critical. For managers, especially, a calm and respectable demeanor is highly valued.

A second key principle of Confucian teaching is that the family is the fundamental unit of social organization. Social relations should be conducted in a face-saving way for both the superior and the subordinate person in a relationship. Communication is indirect and the harmony of the group has to be maintained; open conflicts are avoided. A ‘yes’ doesn’t necessarily mean ‘yes’. Politeness takes precedence over honest feedback. Work relationships take precedence over task achievement. These traits, which seem to prize ambiguity and room to maneuver (allowing conflicts or mistakes to be fixed), are also aligned with the low Uncertainty Avoidance for Singaporeans (8).

In addition, Singapore scores high on Long-Term Orientation (72)¹⁷, which reflects Confucian cultural qualities such as perseverance, sustained effort, and thrift. This orientation is reflected in the practices of Singapore’s government, which is said to ‘always opt[] for what works for the country in the longer term rather than for what will please the people in the short term’ (Principles of Governance 2001). The long-term focus also leads to expectations that business relationships will last for many years.

Overall, Singapore is a highly regulated and regimented society. Its educational system

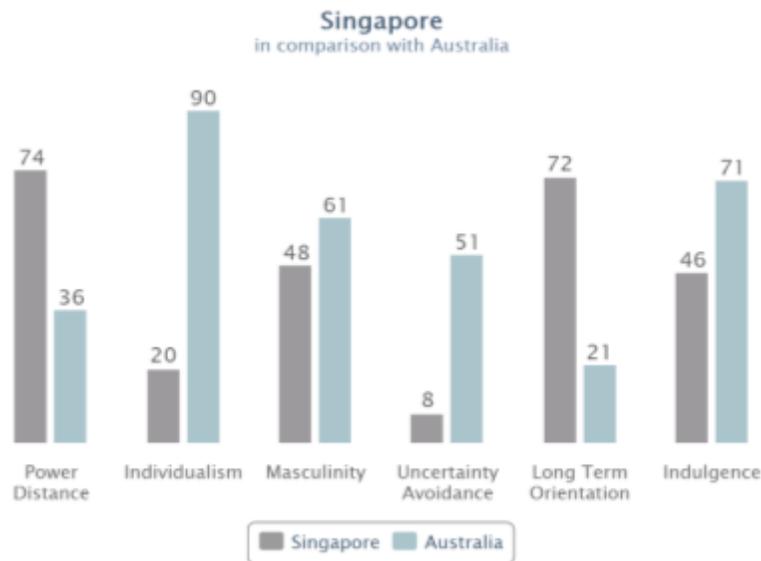


Figure 2: Singaporean & Australian Cultures comparison chart (Hofstede, 1991a)

¹⁷ This is corroborated by the 2004 Globalization Program’s study results on countries with

rewards performance according to a set structure but nothing outside of it. The government establishes numerous, detailed rules and regulations and often enforces heavy penalties if they are violated. There is a joke that Singaporeans call their society 'fine' country because there is a fine for everything.

It may at first look surprising, then, that Singapore scores very low on the Uncertainty Avoidance scale (8). One hypothesis is that Singapore's highly structured legal and administrative system serves a global, cross-cultural trading hub where negotiation is essential to business success. As such, there has to be tolerance for ambiguity and flexibility so that the system accommodates such complexity. Since Singaporeans have a long-term orientation and know that the future changes constantly, they see uncertainty as providing room to maneuver to obtain profits or avoid losses as time progresses. In sum, Singaporeans may be very open to uncertainty in the long term, but probably not so much in the short term where roles, rules and regulations abound.

Preparation

When preparing to negotiate with Malaysians or Singaporeans, you might try to adjust the status of the negotiating team members, and your expectations for the amount of time likely to be spent on value creation, so that they more closely match the expectations of the other side. This does not mean that total priority should be given to the way either Malaysians or Singaporeans set their teams, their decision making process, their timing and the like. However, at a minimum, Australian negotiators should be attuned to these issues and ready to discuss them openly in order to communicate respect for their counterparts' preferences, and facilitate discussion to ensure both sides are comfortable with the negotiation process.

Because negotiations with either Malaysians or Singaporeans can take longer than Australians may expect, Australians should be prepared for their Best Alternative to Negotiated Agreement (BATNA) (and that of the other side) to shift over the course of the negotiation. Consider in advance how long your BATNA is likely to last, and how you will try to ensure a viable BATNA as the negotiation continues. You should also be careful to consider whether overt efforts to improve your BATNA will damage your relationship-building efforts. If the Malaysian or Singaporean negotiator observes behind the table efforts to improve your alternatives, he or she may feel disrespected or excluded.

Given the heightened importance and duration of relationship-building efforts, Australians should consider conducting a relationship-mapping exercise as part of their standard method of preparing. While this kind of exercise is important in all negotiations, it may be especially important with Malaysians and Singaporeans to help pick up on subtle cues, and better learn the other side's true interests.

We offer some country-specific preparation advice in the next section.

Malaysia

As noted, because Malaysians see their business counterparts through the lenses of age, gender and show of wealth, Australians might consider creating a negotiation team that matches their Malaysian counterparts' team on these attributes. Regardless of the composition of the teams, be respectful and show appreciation for the status of the Malaysians. Elderly Malaysian businesspeople should be treated with respect and acknowledged before younger members of the organization. In addition, many prominent businesspeople in Malaysia have been given titles such as *Tan Sri*, *Dato'* or *Datuk*. The most respectful, culturally sensitive approach is to always use these titles when addressing them.

Family can serve as an area of leverage in building relationships with Malaysians. Malaysians are very family-oriented and it is helpful to ask them about their families and show genuine interest or concern for their family lives. One of our Australian interviewees reported that her Malaysian counterpart spent a lot of

time getting to know her outside of work, in order to ascertain her trustworthiness. The Australian and her family informally met and developed a relationship with her Malaysian client's family, including exchanging birthday gifts and spending personal time together. Eventually a long-term trustworthy friendship developed, culminating in an AUD\$250 million deal and many other subsequent deals.

A shared interest in food is another great way to build a relationship. Malaysians are generally 'foodies' and a lot of socializing is typically done over meals. Malaysians tend to be hospitable and will usually offer drinks and/or food to guests, even strangers, and Australians should reciprocate in kind. Consider protocol such as dress codes, the number of negotiators, entertainment, and gift giving (Abdullah A. 1996).

Singapore

In Singapore, as in Malaysia, the expectation for business negotiations is that both parties will be represented by teams with reasonably well-matched levels of seniority and numbers of team members. The size and seniority of the negotiating team signals the level of importance the counterparts place on each other. When setting up a negotiation team, Australians should take care to align the teams well with the Singaporean counterparts, and assign roles clearly to each team member. As in Malaysia, you should build relationships with Singaporeans. Some of them may engage in business while the relationship building is ongoing, but be prepared for others to expect strong bonds to be established prior to closing any deals. Allow time for Singaporean counterparts to get to know the other side and become comfortable with the relationship before proceeding to serious business discussions.

In addition, be aware that business relationships in Singapore exist mostly between individuals or groups of people rather than between companies. It may therefore be helpful to foster relationships between groups of people rather than just between individuals, in case the contact people at one or both businesses leave the company. In addition, Australians should expect an extended process of relationship building before formal negotiations begin. Singaporean negotiators are willing to spend considerable time (sometimes weeks or months) to gather information and discuss details before discussing the substantive elements of a deal.

Creating Value

An Australian negotiator attempting to adopt the MGA approach to create value with Malaysian or Singaporean negotiators needs to work differently with each of them. With Malaysians, the biggest challenge may be finding a way to elicit your counterpart's interests explicitly. With Singaporeans, the challenge will lie more in generating options and packages that 'make the pie larger'.

When looking for possibilities to bundle options into multiple packages with Malaysian negotiators, look to broaden the scope of the options to satisfy the interests of the wider community or organization that surrounds the Malaysian negotiator. When doing the same with Singaporeans, take into the account long-term gains for the Singaporean counterpart, ways to make the Singaporean negotiator look good to his or her boss, and how to satisfy the interests of the boss. Be ready to take the lead in bundling options as packages for their consideration.

Malaysia

Malaysia has successfully integrated a multiracial, multiethnic, and multireligious population. This experience of maintaining stability, harmony and peace has given Malaysians extra skills in handling intercultural challenges. Perhaps without realizing it, Malaysians have subconsciously developed certain modes of behavior that encompass respect for diversity, reverence for differences, sensitivity to different cultures and a movement towards more consensual and amenable kinds of engagement. Unsurprisingly,

Malaysians tend to be ready to compromise, as long as harmony is preserved. It has been said that 'the win-win attitude is a natural phenomenon to Malaysia as it is already incorporated in the Malaysian way of life.' (Mohd Hashim 2010, 142)

Malaysians may not, however, make it easy to understand their interests in the negotiation process, so be patient. Keep in mind that Malaysians tend to be more collectivistic than Australians, so their interests will more likely encompass the needs of others. For example, Malaysian counterparts may bring their entire team to discuss issues at the table, so that everyone's interests can be aired and addressed. In addition, Malaysian negotiators will typically need to bring the various options back to their organizations for consultation and approval. Sometimes, the final round of the negotiation is done with the boss as a form of respect.

Consider also that, in many areas, the Malaysian government tends not to strictly enforce rules and regulations. This institutional flexibility may help Malaysians be creative when exploring mutually beneficial options. At least one Australian interviewee suggested that the Malaysians he worked with were highly agile and willing to come up with value-creating, creative options, while Singaporeans tended to engage more in straightforward efforts to propose the 'right' answer followed by attempts to make strong claims about its validity.

Singapore

Singaporeans are often very adamant in following rules or orders, which can limit their ability to create value by inventing new options and responding creatively to their counterparts' ideas. When offered an idea they dislike, Singaporeans may be quick to point out how it does not work for them and attempt to take it off the table. They may visibly show discomfort, especially if an idea is not clearly within the rules or the negotiator's authority.

In general, Singaporeans are hesitant to brainstorm, and may instead insist on what they believe is the 'right' solution or the 'right' way to get things done. Many Singaporean businesspeople have substantial technical competence, which may give them a sense of confidence that can turn into rigidity. In addition, Singaporeans are likely to take precedent or 'safe' options into account for fear of overstepping their authority, making a mistake, and losing face. For all these reasons, Australian negotiators may need to work extra hard to create a nonthreatening, 'safe' space where brainstorming is possible. It may be especially important to emphasise and reemphasise that, when brainstorming, ideas are not proposals, and many ideas may later be discarded.

Relatedly, Singapore's culture of saving face might lead to situations where a younger or lower-status counterpart may hold back on making candid comments or criticisms. Negative responses may instead be conveyed in private, often through a third party. Australians should consider delivering any negative feedback in the same vein in order to save face for the Singaporean counterpart. They should be attuned to subtle cues that the Singaporean counterpart is opposed to the deal but withholding criticism out of respect, and seek opportunities to check in privately.

In creating value with Singaporeans, be ready for a focus on long-term commitments as well as long-term benefits. Singaporeans are generally competitive but pragmatic in their negotiation styles; they may be willing to make concessions if it helps them achieve their end goal, or they may be willing to make trade-offs between short-term gains and long-term ones.

Distributing Value

When distributing value with Malaysians or Singaporeans, you need to build trust and avoid making anyone lose face. Such preventive moves can reduce strong emotional reactions that could otherwise derail a more rational and fair value distribution exercise. The Australian MGA negotiator should:

- Actively seek subtle opportunities to show respect, such as expressing humility at a compliment, attributing a successful move to the collective effort, or even praising someone for their effort to assist the collective.
- Be consistently polite, speak softly, ask curious questions and listen carefully to their answers.
- Avoid empty boasting of knowledge or technical skill superiority as a way to gain respect or to claim expertise over a topic; instead, simply share having some experience or knowledge on the topic and engage it to help find solutions.¹⁸

The use of third-party neutrals can help manage distributive issues in both Malaysia and Singapore. Neutrals can the parties to save face in the presence of conflict and indecision, which can allow them to step back from a corner they may have put themselves in, but from which they cannot back down without coming across as unreasonable or as attempting to play more power-oriented tricks. An ideal neutral in Malaysia could be a more senior person or another respected member of the community. In Singapore, he or she might be a technical expert.

When it comes to making deals, Australian negotiators should remember that the predominant decision-making style in their national culture is almost the polar opposite from that of Malaysia and Singapore. In North Asia the style tends to be very consensual. In Australia each person involved in the decision has a voice, even though consensus may not be sought out, but in Malaysia and Singapore the decisions are made at the top and may seem quite autocratic. To Australians, Malaysian and Singaporean negotiators may come across as unreasonable at times, due to their inflexibility and limited scope. It helps to step back, lay out some proposals or arguments on the table and allow the negotiators to consult with their organizations to update the true decision makers and request new instructions.

Malaysia

A solid relationship with a Malaysian counterpart based on trust will ease the process of distributing value. Although Malaysians can be highly competitive bargainers, they value long-term relationships and are willing to look for mutually beneficial options in the context of relationships that they value. In such contexts, they would likely be willing to listen to reasons, criteria and arguments on how to divide the pie, especially if presented by a party that has proven trustworthy.

As we have noted, in Malaysia, personal relationships and saving face are key issues to safeguard in business relationships, especially in negotiation processes (Morrison 1994). 'Malaysians are more relationship-oriented ... and place more stress on shame ... than Australians and other Anglo-Saxon groups' (Lim 2001). Hence, any display of negative emotions such as impatience, irritation or anger could cause loss of face in the eyes of Malaysians. It is thus crucial for Australians to show continuous respect toward Malaysian counterparts, even in the face of disagreement, in order to preserve the strength of the relationship.

Singapore

Most Singaporeans are highly educated, and businesspeople will identify and prepare extensively a strong technical case to claim value. They will usually have well-thought-out ideas and proposals that can

¹⁸ Drake B., 'What Is "Face" In Asian Culture and Why Should We Care?', *International Man*, <http://www.internationalman.com/articles/what-is-face-in-asian-culture-and-why-should-we-care> (last accessed November 24, 2015).

be clearly and easily discussed in detail by representatives who know their field well. It is therefore especially important for Australian negotiators to conduct thorough research and back up their claims with convincing technical data. The key is to outline how the proposal will benefit both parties and also include plans for expansion or growth in the future. Singaporeans may concede some short-term loss for long-term gain.

In addition, once Singaporeans find some criteria that their side agrees are the way to approach a negotiation, they may be extremely reluctant to change their mind. They do not want to have to break their internal agreement around the negotiation and convince everyone involved to approach it in a new way. It is therefore wise to build strong relationships with as many of the stakeholders as possible, especially the senior leaders, as their input carries a lot of weight.

Singaporeans will engage in extensive trust-building behaviors including entertaining with sports or night activities, as well as asking personal questions and offering praise. At the same time, some commentators and interviewees have suggested that Singaporeans may be more willing than their Malaysian counterparts to engage in unilateral opportunistic negotiation behavior. Such behavior may take the form of overpromising potential future benefits to the counterpart in order to lure the unprepared into early unilateral concessions. In such instances, members of the government and the private sector may take advantage of their reputation as being part of a very trustworthy and noncorrupt country.¹⁹

Being very respectful of authority, Singaporeans may also engage in a version of good cop – absent bad cop, where the negotiator will be very polite and even apologetic, while consistently changing the rules of the game, demanding increasingly more and giving increasingly less, all due to their boss's constant changes of heart. They may engage in last-minute demands, inflated initial price or stalling to lure the counterpart into giving more or accepting less value (Lewis 2010).

Anecdotally, Singaporeans see themselves as pragmatic and detail-oriented negotiators, in that they prefer to discuss issues point by point. Below are some observations made by Malaysian diplomats on negotiating with Singaporeans (Mohd Hashim 2010):

'Singaporeans seem to ... (use) a business model way of looking at things; it is only cost-benefit, a matter of "How do I gain on this? How does the other party gain on this? How much do I gain compared to the other party? If I gain less, then no way. If I gain more, then yes!'"

'The bottom line is that Singapore is looking at dollars and cents, so we have decided that our approach should also be in that manner, to look at the bottom line of dollars and cents. This is the approach that we are now taking; we are doing the accounting, the number-crunching required.'

Follow Through

In both Malaysia and Singapore, it is important to continue to work at building and preserving the relationship long after the deal is signed. The strength of the relationship will be one of the guarantees that the parties will not misbehave, will clarify misunderstandings, and will have goodwill to solve eventual conflicts. Talking openly about how to solve conflicts before they occur may lead to an indirect dismissal of the topic.

In addition, it can be helpful to leverage the value of relationships and face saving by setting up a very public ceremony that brings together third parties within the communities of both sides to serve as a

¹⁹ Indeed, Singapore ranks 7th in the Transparency International index out of 175 countries, indicating that it is indeed a country very low on corruption.

commitment-binder. These third parties can be extremely helpful in the event of default or conflicts of any kind to serve as potential intermediaries and renew harmony in the contractual relationship. They can also serve as advisors or experts, or put social pressure (usually through back-channels) on one party if they perceive it to be behaving poorly.

One important note on these renegotiation mechanisms is that both Malaysian and Singaporean negotiators will feel comfortable to appeal to them to rebalance perceived unfairness in a contract. Australian negotiators should not be offended by that common business practice and should themselves consider using this mechanism. The exercise can be done as a tactic and sometimes it is, but more often than not it is a genuine attempt to renew the balance or fairness in the commercial relationship.

Agreeing on monitoring arrangements, including metrics, can be quite common in Singapore, but it can send a negative distrustful message to Malaysian negotiators. It is important in negotiating with either of them to ensure that the monitoring suggestions are not one-way and thus not indicating a sense of superiority or distrust, but rather one of early identification of misunderstandings that will bring the parties together to find solutions without blame.

Malaysia

Malaysian negotiators prefer agreements that describe general principles rather than detailed rules, and that preserve flexibility on specific issues. In general, contracts are not considered as binding as the relationship between the two parties (Gesteland 2005). If unexpected circumstances arise, Malaysians prefer to focus on the relationship rather than the contract to solve the problem, (Wunderle 2007) and will probably react negatively to the claim that something has to be done just because it is in the contract. Contracts are often understood merely as a documentation of the parties' intent, and Australians should not assume that a signed contract signifies a final agreement. It is common for negotiations to continue long after a contract has been signed.

Singapore

In Singapore, the approach towards written contracts is very different. Contracts are viewed as detailed, and binding, agreements. According to Malaysian diplomats (Mohd Hashim 2010):

'In dealing with Singapore, we had learned this: in order to survive, you must stick to the rules. If you promise them something, they'll ... hold you to it, because it is what has been written. This is the only way they can survive, otherwise people keep changing. So, their negotiating method ... depends a lot on principles, rules, and regulations.'

Australian negotiators should take care to read contracts in detail, and make sure they understand and agree with the legal intricacies.

Conclusion

In summary, we note the following observations and recommendations for negotiating with Malaysians and Singaporeans, respectively.

Malaysians:

- Relationships between counterparts are of significant importance, more so between individuals than between companies. It is important to safeguard these relationships by saving face and making points in indirect ways. Australians should signal appreciation for the social status placed

primarily on age, gender and show of wealth and try to extend respect by matching their negotiating team to the Malaysian counterpart based on those attributes.

- Malaysia has a highly unequal level of power among its people, it is collectivistic, and its people are comfortable in ambiguous situations. Malaysians value harmony and are generally flexible and creative when it comes to creating options to address negotiating interests. It is important for Australians to be aware that the interests of the Malaysian counterpart will likely involve the needs of others.
- The establishment of strong bonds is important to Malaysians in order to close deals. In general, contracts are not considered as binding as the relationship between the two parties, so Australians should be prepared for negotiations to extend beyond the written contract.

Singaporeans:

- Singapore remains a strong Southeast Asian economy that continues to rely on foreign investments and multinational corporations. Singapore also has a high inequality of power among its people, is collectivistic, face saving, and scores highly for long-term orientation.
- Relationships are also important in a business context in Singapore, and it is important to signal respect for Singapore counterparts by matching the level of seniority of their negotiating team. Similar to Malaysia, business relationships tend to exist between individuals instead of companies, and it is important to build on those relationships to make negotiating easier.
- Singaporeans are accustomed to the strongly enforced laws, and tend to be constrained from exploring unconventional options. Singaporeans tend to value long-term benefits and may make short-term tradeoffs to achieve long-term goals. Australians may need to put in extra effort to create a safe space for creative brainstorming.
- Singaporeans generally love a bargain and may engage in unilateral opportunistic negotiation behavior. Australians should be prepared for these behaviors. Nevertheless, legal rights, contracts, and terms of agreement are usually binding.

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