

Negotiating International Business - Singapore

This section is an excerpt from the book "Negotiating International Business - The Negotiator's Reference Guide to 50 Countries Around the World" by Lothar Katz. It has been updated with inputs from readers and others, most recently in March 2008.

Around three quarters of the Singaporean population are Chinese. The rest are predominantly Malays or Indians. Although they have developed many common values, their respective cultural influences remain strong and the country is culturally pluralistic. Individual cultural preferences may therefore sometimes differ from the information given in this section. In any case, Singaporean Chinese dominate the business culture of the country.

Singaporeans may appear much more 'westernized' than other Asians. However, that can be deceptive. On one hand, especially young businesspeople are usually very experienced in interacting with other cultures. Many of them are flexible and open-minded, eager to do business with foreigners. On the other hand, the country's business culture is quite ethnocentric. People of the same ethnic group may inherently trust each other much more than any 'outsider.' There also used to be a general bias against foreigners. This is gradually disappearing.

The Singaporean government is often considered to be rather 'paternal' in nature. Singaporeans may have to worry about less aspects of life and business than others, which can make it more difficult for them to think creatively and challenge the status quo. It may take some encouragement to get them to explore things outside of their own comfort zone.

Relationships and Respect

Singapore's culture is generally group-oriented. Asserting individual preferences may be seen as less important than having a sense of belonging to a group, conforming to its norms, and maintaining harmony among its members. Building lasting and trusting personal relationships is therefore very important, though to a lesser degree than in several other Asian countries. Some Singaporeans may engage in business while the relationship building process is still ongoing. However, others in the country may expect to establish strong bonds prior to closing any deals. Generally, it is beneficial to allow some time for your Singaporean counterparts to get to know and become comfortable with you prior to proceeding with serious business discussions. In any case, your local partners will expect you to be committed to the business relationship for many years.

Unlike in many western countries, business relationships in Singapore exist mostly between individuals or groups of people rather than between companies. Accordingly, if your company replaces you with another representative, relationships need to be built anew.

In Singapore's culture, 'saving face' is also critical. Causing embarrassment to another person, such as correcting him or her, disagreeing with an older person or a superior, may cause a *loss of face* for all parties involved and can be very detrimental for business negotiations. Reputation and social standing strongly depend on a person's ability to control one's emotions and remain friendly at all times. If you have to bring up an unpleasant topic with a person, never do so in public and always convey your message in ways that maintain the other's self-respect. Reserve and tact are very important. Keep your cool and never show openly that you are upset.

People in Singapore are usually very friendly and polite. This does not affect their determination to reach business goals, though, and your counterparts will patiently and persistently pursue their objectives. It is in your best interest to do the same.

In Singapore's business culture, the respect a person enjoys depends primarily on his or her status and rank, age, achievements, and education. You will commonly find leaders in senior roles to be of advanced age. It is important to treat elderly people with great respect. Long hours and hard work are expected, especially at the executive level. Admired personal traits include humility, experience, and team spirit.

Communication

Singapore has four official languages, namely Mandarin, Malay, Tamil, and English. The country has its own brand of English, known as *Singlish*, which differs from English in terms of sentence structure and grammar, as well as the frequent use of filler words such as *lah*, *leh*, *hor* and *meh*. Many businesspeople speak and understand English, often very well. Interpreters are rarely needed. However, when communicating in English, avoid using slang and jargon. It will help people with a limited command of English if you speak slowly, summarize your key points often, and pause frequently to allow for interpretation.

Businesspeople in Singapore usually speak in quiet, gentle tones. Remaining calm at all times and controlling one's emotions well is very important in this culture. Loud and boisterous behavior is perceived as a lack of self-control. At restaurants, especially those used for business lunches and dinners, keep conversations at a quiet level. Conversations may include extended periods of silence, which do not necessarily convey a negative message. People generally converse while standing around two to three feet apart, sometimes even closer.

Because the concept of saving *face* is so important in this culture, communication is generally very indirect. When responding to a direct question, Singaporeans may answer 'yes' only to signal that they heard what you said, not that they agree with it. Open disagreement and confrontation must be avoided, so you rarely hear a direct 'no.' Instead, they may give seemingly ambiguous answers such as 'I am not sure,' 'we will think about it,' 'this will require further investigation,' or 'yes, but...' Each of these could mean 'no,' as does a 'yes' that sounds hesitant or weak. Alternatively, a respondent may deliberately ignore your question. It is beneficial to use a similarly indirect approach when dealing with Singaporeans, as they may perceive you as rude and pushy if you are too direct. Only a person with whom you have no relationship yet may occasionally give you a straight 'no.' This is a bad sign since it could mean that your counterpart is not interested in engaging in business with you.

A Singaporean who considers you a superior may tell you what he or she thinks you want to hear, especially when others are around. This is a way to save *face* and preserve honor. Candid comments and criticism may only be conveyed in private, often through a third party. Similarly, it can be effective to deliver negative responses to your negotiation counterparts through a third party, which is a more face-saving way.

Singaporeans consider it polite to offer both the positive and negative possibilities when asking a question that requires a decision. For example, they may ask 'Do you want to go back to your hotel or not?'

Gestures can be very subtle in Singapore. Non-verbal communication is important, though, and you should carefully watch for others' small hints, just as they will be watching you. Avoid any physical contact with Singaporeans except for handshakes. Most importantly, never touch someone's head, not even that of a child. When pointing at people or objects, use your open hand rather than a finger. To refer to themselves, Chinese Singaporeans put an index finger on their nose rather than pointing at their chest as Westerners do. Sucking in air through the teeth indicates that there is a serious problem. Eye contact should be infrequent. While it is beneficial to make some eye contact when meeting

a person for the first time, the Singaporeans consider frequent eye contact intrusive and rude. Avoid any facial expressions that may suggest disagreement, such as grimacing or shaking your head.

Note that laughter does not always indicate amusement. Frequently, it may mask embarrassment, shyness, disapproval, and other feelings of distress. Accordingly, Westerners may sometimes observe Singaporeans smiling or laughing at what they might consider inappropriate moments.

Initial Contacts and Meetings

Having a local contact can be an advantage but is usually not a necessary precondition to doing business. While relationships matter, Singaporeans businesspeople are used to conducting international business.

It is often better to conduct negotiations in Singapore with a team of negotiators rather than to rely on a single individual. This signals importance, facilitates stronger relationship building, and may speed up the overall process. It is vital that teams be well aligned, with roles clearly assigned to each member. Singaporean negotiators may be very good at exploiting disagreements between members of the other team to their advantage. Changing a team member may require the relationship building process to start over and should therefore be avoided.

If possible, schedule meetings at least two weeks in advance. Since Singaporeans want to know whom they will be meeting, provide details on titles, positions, and responsibilities of attendees ahead of time. Punctuality is highly valued. The Chinese are especially careful not to waste others' time. Being late to a meeting or social event without having a valid and plausible excuse can be a serious affront. If a delay is inevitable, it is advisable to explain the reason and apologize profoundly, even if it is not your fault.

Chinese names are usually given in the order of family name, first name. The latter consists of two parts, the generational name and the given name. However, the two are often spoken and written as one. Many Singaporean Chinese use assumed western first names, in which case they give theirs in the order of first name followed by family name. Malay and Indian names can have several parts, and it may be hard to identify which is which. It may be best to ask people politely how to address them correctly. In that case, make sure you do the same for your own name. Singaporeans are very status-conscious. If a person has a title or doctorate degree, use it to address him or her, for example, 'Doctor Tsai' or 'Director Chan.' Otherwise, use *Mr./Ms.* plus the family name. Before calling Singaporeans by their first name, wait until they offer it.

Introduce older people and those of higher rank first, and stand up when someone in either category enters the room. Negotiating teams should line up so that the most important individuals are introduced first. If introducing two people, it is important to state the name of the most important person first. Some people may not want to shake hands, so it is best to wait for your counterparts to initiate handshakes, which should be light and may last as long as ten seconds. Men should wait for women to initiate handshakes. Some Singaporean women may not want to make physical contact with men, in which case it is best to just nod and smile.

The exchange of business cards is an essential step when meeting someone for the first time, so bring more than you need. If someone presents you with his or her card and you do not offer one in return, the person may assume that you either do not want to make their acquaintance, that your status in your company's hierarchy is very low, or, quite to the contrary, that your status is very high. There is no need to have your cards translated to a language other than English. Show doctorate degrees on your card and make sure that it clearly states your professional title, especially if you have the seniority to make decisions. Singaporeans may present their card using two hands or only the right one. If possible, use the same method your counterpart is using. Smile and make eye contact

while accepting someone else's card, then examine the card carefully. Not reading someone's card can be an insult. Next, place the card on the table in front of you or into your card case. Never stuff someone's card into your back pocket or otherwise treat it disrespectfully. Never write on a person's business card.

At the beginning of a meeting, there is normally some small talk. This allows participants to become personally acquainted. It is best to let the local side set the pace and follow along. People appreciate a sense of humor, but keep it light and friendly, and be careful not to overdo it. Business is a serious matter in Singapore, and meetings, especially initial ones, may appear very formal.

The primary purpose of the first meeting is to become acquainted and build relationships. Business may be discussed, but do not try to hurry along with your agenda. It is unrealistic to expect initial meetings to lead to straight decisions.

It is good to make a presentation, but keep it simple and avoid over-designing it. Encourage questions, and verify through diplomatic questions of your own whether your audience understands you. Since saving *face* is so important to Singaporeans, people will not openly admit it in front of others if they do not understand what you are presenting.

The appearance of your presentation materials is not very important as long as you include good and easy-to-understand visuals. Having your English-language handout materials translated to any other local language is not required.

Negotiation

Attitudes and Styles - Leveraging relationships is an important element when negotiating in Singapore. Nevertheless, Singaporeans often employ distributive and contingency bargaining. While the buyer is in a superior position, both sides in a business deal own the responsibility to reach agreement. They expect long-term commitments from their business partners and will focus mostly on long-term benefits. Although the primary negotiation style is competitive, Singaporeans nevertheless value long-term relationships. They respect hard bargainers as long as they avoid creating direct conflict. Both sides remain friendly throughout the negotiation, and attempts to win competitive advantages should not be taken negatively. The culture promotes a win-win approach since this is the best way for everyone to save *face* throughout a negotiation. You earn your counterparts' respect by maintaining a positive, persistent attitude.

Should a dispute arise at any stage of a negotiation, you might be able to reach resolution through logical arguments and references to past experiences. Show your commitment to the relationship and refrain from using logical reasoning or becoming argumentative since this will only make matters worse. Patience and creativity will pay strong dividends. Although personal relationships matter a lot, referring to them alone may not be enough to resolve the conflict. In extreme situations, use a mediator, ideally the party who initially introduced you.

Sharing of Information – Singaporean negotiators are willing to spend considerable time, sometimes many weeks or even months, gathering information and discussing various details before the bargaining stage of a negotiation can begin. Some information is shared since this is viewed as a way to build trust. However, expecting your counterpart to reveal everything you might want to know during your negotiation would be naïve.

Pace of Negotiation – Expect negotiations to be slow and protracted. Relationship building, information gathering, bargaining, and decision making all take considerable time. Be prepared to make several trips if necessary to achieve your objectives. Throughout the negotiation, be patient, control your emotions, and accept that delays occur.

Singaporeans generally employ a polychronic work style. They are used to pursuing multiple actions and goals in parallel. When negotiating, they often take a holistic approach and may jump back and forth between topics rather than addressing them in sequential order. Negotiators from strongly monochronic cultures, such as Germany, the United Kingdom, or the United States, may find this style confusing, irritating, and even annoying. In any case, do not show irritation or anger when encountering this behavior. Instead, keep track of the bargaining progress at all times, often emphasizing areas where agreement already exists.

If your counterparts appear to be stalling the negotiation, assess carefully whether their slowing down the process indicates that they are evaluating alternatives or that they are not interested in doing business with you. While such behavior could represent attempts to create time pressure in order to obtain concessions, the slow decision process in the country is far more likely causing the lack of progress. People from fast-paced cultures tend to underestimate how much time this takes and often make the mistake of trying to 'speed things up.' Again, patience and persistence are important.

Bargaining – Singaporeans are often shrewd negotiators who should not be underestimated. They love bargaining and haggling, and people may use a wide array of negotiation techniques quite competently. The bargaining stage of a negotiation can be extensive. Prices often move more than 40 percent between initial offers and final agreement. Leave yourself sufficient room for concessions at different stages. Ask the other side to reciprocate if you made one. You can use the fact that aspects can be re-visited to your advantage, for instance by offering further concessions under the condition that the Singaporean side reciprocate in areas that had already been agreed upon.

Singaporeans often prefer a straightforward negotiation style. They use deceptive techniques only infrequently, such as telling lies and sending fake non-verbal messages, pretending to be disinterested in the whole deal or in single concessions, misrepresenting an item's value, or making false demands and concessions. Do not take such tactics personally and refrain from lying at or grossly misleading your counterparts, as doing so might damage business relationships. Lies may be difficult to detect. It is advisable to verify information received from the local side through other channels. Similarly, they treat 'outside' information with caution. Singaporeans rarely use 'good cop, bad cop;' however, it can sometimes be beneficial to use this tactic in your own negotiation approach. Carefully orchestrated, it may allow you to obtain valuable concessions without damaging the overall relationship. However, your team will need to exclude any 'bad cop' member from future negotiation rounds. Businesspeople are not likely to use the 'limited authority' technique because groups rather than individuals normally make decisions. Since you must avoid causing loss of face, be cautious when using the techniques of making false demands or false concessions.

Singaporean negotiators, especially those of Chinese heritage, may use pressure tactics such as applying time pressure or making expiring offers. If they learn that the other side is working against a deadline, they may exploit this knowledge to increase the time pressure. Most of these tactics cannot be used against them effectively since the Chinese are patient and persistent enough to overcome such challenges. Other pressure techniques such as nibbling, threats, and warnings may occasionally be used. Final offers may be made more than once and are almost never final. Periods of silence in conversations are normal and may not represent an attempt to use it as a negotiation technique. Avoid tactics such as opening with your best offer or showing intransigence, since they cannot be applied effectively without running the risk of causing loss of face.

Negotiators avoid most aggressive or adversarial techniques since they affect face. The risk of using any of them yourself is rarely worth the potential gain. Extreme openings may occasionally be used as a way to start the bargaining process. However, use the tactic only with great caution since it may adversely affect the relationship if employed too aggressively.

As in most strongly relationship-oriented cultures, negotiators may sometimes use emotional techniques such as attitudinal bargaining, sending dual messages, attempting to make you feel guilty, grimacing, or appealing to personal relationships. Singaporeans can be very compelling when acting disappointed or insulted. Be cautious when doing this yourself. You might cause the other side to lose face, which could damage your negotiating position.

At times, defensive tactics such as blocking, distracting and changing the subject, asking probing questions, or making promises may be used. The exception is directness, which is rare in Singapore. People may be shocked if you are overly direct yourself, which can be counterproductive.

Note that opening with written offers and attempting to introduce written terms and conditions as a negotiation tactic is rarely successful. In most cases, businesspeople ignore or tactfully reject them and request that each aspect be negotiated individually.

Corruption and bribery are very rare in Singapore. It is believed to have the lowest corruption rate of any Asian country. Bribery is illegal and may be punished harshly. It is strongly advisable to stay away from giving gifts of significant value or making offers that could be read as bribery.

Decision Making – Most companies tend to be very hierarchical, and people expect to work within clearly established lines of authority. Disagreeing with or criticizing superiors is unacceptable. However, decision making is normally a consensus-oriented group process in Singapore. This can be confusing for Westerners looking to identify the ‘key decision maker’ in an organization, while in reality such a role may not exist at all. Decisions are often made through a process involving many stakeholders who establish consensus through a series of deliberations. This process can take a long time and requires patience. Influencing the decision making requires building strong relationships with as many of the stakeholders as you possibly can. Senior leaders orchestrate the process and secure the support of the group. Nevertheless, their input carries a lot of weight and they sometimes have the final say, so do everything you can to win their approval.

When making decisions, Singaporean businesspeople usually consider the specific situation rather than applying universal principles. Personal feelings and experiences weigh more strongly than empirical evidence and other objective facts do. Most Singaporeans are moderate risk takers.

Agreements and Contracts

Capturing and exchanging written understandings after meetings and at key negotiation stages is useful since oral statements are not always dependable. While these serve as tools to improve the communication and strengthen commitments, they should not be taken for final agreements. Any part of an agreement may still change significantly before both parties sign the final contract.

Contract styles vary, but some may spell out detailed terms and conditions for the core agreements as well as for many eventualities. Nevertheless, writing up and signing the contract is a formality. Singaporeans believe that the primary strength of an agreement lies in the partners’ commitment rather than in its written documentation. Ethnic Chinese often consult astrologers and may prefer to delay signature of a contract until a ‘lucky’ day arrives.

Your legal rights are usually enforceable. It is recommended to consult a local legal expert before signing a contract. Also, ensure that your products are patented or registered in Singapore to protect them against imitation. However, do not bring an attorney to the negotiation table, since this may be taken as a sign that you do not trust your counterparts.

Contracts are usually dependable, and the agreed terms are viewed as binding.

Women in Business

While Singapore is still a male-dominated society, there are many women in professional positions, some with significant authority and influence. At the same time, most women are still struggling to attain positions of similar income and authority as men. Nevertheless, visiting businesswomen should have few problems in the country as long as they act professionally in business and social situations. If a male local business contact asks a foreign woman out for dinner, this most likely means that he wants to talk business or intensify the business relationship rather than make personal advances.

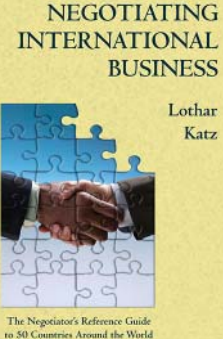
Other Important Things to Know

Dressing very conservatively, ideally in dark suits with neckties for men, is important to convey status and poise.

Business meals and entertainment, including breakfasts, lunches, dinners, banquets, and other evening events, are important as they help advance the vital process of building strong relationships. Business may or may not be discussed during these events. Your counterparts may use them as opportunities to convey important messages or resolve disputes. Sometimes they may also try to obtain information from you that could strengthen their negotiating position. While you want to remain watchful, deflecting such inquiries if needed, never show signs of mistrust in your counterparts' intentions.

During small talk and other social conversations, you may be asked very personal questions. If you do not want to answer, smile or politely explain that such topics are not discussed openly in your culture.

Gift giving in business settings is rare, at least as long as no strong relationship exists. It is best not to bring a gift to an initial meeting in order to avoid raising suspicions about your motives.

 <p>NEGOTIATING INTERNATIONAL BUSINESS</p> <p>Lothar Katz</p> <p>The Negotiator's Reference Guide to 50 Countries Around the World</p>	<p><i>Negotiating International Business</i> (Booksurge Publishing, second edition 2007) is available from Amazon.com and other bookstores for \$29.99. A reference guide covering 50 countries around the world, the 472-page book includes an extensive discussion of the negotiation principles and tactics frequently referred to in this excerpt.</p> <p>Please recommend this Country Section and others to colleagues who might find them useful. Country Sections are available individually at</p> <p>www.NegIntBiz.com</p>
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