Doing it the Myanmar way

A clash of cultures can get in the way of Singapore's investment

By **KRYSTAL CHUNG**

SINGAPORE firms looking to set up in Myanmar may be tripped up by their lack of understanding of the business culture there, and adopt an overly rigid approach to doing business.

Business relations between the two sides may fray if they overstep or demand too much of their counterparts from the budding economy.

Singaporean Zulkifli Baharudin, who has been doing business in Myanmar for over 20 years, said: "The problem with Singaporeans is that we think we are completely rational. Our objective is only profit-maximising."

The managing director of logistics firm Global Business Integrators and a former nominated member of parliament was running a small transport business in Myanmar before partnering Singapore-listed mDR Holdings to distribute cellphones in the country.

He said: "Our business practices are not the most admirable to start with. We don't have power, we don't trust people and we are risk-averse."

But business is more than just economic and political factors; a premium must be put on some of the human and cultural factors as well, he added.

He went as far as to say that business success in Myanmar has "everything to do" with understanding and respecting its operating culture.

Win Aung, the chairman of a tour agency in Myanmar, made the same point – that foreigners keen on expanding overseas need to know how to operate where the culture is different from theirs.

He added that the Thais, who share cultural similarities with the people of Myanmar, have made inroads in their investments in Myanmar.

From 1989 to 2011, Thailand invested a total of US$9.5 billion in Myanmar, second in amount only to China.

Singapore was Myanmar's sixth largest foreign investor, with US$1.8 billion worth of cumulative foreign direct investment over the same period.

Economic cooperation between Thailand and Myanmar looks set to deepen; both aim to triple their bilateral trade – which stood at US$6.1 billion in last year alone – by 2015.

Mr Win Aung said of the Thais and Myanmar people: "We have the same culture, religions and history. The Thais understand Myanmar's strengths and weaknesses very well."

The middle way

The similarities between both countries are most pronounced in the sphere of religion; 89 per cent of Myanmar people and 95 per cent of Thais are Buddhists.

Mr Zulkifli said: "Humility is prized in Buddhism."

The first thing he does upon arriving in Myanmar each time is to put on the traditional *longyi* and slippers.

"I can't change the differences – the fact that I'm Singaporean. But I can do something to increase the common areas," he said.

Singapore businessmen, accustomed to a structured business environment, may be unnerved by the fluidity of the Myanmar system, itself still morphing with the changes sweeping the once-reclusive nation.

To make the country more attractive to foreign investors, President Thein Sein has set out to eradicate the legacy of graft left behind from the country's decades of military rule.

But weeding out corruption will be no easy task, said Maung Thet Naing Oo, a Myanmar-born Singaporean businessman.

Although he supports the president's initiatives, he said that the system may resist change as the practice is deeply rooted.

Mr Maung said: "Giving to the poor and the elderly, or making religious offerings is part of Myanmar culture. It is a lovely culture, but it is sometimes misused as bribery."

He explained that favours can take the form of donations to causes or temples that the other party supports, instead of going directly into their pockets.

Singapore businessmen who seldom encounter under-the-table dealings may find it difficult to navigate Myanmar's practice of giving, with the line between outright bribery and subtle donations being blurred.

Flexible approach

As a result of Singapore's legalistic culture, its people tend to go by the book, an official at the Singapore embassy in Myanmar said.

He advised Singapore firms seeking expansion into Myanmar to be more flexible in tailoring their business tactics to suit the developing nation, instead of applying the methodical approach more appropriate for developed countries.

Being rigid in doing business will not help firms to deal with the uncertainties and the distinct styles of business negotiations.

Bridging the culture gap and establishing a relationship with local partners are vital for businesses set on long-term growth in the country.

This can be achieved by engaging in communication to build the mutual trust needed for a successful partnership, said Singaporean Argus Ang, who runs a private education agency in Myanmar.

He said that because most Myanmar businessmen are not as forthcoming about expressing their discontent, the onus is on Singapore firms to be more proactive in the relationship.

"You really have to communicate, ask questions, and build trust," said Mr Ang, who has nearly two decades of business experience in Myanmar.

Give and take: *Singapore businessmen may find it difficult to navigate Myanmar's practice of giving, with the line between outright bribery and subtle donations being blurred.* PHOTO: MARK TAY

Despite the gripes about Singaporeans' inflexibility when doing business, Myanmar firms could cash in on their business partners' understanding of Western culture to reach out to modern consumers.

Singaporean Miki Ow, the general manager of Ikon Mart in Yangon, cited an instance of how her employees' limited exposure to cuisines from around the world has hampered operations.

Ikon Mart is in the business of supplying white goods, such as ovens and espresso machines, to high-end hotels and restaurants around the country.

Ms Ow said that her Myanmar staff who have handled chefs' requests for ramekins do not know that this is the type of crockery used to serve crème brûlée, a well-known French dessert.

She added: "The locals are familiar with basic European dishes like chicken chop and steak, but anything beyond that might be difficult for them.

"It's not their fault, because the country was closed to the outside world for a long time."

Myanmar companies could draw on the experience of expatriates to better understand the demands of their new international clients, and to bring fresh ideas to the team.

Ms Ow said: "If you get somebody from outside of Myanmar, it brings a whole new skill-set and knowledge to the company."

Get down to culture

Beyond just cost-and-benefit analyses and risk assessments, Singapore firms entering Myanmar should be prepared to cope with the culture shock.

Building mutual trust with local partners should be a priority, Mr Ang advised.

"Do your homework, understand the market, find out how things work, and take the necessary precautions. You cannot expect everything to be delivered on a silver platter to you," he said.

The writer was on a team of final-year journalism students from the Nanyang Technological University's Wee Kim Wee School of Communication and Information who visited Myanmar for an in-depth assessment of business prospects in the awakening economy. This article is the second in a five-part series that BT will carry over the next few days