

ConnectionsNewsletter

October 2019



Welcome to the latest edition of Connect Malaysia's newsletter.

The goal of the Connections newsletter is to share interesting and informative Malaysia focussed insights, stories and updates.



For many decades Malaysia has consistently been one of Australia's top ten trading partners. Bilateral engagement and goodwill have been built on a solid foundation of mutual respect and as Malaysia's middle class has grown, so too have the opportunities for Australian entrepreneurs.

Australian SMEs and large corporates are aware of the opportunities created by Malaysia's economic growth and strategic geographical position in Asia. However, many ventures have been cut short by cross-cultural blunders in matters such as language, etiquette, non-verbal communication and general indifference to local customs and norms.

Cultural slip-ups on the surface might appear trivial, insignificant – even humorous by Aussie standards, but mistakes made in areas such

as management, marketing and negotiations have had devastating financial consequences.

After stepping down as Australia Malaysia Business Council – Victoria President in 2015, I established Connect Malaysia as the 'go to' consultancy for Australian businesses seeking to avoid these pitfalls in their endeavours to engage commercially with Malaysia.

Hence my goal to support these businesses to become more aware, knowledgeable about the opportunities and how best to capitalise on them.

In closing, I hope you find the following articles interesting, informative reading and the insights motivate Australian businesses to broaden their commercial horizons and consider Malaysia for their international growth activities.

By Joe Perri
Principal Consultant – Connect Malaysia

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to have designed
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Don't walk like an Aussie in Kuala Lumpur

Walking to an appointment in Kuala Lumpur I was quite literally stunned and stopped dead in my tracks when my business associate asked 'if anyone had ever pointed out to me that I walked like an Aussie'.

I had just started going to Malaysia and after a few trips thought I had a pretty good understanding and appreciation of business etiquette, local customs and culture such as formal greetings, how to present my business card, etc.

So, what the heck did my friend mean about walking like an Aussie? As far as I was concerned both Aussies and Malaysians walked exactly the same.

"It's hot and humid in KL", my friend said to me. He then went on to say "You and I will get to the appointment in better shape and not covered in so much perspiration by walking at a slower pace; just like the locals!"

With those few words of wisdom and explanation came a profound insight and understanding about doing business in Malaysia.

While action and getting down to business are regarded as priorities in Western cultures – that's not the case in Malaysia and other Asian countries. Business relationships evolve slowly over time once an appropriate level of familiarity and comfort has been established.

If you rush and expect to close a deal or start talking money on the first encounter – the likelihood of a second meeting will not be forthcoming.

Australians also need to be prepared to travel to Malaysia up to three or four times getting to know the prospective business partner before genuine

connectivity and a solid meeting of the minds is established.

Everyone seems to think business in Malaysia (and Asia in general) is about price. Yes, eventually it will, but initially it's about the relationship and deciding if they trust and like you enough to do business.

As a result, establishing trust takes time and therein is the problem for Western cultures like Australia that tend to be more transactional.

It's not to say that relationships aren't important to Australian businesses, they most certainly are. It's just that the emphasis moves at a much faster pace from initial connection, relationship establishment to then closing the deal.

It's also imperative not to use hard sell tactics when negotiating with Malaysian executives and business owners. The low-key approach that lets the facts speak for themselves about the product or service is always preferable.

Australians are renowned for their directness in communicating, humour and informality. Whilst these may be

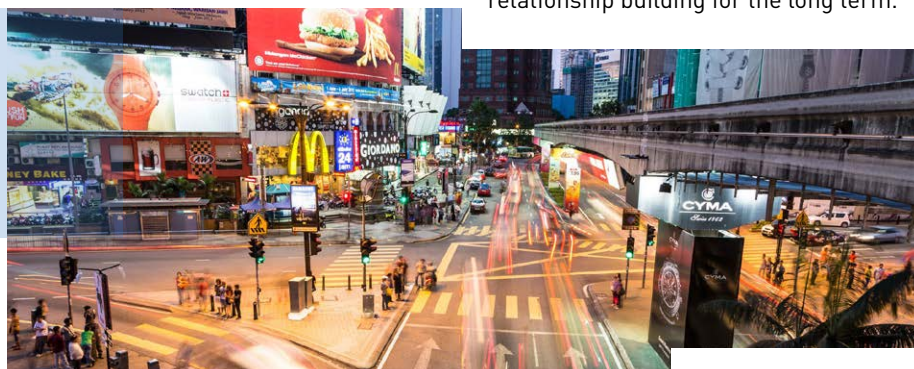


admirable traits in Australia they can often have unintended consequences for the unwary in overseas marketplaces.

Take for example the Australian nuance of being informal. This might not sit well with many Asian cultures where respect for hierarchy is taken very seriously.

Then there's Australian tendency to jump in if there's a lapse in discussions and silence ensues during a conversation. Understanding when to speak and when to stay silent are both equally important in order to avoid being perceived as disrespectful for not allowing the Malaysian counterpart sufficient time to ponder a response or communicate.

In closing, the advantages of not walking like an Aussie in Malaysia are many. The payoff will be enormous for those that understand this by taking things slowly and investing time and energy into relationship building for the long term.





Challenges ahead but KL on target to achieve status as a world class city

By Tan Sri Dr Michael Yeoh – President, Kingsley Strategic Institute for Asia Pacific

The momentum driving Kuala Lumpur's progress towards recognition as a world class liveable city has been impressive and continues to propel this aspiration – however there are still numerous challenges ahead for the nation's capital.

This was the message in my welcoming address at Kingsley Strategic Institute for Asia Pacific's (KSI) international conference earlier this year.

KSI's international Conference – *Shaping the future of Greater Kuala Lumpur Towards Sustainable & Inclusive Smart City Living*, brought together senior government officers, corporate leaders, SMI's, entrepreneurs, civil society organisations, thought leaders and community heads to discuss the transformation of Greater Kuala Lumpur and Putrajaya into a world class city of the future.

The Conference program facilitated the exchange of views, insights, ideas and assessed future challenges and opportunities. It also promoted KL as an investment destination and regional hub for foreign investors.



A great city is not measured by more and more physical structures, but by its plans and activities that benefit its inhabitants said YB Tuan Haji Khalid Bin Abd. Samad, Minister of Federal Territories Malaysia in his keynote address. "It's important to compare KL against other global cities and learn and be inspired by them".

Vienna demonstrated by winning the 2018 and 2019 Most Liveable City that the five key attributes for liveability are

- 1) Stability;
- 2) Healthcare;
- 3) Culture and environment;
- 4) Education; and
- 5) Infrastructure.

In looking to the future and the successful attainment of KL's goal to achieve world class liveability status, I believe it is essential to consider the seven Es.

1. Economic Growth

The city must create more economic and commercial opportunities in the future – especially for SMEs that underpin much of Malaysia's economic growth and employment.

2. Environment

It is imperative that government, business and society work together to protect and safeguard the 'living environment' and 'green lungs' of the city.

3. Education

Kuala Lumpur needs to be an education hub. The creation of education hubs throughout the city to focus on science, technology, technical advancement, research and innovation is crucial. /4





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4. Employment

Creating employment opportunities, especially for future generations is a must.

5. Enforcement

Protecting citizens and the environment against pollution and activities that endangers the city's population and natural surroundings requires strict enforcement – including maintaining the highest standards of cleanliness.

6. Engagement

There must be infrastructure that facilitates dialogue and engagement between the city council, Malaysian government, business, community associations, chambers of commerce and civil society. The input, feedback and support of KL's citizens is especially important for success.

7. Ethical Leadership

The goal of ethical leadership is to trickle down and address issues of corruption and mismanagement from all activities.

Minister Samad, concluded his presentation by calling on the conference delegates to 'dream big' and be inclusive.

The goal of liveability can only be achieved by all stakeholders from government, council, business, academia and resident associations working together to make the vision reality.

The conference ended with a suggestion to organise an Asia Pacific Mayors Conference next year and KSI commenced the planning for this initiative.



Profile: Kingsley Strategic Institute

<https://kasi.asia>

The Kingsley Strategic Institute (KSI) provides strategic advice, high level executive briefings, international conferences, policy roundtables and national summits. New Malaysia has brought new hopes for the country and new challenges and this requires innovative strategic thinking, plans and ideas.

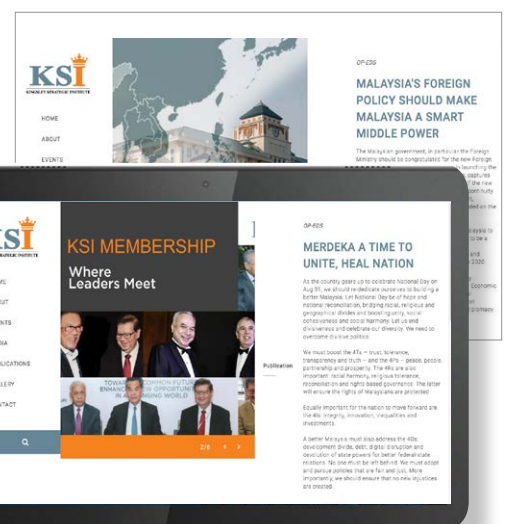
In line with the revived Malaysia Inc concept to foster closer public – private sector cooperation KSI organises top level exclusive briefings and policy dialogues and provide policy inputs to government derived from policy analysis.

KSI is a bridge between Government and Business and is committed to excellence, professionalism and integrity.

In addition, KSI assists organisations prepare for the 4th Industrial Revolution and the Age of Disruption through meetings of minds sharing new ideas, insights and intelligence. KSI is also the Secretariat for the prestigious Economic Club of Kuala Lumpur, the Malaysia China Economic Cooperation Council (MCECC) and Dialogue Rakyat.

The MCECC organises high level meetings on the Belt and Road Initiatives (BRI) and works closely with think tanks, business organizations and research institutions in China and ASEAN.

The Economic Club of Kuala Lumpur promotes discussions and debate on economic policies and issues and host Roundtables and luncheons with Cabinet Ministers, top CEOs and thought leaders from Malaysia and the ASEAN region.





Insight: Kuala Lumpur's Mass Rapid Transit (MRT) – a public transport vision for the future

Population growth throughout Asia is placing unprecedented demands on public structures and services – Malaysia's capital city Kuala Lumpur has responded to the challenge and is at the forefront of enhancing infrastructure and the city's capabilities and liveability.

In 2010, PM Najib Razak announced the Mass Rapid Transit (MRT) project and need as KL was one of the economic entry point projects identified under the country's Economic Transformation Program. Hence transforming the capital city's transportation infrastructure was seen as a major priority for the nation and city itself.

KL's population is projected to exceed 2.2 million by 2020 with a further 6 million more inhabitants within the Greater KL-Klang Valley metropolitan region.

The MRT was needed to radically improve and transform KL's inadequate public transportation coverage. It was also designed to not only significantly increase the capacity but also integrate the existing rail networks and alleviate the severe traffic congestion in the Greater KL metropolitan area.

When completed, MRT will comprise a 3-line mass rapid transit system in the Greater Kuala Lumpur (part of Klang Valley region) in a 'wheel and spoke' framework comprising two northwest-southeast radial lines and one circle line looping around KL.

The new lines will increase Greater KL's rapid rail network from 15 km per million people in 2010 to 40 km per million people once completed.

The system's three lines comprise – the **Circle Line**, looping around Kuala Lumpur city and the **Red** and **Green Radial Lines**, covering a 20 km radius in

the southeast-northwest direction from the city centre. All designed to integrate the existing network and high-density areas in KL that were not serviced by rapid rail.

About 90 new stations will be constructed in the MRT's 'Wheel and Spoke' framework, out of which 26 in the city centre will be underground with a ridership capacity of 2 million passengers per day.

Phase one of the project was the Sungai Buloh-Kajang Line was completed in July 2017.

The second line, the KVMRT Sungai Buloh-Serdang-Putrajaya Line that will cover 52.2km of which 13.5km will be underground is expected to be in full service in the second quarter of 2022.

Mass Rapid Transit Corporation Sdn Bhd (MRT Corp) is the corporate body established by the Malaysian Government to be the developer and asset owner of the MRT project. The company was established on September 2011 and took over the ownership of the Klang Valley Mass Rapid Transit Project in October 2011 from Prasarana Malaysia Berhad.





Malaysia Healthcare Travel Council celebrates a ten-year milestone

Malaysia has gained international recognition for having world-class quality, easily accessible and affordable healthcare. International Living, a US-based organisation, ranked Malaysia as the top country for healthcare in the Global Retirement Index four years in a row from 2015 to 2018.

International Medical Travel Journal, UK has also ranked Malaysia as the top destination for healthcare travel in its Medical Tourism Facts and Figures 2018: Report.

This is thanks to the strong foundation Malaysia's healthcare system is based on, formed by the concerted effort put in place by both the private and public sectors to promote Malaysia as a leading global destination for healthcare.

For years, many people from surrounding countries, like Indonesia, Hong Kong, and Singapore, have come to Malaysia for affordable, high quality healthcare. All the doctors speak English and most were trained in the UK, U.S., or Australia.

Also, many of the hospitals in Kuala Lumpur and Penang are accredited to global standards.

As a result, more than 800,000 overseas visitors travel to Malaysia each year seeking treatment.

There are specialists in every hospital, and generally visitors don't have to wait months to get an appointment.

They just turn up to the hospital, register, then take a number and wait their turn. If they are then referred to another doctor, or need to get an X-ray or scan, that will also happen on the same day in the same place.

Prescriptions in Malaysia are also competitively priced.

There is a two-tier healthcare system in Malaysia; government-run universal healthcare and a co-existing private healthcare system.

Expats can choose whatever hospital they want and pay out of pocket if they don't have insurance. Most expats choose to go to the private hospitals (which tend to be more expensive) instead of the public ones and tend to find they have saved money when they pay out of pocket for most minor visits.

Private health insurance is available, and many expats take out policies for



any major health issues. International insurance companies like AIG, BUPA, and Cigna offer various plans and some include medical coverage for those that are travelling.

Recently the Malaysia Healthcare Travel Council (MHTC) unveiled the inaugural industry report "Malaysia Healthcare Chronicles" that detailed the nation's healthcare travel achievements over the past ten years.

It also included the strategic initiatives taken in driving the industry towards recording a double-digit growth year-on-year.

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Malaysia's healthcare travel industry has been out-performing the global and regional growth rates with an encouraging CAGR of 17% from 2015 – 2018. In 2018 alone, revenue receipts reached RM1.5 billion from an excess of 1.2 million healthcare traveller arrivals, contributing up to RM6 billion to GDP.

This economic impact accounts for expenditures such as transportation, accommodation, tourism activities – including shopping, etc.

As a niche sector, healthcare travel comprises some 7.6% of total tourism revenues and is expected to grow strongly going forward.

MHTC CEO, Ms. Sherene Azli said, "Malaysia Healthcare has moved from strength to strength. Attracting an increasing number of healthcare travellers every year, we have earned the trust of many.

"We strive further to build upon the trust we have and equip ourselves with the necessary tools to care for more international patients based on our medical capabilities and capacity"

Malaysia has many initiatives to streamline the direction and strategies of the diverse players within the healthcare travel industry towards growing the industry in a consistent and sustainable manner.

Come 2020, Malaysia Healthcare will be making a bigger global mark through its inaugural Malaysia Year of Healthcare Travel 2020 campaign, running in tandem with Visit Malaysia 2020.



About the MHTC

MHTC is the government agency responsible for curating the country's healthcare travel scene. Founded in 2009 to facilitate and grow Malaysia's healthcare travel industry under the brand 'Malaysia Healthcare' with the intended goal of making Malaysia a leading global healthcare destination.

Since then, MHTC has worked to streamline industry players and service providers into a more focused development strategy to raise Malaysia's profile in healthcare travel on an international stage.

It is an example of a successful model of public-private partnerships in growing the healthcare travel sector in Malaysia.

End-to-end seamless care

The MHTC Concierge and Lounge (MCL), which is also integrated with the MHTC's Call Centre, is a one-stop centre that provides healthcare travellers with easy access to all the information needed to have a comfortable and fruitful stay in Malaysia.

The MCL has been set up at the Kuala Lumpur International Airport Arrival Hall (Gate 8), KLIA2 Arrival Hall and the Penang International Airport for:

- 1) disseminating healthcare services information; and
- 2) facilitating information about transport, accommodation, and travel in Malaysia

A team of dedicated personnel assist with information that caters to each health traveller's needs from hospitals and treatment centres to certified doctors, treatment available,

accommodation, and all other healthcare travel needs.

Potential healthcare travellers can also obtain information on seeking healthcare in Malaysia including medical treatments, accommodation and travel at these websites:

www.malaysiahealthcare.org

www.mhtc.org.my





Malaysia targets Aussie tourists

Malaysia is keen to welcome Australian tourists as it prepares for Visit Malaysia 2020 (VM 2020), a landmark campaign that's targeted to bring in 30 million international tourists and approximately AUD34.39 billion (RM100 billion) in tourist revenue.

This was the message Director General of Tourism Malaysia, Datuk Musa Yusof, articulated in a Travel Roadshow to Australia earlier this year to reinforce the message that Malaysia is an important holiday destination for Australian travellers.

During his presentation in Melbourne Datuk Musa said he wanted to remind Australians that Malaysia is a beautiful and culturally diverse country with many fascinating tourist attractions. "We are a peaceful nation and we welcome tourists from all over the world to enjoy an affordable and value-for-money holiday in Malaysia."

“All these create a conducive environment that encourages not only tourist visits, but also business investments into Malaysia”



Some key statistics –

- Australia is an important tourist source market for Malaysia and in 2018 over 351,000 Australians visited Malaysia, contributing significantly to the overall 25.8 million international tourist arrivals.
- Malaysia aims to bring in 378,500 Australians to Malaysia next year.
- There are currently 121 total flights/week offering 32,565 seats from Australia.



Visit Malaysia 2020 Logo

The logo for VM 2020 has been inspired by the Malaysian Batik and the design elements include the magnificent rhinoceros hornbill bird to illustrate the unique fauna and eco-adventures the country has to offer.

The red hibiscus in Bahasa Malaysia is known as "bunga raya", loosely translated to "flower of celebration" encapsulates the celebration of cultural diversity.

The wild fern that is locally known as "paku pakis" is an edible plant and a favourite among Malaysians and is apt to represent the unique flavours of Malaysian cuisine.



Case Study:

Change management sensitive to Malaysian culture

By Dr Tom Verghese – Principal, Cultural Synergies

We were in talks recently on a consulting project with a highly successful Multinational Organisation (MNC), in Malaysia that is facing increasing competition and disruption from many areas.

Senior leaders were aware that change was required and while the organisation continued to thrive, there was resistance from the employees. The resistance to this necessary change has been both passive and active.

There has been pushback and very little buy-in from those below the leadership team and the situation is creating tension and frustration among the teams.

With the business already encountering other significant challenges this type of issue needed to be addressed in a proactive and acceptable way to all parties involved.

This is unfortunately not a unique situation.

Organisations frequently encounter difficulties with change management and navigating it to achieve the best possible outcomes for the whole organisation is always desirable.

Organisations need to consider the various strategic solutions to ensure that the change management process is as effective as possible. Creating a sound narrative around the change and minimising objections is key.

It is crucial to convey the ways in which the change will be of benefit to shareholders, employees and customers.

In most situations, it is inevitable that as part of the reorganisation, there will be restructure and roles that become redundant.

One of the challenges this organisation faced in making changes, was how to do it in a way that accords with the Malaysian culture.

After much consideration, the primary methodology chosen to translate the message of change was playback theatre. This is where professional actors play different roles and demonstrate different business

scenarios that staff can relate to.

One of the advantages of using theatre are that it helps raise issues without being personal, allows employees to share the experiences, creates dialogue and does not make them feel vulnerable.

A gentle yet effective approach was used to assist the employees understand and adapt to the changes being made that was inclusive and supportive of their cultural norms.

Oral history and story-telling are important aspects of Malaysian culture.

When doing business in Malaysia, consider what are your personal stories that convey your values?

What are the stories of your organisation, your product or services?

Story-telling helps build relationships, which is a key value in Malay culture.



Dr Tom Verghese Principal, Cultural Synergies

www.culturalsynergies.com

Dr Tom Verghese is an internationally renowned consultant, presenter, executive cultural coach, author and founder of Cultural Synergies. Tom's expertise is cultural intelligence, inclusive and ethical leadership and the promotion of sustainable global leadership and high performing international teams.

Tom has over two decades experience working in the field of cultural intelligence, taking him to over 40 countries. Working with diverse business leaders around the world has provided Tom with an international perspective and experience as a specialist consultant who equips organisations and their teams with the skills to effectively work within and across cultures.

With an extensive client base of Fortune 500 companies, he successfully works with a broad range of industries, including oil and gas, airlines, manufacturing, banking, education and

food and beverage.

Tom speaks a number of Asian languages. He has a genuine interest in and knowledge of a diverse range of cultures.

Tom conveys his knowledge and expertise through passion, humour, stories and a level of authenticity that resonates with his clients and brings meaning and relevance.

Born to Indian parents and raised in multi-ethnic Malaysia, he moved to Australia in 1978.

Dr. Tom Verghese is the author of 'The Invisible Elephant: Exploring Cultural Awareness' and co-author of 'Pillars of Growth: Strategies for Leading Your Organisation to Exponential Growth'.

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