

Doing Business in Malaysia | Malaysian Social and Business Culture



A Malaysian Overview

Fact File

- **Official name** – Malaysia
- **Population** – 25, 715, 819*
- **Official Language** – Bahasa Malaysia (also known as Bahasa Melayu and the Malay language). English, Chinese dialects, and Tamil are also widely spoken.
- **Currency** – Ringgit (MYR)
- **Capital city** – Kuala Lumpur
- **GDP** – purchasing power parity \$386.6 billion*
- **GDP Per Capita** - purchasing power parity \$15, 300*

Overview

Since the beginning of its history, Malaysia has been a meeting place for a diverse range of external cultures and religions. As a result of these external influences, a new unified but distinguished Malay culture has emerged. Contemporary Malaysia represents a unique fusion of Malay, Chinese, and Indian traditions, creating a pluralistic and multicultural nation that has its character strongly rooted in social harmony, religion and pride in its ancestral background. With such a rich cultural heritage, acquiring the relevant skills and cultural knowledge in order to conduct business in Malaysia is crucial to your success.

Following years of confrontation in search of independence, Malaysia was established in September 1963 through the union of the Independent Federation of Malay, the former British colonies of Singapore and the East Malaysian States of Sabah and Sarawak. Over the last few decades the country has evolved from a successful producer of raw materials to a multi-sector economy. Today, Malaysia offers a unique blend of old traditional culture and new technological innovations. As the Malaysian market continues to develop and prosper, it is becoming increasingly valuable for those entering into business in Malaysia to be aware of the cultural dimensions that shape the fabric of this country

Malaysian Culture – Key Concepts and Values

Face – A vital element of Malaysian culture, as with most Asian cultures, is the concept of face. In Malaysian society to “lose face”, that is to lose control of one’s emotions or to show embarrassment in public, is perceived as a negative display of behaviour. Malaysians will use a number of methods in order to “save face”. Laughter, for instance, is often used to mask one’s true feelings and can reveal numerous emotions including nervousness, shyness or disapproval. Saving face is particularly crucial in business contexts as causing your Malaysian counterpart to lose face may influence the outcome of your future business dealings.

High context culture – In high context cultures such as Malaysia meaning is often more explicit and less direct than in many Western cultures. This means that words are less important and greater attention must be given to additional forms of communication such as voice tone, body language, eye-contact and facial expressions. In Malaysia, because business is personal and based on trust, developing relationships rather than exchanging facts and information is the main objective of communication. This also relates to the Malay cultural values of courtesy, tolerance, harmony and face. Direct answers, particularly negative ones, are avoided in order to prevent disagreement and preserve harmony; two very important aspects of Malaysian culture.

Fatalism – Malaysian culture is centred on the diverse religious values of Hinduism, Buddhism, and Islam and as such relies heavily on the concept of fatalism. Fatalism is the belief that success, failures, opportunities and misfortunes result from fate or the will of God. In a business context, when formulating ideas and making decisions Malays, who are predominantly Muslim, will tend not to rely on empirical evidence or hard facts, but prefer to be guided by subjective feelings combined with the Islamic faith. Your Chinese and Indian colleagues will also take a similar approach since feelings and emotions play a significant part in their business culture. Consequently, negotiations may take longer than expected and your Malaysian counterparts will view decision making in a more personal light.

Malaysia Business Part 1 – Working in Malaysia (Pre-departure)

- **Working practices in Malaysia**
 - When scheduling business meetings in Malaysia one must take into consideration the importance of prayer times in this predominantly Muslim country. Fridays are a particularly religious day of the week and if possible meetings should not be scheduled for this time.
 - Attitude to punctuality varies according to which nationality you are doing business with. The Chinese for example expect punctuality, whereas both ethnic Malays and Indian business people have a more relaxed attitude towards time. As a general rule, you will be expected to be punctual; therefore it is advised to arrive to business appointments on time.
 - If your business in Malaysia requires interaction with Malaysian government officials, ensure that all communication takes place in the language of Bahasa Malaysia. The majority of transactions and correspondence with Malaysian companies however, will generally be conducted in English.

- **Structure and hierarchy in Malaysian companies.**
 - Regardless of the size or nature of the company, hierarchy is an integral part of Malaysian business culture. Malaysian companies generally follow a vertical hierarchical structure where authority is directed from the top.
 - In keeping with Malaysian culture, titles and job descriptions play a significant part in many Malaysian companies. They are important for employees in order to emphasise the line of authority within the business.
- **Working Relationships in Malaysia**
 - Malaysians' respect for authority is evident in most business dealings. The relationship between subordinates and their superiors for example is distinct and highly official. Malaysians do not address their bosses by their first name, but use titles such as "Mr" and "Madam" followed by their honorific form of address.
 - Relationships between Malaysian business colleagues are based on mutual respect and, as such, the same procedure used when addressing their superiors is also applied with their Malaysian business colleagues.

Malaysia Business Part 2 - Doing Business in Malaysia

- **Business practices in Malaysia**
 - When meeting your Malaysian counterparts for the first time, a firm handshake is the standard form of greeting. However, you should only shake hands with a Malaysian businesswoman if she initiates the gesture. Otherwise a nod or a single bow is appropriate.
 - With such an array of cultures in Malaysia addressing Malaysians properly can be difficult. It is advised to find out in advance how you should address the person you are to meet. Generally speaking, a Malay's first name is individually given, while the second and third name indicate those of the father and the grandfather. In some cases the words "bin" (son) or "binti" (daughter) can be added after the given name.
 - Gifts are not usually exchanged as they may be perceived as a bribe. However, in the event that you are presented with a gift, it is customary to accept it with both hands and wait until you have left your Malaysian colleagues before opening it. Be sure to reciprocate with a gift of equal value in order to avoid loss of face.
 - Business cards are customarily exchanged after an initial introduction in Malaysia. Since a large proportion of Malaysian business people are Chinese, it will be useful if your card is printed in both English and Chinese and that details of your education, professional qualifications, and business title are included. Cards should be presented and received with both hands, and time should always be spent examining the information before placing it on the table or in a briefcase.

Malaysian Business Etiquette (Do's and Don'ts)

- ✓ DO be patient with your Malaysian counterparts during business negotiations. The process is often a long and detailed one that should not be hastened.
- ✓ DO remain polite and demonstrate good etiquette at all times. Elderly Malaysian business people for example should be treated with respect and always acknowledged before younger members of the organisation. This is an essential part of achieving successful business dealings in Malaysia.
- ✓ DO take time to establish productive business relationships with your Malaysian colleagues. Initial meetings are generally orientated towards developing such relationships and will be maintained throughout and beyond the negotiations. Without them, your business plans may be fruitless.
- ✗ DON'T assume that a signed contract signifies a final agreement. It is common for negotiations to continue after a contract has been signed.
- ✗ DON'T be surprised if your Malaysian counterparts ask what you may consider to be personal questions. In Malaysia, asking people about their weight, income and marital status for example, is not uncommon and is viewed as an acceptable approach to initial conversations.
- ✗ DON'T enter into business with a Malaysian company without a letter of introduction from a bank or mutual acquaintance. This will help your request for a future meeting, as Malaysians prefer to conduct business with those they are familiar with.

Malaysian Culture Quiz – true or false

1. The colour yellow is reserved for Malaysian royalty and should therefore be avoided.
2. Malaysians will only do business with people they know and like, regardless of ethnicity.
3. Both Muslims and Hindus believe that the left hand is unclean. For this reason, eating and passing items to another must be done with the right hand.
4. During negotiations, periods of silence are perceived as uncomfortable and Malaysians will often attempt to engage in small talk in order to avoid them.
5. If invited to an ethnic Malay's home it is considered good protocol to present your host with a gift of wine or spirits.

Cultural Quiz – Answers

1. True.
2. True. Forming trust and business relationships is a central part of Malaysian culture.
3. True.
4. False. Silence is often used and encouraged in business conversation to allow time to collect one's thoughts.
5. False. Malaysia is predominantly Muslim so Malaysians are forbidden to drink alcohol.

Source: CIA The World Factbook 2007

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