

Reality check

ASIAN PERCEPTIONS OF
NEW ZEALAND BUSINESS PEOPLE

2007



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EXECUTIVE SUMMARY

"We want to engage because we live in the neighbourhood, and we know that if our neighbourhood and regional community are strong, that increases our sense of security. But we also want to earn a living, and we can't be secure unless we are."

Prime Minister Helen Clark¹

"The world has become a global village. New Zealand as a small nation cannot survive without actively interacting with the outside world."

Quiangfu Jin²

ON NEW ZEALAND'S doorstep lies a fast-growing region offering businesses vast opportunities and challenges for trade and investment in goods and services.

There is a two-fold challenge for New Zealand:

- The need for New Zealand to be internationally competitive in a rapidly globalising world; and
- The need to create business strategies specific to each individual economy.

Opportunities in the Asia Pacific region continue to increase. Recent external trade statistics have showed five Asian economies within our top 10 trading partners.³ The Asia-Pacific Economic Cooperation (APEC) grouping was at the top of our export valuation for 2006.

However, while economic growth in Asia opens up business opportunities for New Zealand, challenges must be addressed lest we fail to keep up with the accelerating economic pace set by Asia. Differences in culture and the diverse business practices encountered by business people are challenges that have been reported by New Zealanders doing business in Asia as well as within academic literature.⁴

Recent studies have indicated that New Zealand's exporting capability needs to be lifted to ensure our future economic prosperity. The Asian region is growing faster than any other region in the world. New Zealand needs to look more closely at Asian markets for export opportunities. Other work suggests that our business people need to improve the necessary skills base to take advantage of business opportunities in Asia.⁵

¹ Seriously Asia (2004) contribution. View full report at www.asianz.org.nz

² Seriously Asia (2004) contribution. View full report at www.asianz.org.nz

³ Statistics New Zealand (June 2007). See www.stats.govt.nz.

⁴ For example, Early, C. (1993) 'East meets West meets Mideast: Further explorations of collectivistic and individualistic work groups', *Academy of Management Journal*, 36, 2, 319; Triandis, H. C.; Kurowski, L.; and Gelfand, M. J. (1994) 'Workplace Diversity.' In *Handbook of Industrial and Organizational Psychology*, vol. 4, 2nd ed., edited by H. C. Triandis, M. D. Dunnette and L. M. Hough, pp. 769-827. Palo Alto, CA: Consulting Psychologists Press.

⁵ See work by the New Zealand Institute: www.nzinstitute.org and the Asia Knowledge Working Group (2006) *Preparing for a Future with Asia: How New Zealand can benefit from Asia's Growing Influence*, www.asianz.org.nz

In this context the Asia New Zealand Foundation commissioned TNS, a market research company, to conduct market research on perceptions of New Zealand business people in China, Japan, South Korea, Malaysia, the Philippines, Singapore, Taiwan and Hong Kong.

TNS designed a questionnaire with a focus on the skills and qualities on which New Zealanders could improve in order to engage in the Asian business arena more effectively.

TNS asked questions in relation to business skills as well as personal qualities:

General business skills

Having a relevant product or service
Negotiating skills
Strategic planning
Being connected
Experience in the market and
Language skills

Personal qualities and attributes

Trustworthiness
Keeping promises
Responsiveness
Entrepreneurship
Innovation

TNS also asked questions to understand:

- The importance of the business skill or personal quality in each economy;
- Perceptions of how New Zealanders perform in each area; and
- How New Zealanders compare with business people from the United States, Australia, the United Kingdom and Canada.

For this report we chose to focus on the high end of the rating scale for both the importance ratings and the performance ratings. This decision was made because of the centrality of excellence in Asia and the need for businesses to aim for excellence when trading with Asia.

For the broad picture, all rating categories can be viewed in graph form in the 'graphical outputs' report. This can be accessed from our research web page.

This report provides an initial overview of Asia perceptions as related to New Zealand businesses. In future, further research will build on this overview.

The most important business skills across all markets were *negotiating effectively* and *having a relevant product or service*.

FINDINGS

- The first section outlines important general findings across all eight economies.
- The second section considers some specific findings for each of the economies.
- The last section identifies possible implications of the findings and next steps.

GENERAL FINDINGS

Business skills

“New Zealand companies have to spend more time in Asia and understand the Asian way of operating business and to compete in the Asian market. New Zealand will never be able to compete in mass market products – but niche markets, yes.”

Stuart Soo⁶

TABLE 1, overleaf, shows largely favourable ratings of New Zealand business people across all economies – 66 percent of the total sample considered that New Zealand business people performed well overall.

- New Zealanders were perceived very well in the ‘softer’ personal qualities, including *being trustworthy*, *following up and keeping promises* and *being committed to long-term business relationships*.
- The most important business skills across all markets were *negotiating effectively* and *having a relevant product or service* (84 percent considered these skills important). Over 65 percent and 62 percent respectively rated us either ‘good’ or ‘excellent’ in these skills.⁷
- The second-highest-ranked business skill in terms of importance was being *well connected in the business world* (79 percent of the overall sample). New Zealanders performed well here, with 60 percent rated ‘good’ or ‘excellent’ across the overall sample.

Personal qualities

“I believe learning a language is one of the most important steps anyone can take who wants to get involved with Asia today. Another is to build strong relationships with Asian people.”

Karen Buist⁸

TABLE 2, overleaf, highlights New Zealanders’ poor language skills. There is a need to place higher priority on Asia-relevant knowledge and skills, including language and cultural skills.

- A key personal quality across all eight markets was *being trustworthy* (91 percent considered this extremely important overall). New Zealand business people did well here – there was a combined ‘excellent’ and ‘good’ rating of 81 percent across economies.
- The other highest rated quality (91 percent) was *following up and keeping promises* followed by *being committed to a long-term business relationship* (89 percent).
- More work can be done in the areas of *competitiveness* and *innovation* where we scored 56 percent and 54 percent respectively overall.

⁶ Seriously Asia (2004) contribution. View full report at www.asianz.org.nz

⁷ Ten-point scales were used to test respondents’ perceptions of the importance and performance of New Zealand business people for each of the attributes. For clearer dissemination of findings, ratings were divided up as follows. Importance of performance or attributes: unimportant (1-3); average (4-6); important (7-8); extremely important (9-10). Regarding New Zealanders’ performance: poor (1-3); average (4-6); good (7-8); excellent (9-10).

⁸ Seriously Asia (2004) contribution. View full report at www.asianz.org.nz

TABLE 1: PERCEPTIONS OF NEW ZEALAND BUSINESS PEOPLE’S BUSINESS SKILLS (COMBINED RATINGS ‘GOOD’ AND ‘EXCELLENT’) ACROSS ALL EIGHT MARKETS (667 RESPONDENTS)

BUSINESS SKILL	IMPORTANCE (%) (7-10 ON THE SCALE)	NZ PERFORMANCE (%) (7-10 ON THE SCALE)
Importance of negotiating effectively	84	65
Offers relevant product or service	84	62
Importance of being well connected in the business world	79	60
Importance of strategically planning for the market	78	59
Importance of offering unique products or services	77	55
Importance of having good business skills	76	66
Importance of knowing about doing business in the Asian market	75	56
Importance of having experience doing business in the Asian market	73	57
Importance of researching the Asian market	71	55
Importance of speaking the local Asian language	36	26

TABLE 2: PERCEPTIONS OF NEW ZEALAND BUSINESS PEOPLE’S PERSONAL QUALITIES ACROSS ALL EIGHT MARKETS (667 RESPONDENTS)

PERSONAL QUALITIES	IMPORTANCE (%) (7-10 ON THE SCALE)	NZ PERFORMANCE (7-10 ON THE SCALE)
Importance of being trustworthy	91	81
Importance of following up and keeping promises	91	75
Importance of being committed to a long-term business relationship	89	70
Importance of being professional	86	76
Importance of being responsive to needs	84	65
Importance of being competitive	82	56
Importance of being proactive and assertive	80	59
Importance of being courteous	78	81
Importance of being innovative	73	54
Importance of being entrepreneurial	69	60
Importance of being persistent	69	60
Importance of being sensitive to the Asian cultures and traditions	55	47

⁹ Percentages are based on the 10-point rating scale at the 'strongly agree' end (9-10).

¹⁰ Ibid.

AREAS FOR IMPROVEMENT

Those surveyed were asked an open question about where they thought New Zealand business people could improve their performance. Table 3 shows key areas for improvement.

TABLE 3: AREAS IDENTIFIED FOR IMPROVED PERFORMANCE

OCCUPATIONAL COMPETENCIES	PROFESSIONALISM	MARKETING STRATEGIES
<i>Personal management</i> (time keeping, responding to communication, keeping promises, being detail oriented).	<i>General business and marketing skills</i> (better use of market information, being aware of price changes and market needs and having a long-term perspective).	<i>Better knowledge of prices/charges</i> (whether to lower prices or not and knowing more about competitive pricing).
<i>Ability to work in a global environment</i> (keeping up a global pace, being more interactive with other economies).	<i>Greater understanding of the target market</i> (learning trading practices of the market, the culture, key industries, consumer behaviour and product knowledge).	<i>Improving products and services</i> (increasing promotion, having greater variety and being more innovative).
Language proficiency (learning the local language and cultural traditions).		<i>Improving marketing-related activities</i> (strengthening promotion overseas, devising customised market strategies, being a member of a trade organisation, holding or participating in trade fairs and visiting the local market).

When asked to compare Australia, Canada, the United States (US), New Zealand and the United Kingdom (UK), all countries were rated similarly, with only Canada appearing less well known amongst the economies:

- The US was at the top: 17 percent of respondents considered US business people to be 'excellent' business partners;
- Australia had a 14 percent 'excellent' rating;

- New Zealand was close behind at 12 percent 'excellent' rating;
- The UK was also rated 12 percent 'excellent'; and
- Canada was rated 10 percent 'excellent'.⁹

Using this comparison across the markets, New Zealand received the best rating in the Philippines (21 percent 'excellent', second only to the US at 34 percent 'excellent') and Singapore (16 percent – also second after the US at 25 percent).¹⁰

TABLE 4: IMPORTANT FINDINGS FOR EACH ECONOMY

China	<p><i>Offering a unique product or service</i> was the most important rated skill (52 percent rated this 'extremely important'). New Zealand's performance for this skill was considered reasonable at 37 percent 'good' and 33 percent 'average'.</p> <p><i>Being trustworthy</i> and <i>following up and keeping promises</i> came out on top in terms of 'soft' skills important to Chinese respondents (60 percent each).</p>
Hong Kong	<p><i>Being well connected in the business world</i> was highly valued in Hong Kong. Here, New Zealanders were accorded 13 percent 'excellent', but there is room for improvement with a high 'average' rating of 36 percent.¹¹ Our overall business performance is tied second lowest with South Korea (6.7 average).</p>
Japan	<p><i>Offering a relevant product or service</i> was the most highly prized business skill in Japan. New Zealand was accorded a high 'average' rating of 47 percent, and only rated 3 percent 'excellent'.¹²</p> <p>For innovation, New Zealanders scored 57 percent 'average'.¹³</p> <p>Notably, the overall performance of New Zealand business people was rated the lowest average in the Japanese market (6.6).</p> <p>In this market, there appears to be the most room for improvement.</p>
Malaysia	<p>The Malaysian market viewed New Zealand business people positively overall, with 62 percent considering our performance 'good'.</p> <p>However, we could improve in the area of <i>being competitive</i>, with 38 percent of respondents rating our performance 'average'.</p>
Philippines	<p>New Zealanders were rated consistently highly across all questions.</p> <p>The challenge seems to be maintaining our excellent performance in this market.</p>
Singapore	<p><i>Negotiating effectively</i> and <i>offering unique products and services</i> were considered the most important business skills. For both of these skills New Zealanders fared very well, with 21 percent and 12 percent 'excellent' respectively.</p> <p>The lowest-scored skill was for researching the Singaporean market, where only 7 percent rated us as 'excellent'.</p>
South Korea	<p>New Zealanders' soft skills were viewed highly, as with all other markets, although <i>persistence</i> could be improved on as 12 percent rated us as 'poor'.</p> <p>The most important skill for the South Korean sample was knowing about doing business in the market – we were rated 24 percent as 'excellent'.</p>
Taiwan	<p>For New Zealanders' overall performance, over half of the Taiwanese sample gave us a 'good' rating.¹⁴ The most important rated skill in this market was <i>negotiating effectively</i>, New Zealanders rated well here with the second highest average rating of 7.2, and a 19 percent 'excellent' rating. Again in personal qualities, New Zealanders' performance was favourable.</p>

¹¹ 'Average' ratings are scores between 4 and 6 out of 10.

¹² 'Excellent' ratings are scores between 9 and 10.

¹³ 'Average' ratings are scores between 4 and 6 out of 10.

¹⁴ 'Good' ratings are scores of 7-8 on the scale.

¹⁵ 'Average' ratings are scores between 4 and 6 out of 10.

¹⁶ Seriously Asia (2004) contribution. View full report at www.asianz.org.nz

In summary, the Philippines rated New Zealand's overall business performance most highly, Japan rated New Zealanders' performance the lowest. This was reflected in a high 40 percent 'average'¹⁵ rating for those sampled in Japan.

IMPLICATIONS AND AREAS FOR ACTION

"New Zealand's nightmare would be a world increasingly divided into exclusive trading blocs from which it was locked out."

Hon Phil Goff¹⁶

THIS RESEARCH can only offer preliminary insights; being the 'first look', these comments should be interpreted carefully.

With many of the averages reported for New Zealanders' performance around the 6-7 mark (average-good) there is a positive story to tell. Some of the positive highlights are:

- New Zealanders were generally very well perceived across economies in terms of their attitudes and characteristics, in particular *being trustworthy and keeping promises*;
- We were rated well alongside Canada and Australia; and
- Those interviewed generally viewed our business performance well, with 57 percent rating us as 'good'.

However, in some areas the findings suggest more effort is required. There are several important points that New Zealanders should take on board when embarking on business with Asian economies:

- Market research is fundamental to business success: a solid research base combining a coordinated long-term approach to each specific economy is required;
- Innovation is highly prized in Asian economies. New Zealand companies should approach each market with a pioneering view – this would enable New Zealand to meet the challenges of globalisation, actively differentiating us from our competitors;
- New Zealanders are well received in the region in terms of their personal qualities but there is room to increase the skills of being *proactive* and *competitive*. These skills tie into being *innovative* and moving out of our traditional 'comfort zone'; and
- Looking at the long-term picture, having language skills other than English can only be an increasing benefit when doing business in Asia. Mandarin is fast becoming a common business language in the region, therefore solely relying on English has competitive disadvantages.

We will endeavour to repeat this study in two to three years' time to track any changes in perceptions.

The rest of this report looks specifically at each economy.

Research has shown that success in the Chinese market relies on intangible assets such as individual traits and personal relationships.

CHINA

*“Although cooling in intensity, we expect China’s spectacular demand boom to continue through the forecast period to 2014. Demand for goods is forecast to reach US\$1,362bn in 2010 and US\$1,869bn in 2014.”*¹⁷

Summary

China is our fourth-ranked exporting destination¹⁸ and a major global economic player.

Priority areas for action in China include:

- Sensitivity to culture and traditions;
- Having greater experience in the market (which can be achieved over time); and
- Researching the market.

With companies worldwide having high growth expectations for China, there is clearly a need for us to lift our game when doing business in this market if we are to maintain and increase market share in a very competitive environment.

Research has shown that success in the Chinese market relies on intangible assets such as individual traits and personal relationships.¹⁹ It is very important in analysing the results of this survey to examine how New Zealanders perform in the personal attributes section given that New Zealanders perceive we are well received in these areas in the Chinese market.²⁰

Business skills

There is room for improvement in the highest-ranked business skills such as *offering unique products or services*, where we had only a 12 percent ‘excellent’ rating. There is a need to develop products and services that create impact and a point of difference from others in the market.

Offering a unique product or service was considered the most important rated skill (52 percent rated this ‘extremely important’). New Zealand’s performance for this skill was considered reasonable at 37 percent ‘good’ and 33 percent ‘average’.

Business connections, so important to the Chinese respondents, also need to be enhanced: 42 percent rated our performance as ‘good’ in this area; a further 30 percent perceived our performance as ‘average’.

The importance of speaking the local language, while one of the lower-ranked business skills for the China market, shows a very low performance ranking – 39 percent of Chinese respondents thought that New Zealand business people performed poorly in this area.

China is a new market for New Zealand. This may explain the low rate of ‘excellent’ performance by New Zealanders in *knowing about doing business* in that market and having *experience doing business* in that market.

Personal qualities

In general, our performance in this area was mixed. We did well in *being trustworthy* and *keeping our promises* (important because these are the joint highest-ranked attributes), *being courteous, professional and committed to a long-term business relationship*.

¹⁷ Economist Intelligence Unit (2005) Asia to 2014: Macroeconomic Megatrends: Overview, www.asianz.org.nz/research

¹⁸ Trading statistics (2006) see www.stats.govt.nz

¹⁹ Cremer, R. and Ramasamy, B. (2005). Effective Strategies for New Zealand Firms in China, Asia:NZ, Wellington, p. 39.

²⁰ Ibid, p.p 39-40.

Japan is the world's second-largest economy and is one of New Zealand's 'anchor' trading partners. Japan ranks as our third most important export market after Australia and the US.

²¹ Bowen, E. (1999) Asia Learnings: the Insights of Successful New Zealand Companies. See www.asianz.org.nz/research/asiansponsored/asialearnings

²² Economist Intelligence Unit (2005) Asia to 2014: Macroeconomic Megatrends: Overview, www.asianz.org.nz/research

²³ See www.stats.govt.nz: Products & Services/External Trade Statistics/Key Points June 2006.

Forty percent of those surveyed considered *sensitivity to cultures and traditions* was 'important', while a further 21 percent considered it 'extremely important'. However, only 10 percent of the Chinese respondents thought that New Zealanders demonstrated 'excellent' *sensitivity to Chinese culture and traditions* and 45 percent thought we had an 'average' performance in this area. Other research supports this: language and cultural relationships are challenges for New Zealand businesses in China.²¹

Being proactive and assertive was a highly prized quality for the Chinese respondents (43 percent rated it as 'extremely important'). New Zealanders could work at this area given the high proportion of Chinese (40 percent) considering our performance 'average'.

JAPAN

Summary

In this market only 58 respondents were interviewed, so the following summary should be read with this in view.

However, Japan is forecast as a high-value market coming out of a 10-year recession (including in the services area).²²

This is an important market for New Zealand. Japan is the world's second-largest economy and is one of New Zealand's 'anchor' trading partners. Japan ranks as our third most important export market after Australia and the US.²³

Responses from the Japanese sample reflected a more neutral tone in regards to New Zealand's performance.

TABLE 5: JAPAN: RATINGS FOR BUSINESS SKILLS (58 RESPONDENTS)

BUSINESS SKILL	EXTREMELY IMPORTANT (%) (9-10 ON THE SCALE)	NZ PERFORMANCE (%) (9-10 ON THE SCALE)
Offers relevant product or service	38	3
Importance of knowing about doing business in the Asian market	31	12
Importance of researching the Asian market	26	12
Importance of having good business skills	24	7
Importance of having experience doing business in the Asian market	22	24
Importance of strategically planning for the market	17	5
Importance of negotiating effectively	17	7
Importance of offering unique products or services	16	9
Importance of being well connected in the business world	16	7
Importance of speaking the local Asian language	9	3

²⁴ Bowen, E. (1999) *Asia Learnings: the Insights of Successful New Zealand Companies*. See www.asianz.org.nz/research/asianzsponsored/asialearnings.

Business skills

The highest ‘excellent’ rating was for *having experience doing business* in the Japanese economy (24 percent). However, this was offset by the high ‘poor’ rating of 14 percent for New Zealanders’ general business skills.

Japan presented the lowest average for both the overall performance of New Zealand business people (6.6) and the most highly prized business skill (*offering a relevant product or service*). New Zealand was accorded a high ‘average’ rating of 47 percent, and only rated 3 percent ‘excellent’.

Some explanation of this may be provided by the phenomenon of ‘product nationalism’ in

Japan (and South East Asia generally) identified in an earlier report.²⁴ This is where product loyalty is strong and may pose a particular challenge for New Zealand businesses to overcome. Careful attention and research into ‘branding’ may be part of a solution here.

For all other skills there was a high incidence of ‘average’ ratings (for example, in *negotiation*, New Zealanders rated 59 percent ‘average’) and some relatively high ‘poor’ ratings for certain key skills.

Of note are the lower rankings in:

- *Offering a relevant product or service*, which was an important business practice in the Japanese market – we rated only 3 percent ‘excellent’ and 47 percent rated us ‘average’;
- *Having good business skills* – 7 percent rated us ‘excellent’ and 40 percent rated us ‘good’, with a further 34 percent considering our skills ‘average’;
- *Being well connected in the business world* – 29 percent of Japanese rated our performance as ‘good’, but 12 percent rated our performance ‘poor’; and
- *Offering unique products and services* – 9 percent considered New Zealanders’ performance ‘excellent’ but a high ‘poor’ rating of 22 percent is a cause for concern.

Personal qualities

TABLE 6: JAPAN: RATINGS FOR PERSONAL QUALITIES (58 RESPONDENTS)

PERSONAL QUALITIES	EXTREMELY IMPORTANT (%) (9-10 ON THE SCALE)	NZ PERFORMANCE (%) (9-10 ON THE SCALE)
Importance of being trustworthy	69	22
Importance of being committed to a long-term business relationship	59	24
Importance of following up and keeping promises	59	17
Importance of being professional	36	14
Importance of being courteous	29	28
Importance of being responsive to needs	28	9
Importance of being proactive and assertive	26	5
Importance of being competitive	22	3
Importance of being persistent	16	9
Importance of being sensitive to the Asian cultures and traditions	10	10
Importance of being innovative	10	5
Importance of being entrepreneurial	9	10

South Korea is a major economic power and is New Zealand's sixth-largest trading partner. It is an important source for our export education sector, tourism and migrants.

Top qualities:

- *Being trustworthy* (7.4 average out of 10);
- *Committed to a long-term business relationship* (7.2 average out of 10);
- *Following up and keeping promises* (6.8 average out of 10); and
- *Being courteous*, 28 percent 'excellent' rating.

In these areas the overall averages were high and the majority ratings remained in the 'good' category.

Areas to work on include:

- *Being professional* – 36 percent saw our performance as 'average';
- *Being sensitive to cultures and traditions* – 26 percent thought we did poorly, and only 10 percent rated our performance as 'excellent';
- *Being competitive* – Only 3 percent rated our performance as 'excellent' combined with a 19 percent 'poor' rating;
- Other significant 'poor' ratings were in *being persistent* (14 percent) and *innovative* (12 percent); and
- Further work could be done in the area of *being proactive and assertive* – 45 percent considered New Zealanders mediocre, with only 5 percent viewing us as 'excellent'.
- Being innovative – 57 percent rated our performance on 'average'.

SOUTH KOREA

*"With rapid earnings growth forecast over the next 10 years and an improving business and regulatory environment over the next five years, the raw data suggests South Korea is a market worthy of investigation."*²⁵

Summary

South Korea is a major economic power and is New Zealand's sixth-largest trading partner. It is an important source for our export education sector, tourism and migrants.²⁷

The South Korean market has great potential for the future.²⁶ The key message from South Korean respondents to New Zealand business people seemed to be to concentrate more effort on skills considered highly important in South Korea – in order to stand out from other competitors.

Business skills

New Zealanders' performance was rated favourably in many business areas with the averages consistently around 7 out of 10. But there were many areas that the South Korean respondents noted as being 'extremely important', which contrasted with the less 'stand-out' performance of New Zealanders – this identifies room for improvement.

- The most important skill, *knowing about doing business in the market*, was rated 'extremely important' by over half of the Korean sample. However, only 24 percent rated our performance as 'excellent'.

²⁵ Economist Intelligence Unit (2005) Asia to 2014: Macroeconomic Megatrends: Overview, www.asianz.org.nz/research

²⁶ Ibid.

²⁷ Ministry of Foreign Affairs and Trade (2006). Country Report: South Korea, www.mfat.govt.nz/foreign/regions/northasia/country/sthkoreapaper.html

²⁸ For example, Foley, R. and Butler, C. (2003) *Seriously Asia* Final Report, Wellington: Asia:NZ.

²⁹ See New Zealand Trade and Enterprise (June 2006) Malaysia Country Brief www.marketnewzealand.com/common/files/malaysia-cb.pdf.

³⁰ Ministry of Foreign Affairs and Trade (2006) Country Report: Malaysia, www.mfat.govt.nz/foreign/regions/sea/countrypapers/malaysiapaper.html.

- The second most important skill, *negotiating effectively*, considered 'extremely important' by 49 percent, contrasted with New Zealand's 'excellent' performance standing at only 14 percent.
- Thirty-nine percent of Koreans thought that *being well connected in the business world* was 'important'. New Zealanders were considered 'excellent' in this area by 20 percent of the respondents, 44 percent considering our performance 'good'.

Thirty-one percent of those surveyed considered the skill *speaking the local language* of 'average' importance. Seventy percent perceived our performance was 'poor'.

Intuitively, it is reasonable to expect that increased language ability will have positive consequences for business negotiations in terms of increased knowledge capability.²⁸

Personal qualities

The personal qualities considered 'extremely important' by Korean business people varied widely, from 11 percent rating *sensitivity to cultures and traditions* to 70 percent rating *being trustworthy* as important.

New Zealanders scored an 'excellent' in the top two qualities – *keeping promises* (36 percent) and *being trustworthy* (29 percent).

Predominantly 'good' ratings were given for:

- *Being responsive to needs* (47 percent);
- *Professionalism* (45 percent);
- *Committing to a long-term business relationship* (38 percent);

- *Being competitive* (36 percent);
- *Being entrepreneurial* (42 percent); and
- *Being proactive* – 51 percent (a highly rated quality for South Koreans).

South Koreans rated New Zealanders' 'poor' in terms of being *sensitive to South Korean cultures and traditions* (24 percent) and *being persistent* (12 percent rated us 'poor').

MALAYSIA

Summary

New Zealand has long been connected to Malaysia through education and security ties in particular, and now it forms our second-largest export market in ASEAN (the Association of Southeast Asian Nations) and is our 13th largest export market overall. With negotiations underway for a New Zealand-Malaysia free trade agreement, this market will become more important in the future.³⁰

Improvement in the Malaysian market rests on greater research of the market and lifting the perception of our competitiveness. The Malaysian economy has been showing signs of steady growth since 2002.

There is general agreement that the Malaysian economy will continue to grow – electronics comprise up to half of Malaysia's exports and there is a stronger global economic market for these goods. For New Zealand, agricultural revitalisation in Malaysia offers particular opportunities.²⁹

Overall, New Zealand business people were viewed positively in Malaysia, with 62 percent considering our performance 'good'. However, there are some key areas for improvement.

TABLE 7: MALAYSIA: RATINGS FOR BUSINESS SKILLS (100 RESPONDENTS)

BUSINESS SKILL	EXTREMELY	
	IMPORTANT (%) (9-10 ON THE SCALE)	NZ PERFORMANCE (%) (9-10 ON THE SCALE)
Importance of having good business skills	35	16
Offers relevant product or service	34	14
Importance of being well connected in the business world	30	13
Importance of knowing about doing business in the Asian market	29	9
Importance of strategically planning for the market	29	19
Importance of negotiating effectively	28	10
Importance of offering unique products or services	25	13
Importance of researching the Asian market	23	9
Importance of having experience doing business in the Asian market	22	14
Importance of speaking the local Asian language	17	13

Business skills

Having good business skills ('extremely important' rating of 35 percent) was the top-rating skill, and while 60 percent gave us a 'good' rating, there is room for improvement with only a 16 percent 'excellent' rating.

Offering relevant products or services ('extremely important' rating 34 percent) was the second-top business skill for the Malaysian respondents. Again, we need to improve our performance with only a 14 percent 'excellent' rating.

Negotiating effectively was another highly valued skill (28 percent); here we need to strive to match this expectation given our score of only 10 percent 'excellent'.

TABLE 8: MALAYSIA: RATINGS FOR PERSONAL QUALITIES (100 RESPONDENTS)

PERSONAL QUALITIES	EXTREMELY	
	IMPORTANT (%) (9-10 ON THE SCALE)	NZ PERFORMANCE (%) (9-10 ON THE SCALE)
Importance of following up and keeping promises	58	20
Importance of being trustworthy	49	25
Importance of being committed to a long-term business relationship	48	25
Importance of being professional	39	19
Importance of being responsive to needs	34	16
Importance of being competitive	26	7
Importance of being persistent	24	11
Importance of being courteous	19	17
Importance of being proactive and assertive	17	8
Importance of being sensitive to the Asian cultures and traditions	16	17
Importance of being entrepreneurial	16	8
Importance of being innovative	16	15

Personal qualities

We were again highly rated by the Malaysians in terms of personal qualities. We were rated over 20 percent 'excellent' in the top three qualities – *commitment to a long-term business relationship, following up and keeping promises* and *being trustworthy*.

Our lowest rating was in *being competitive*, and here 38 percent of the Malaysian sample rated us 'average' in our performance.

The perceptions of New Zealanders are so good that in this market the focus must be on maintaining our current overall good performance.

THE PHILIPPINES

“Growth in goods’ imports from New Zealand has been extremely high over the past five years (second only to China in growth terms), and should this continue, the country has the potential to be in New Zealand’s top five export destinations by 2014.”³¹

Summary

The Philippines is now New Zealand’s lead export market in ASEAN. With a large young population, the Philippines has potential to develop into a significant market for New Zealand.³²

Business skills

TABLE 9: PHILIPPINES: RATINGS FOR BUSINESS SKILLS (100 RESPONDENTS)

BUSINESS SKILL	EXTREMELY IMPORTANT (%) (9-10 ON THE SCALE)	NZ PERFORMANCE (%) (9-10 ON THE SCALE)
Importance of negotiating effectively	55	24
Importance of having good business skills	54	30
Importance of strategically planning for the market	52	22
Offers relevant product or service	51	25
Importance of knowing about doing business in the Asian market	49	17
Importance of offering unique products or services	42	22
Importance of researching the Asian market	42	17
Importance of having experience doing business in the Asian market	37	21
Importance of being well connected in the business world	37	20
Importance of speaking the local Asian language	20	14

The perceptions of New Zealanders are so good that in this market the focus must be on maintaining our current overall good performance.

New Zealanders were rated very highly across nearly all criteria by the Filipino respondents to this survey. The Philippines stood out from all the other economies in terms of the tendency to be highly positive about New Zealanders’ performance and least likely to be neutral.

³¹ Economist Intelligence Unit (2005) Asia to 2014: Macroeconomic Megatrends: Overview, www.asianz.org.nz/research

³² See: Ministry of Foreign Affairs and Trade (2006) Country Paper: Philippines, www.mfat.govt.nz/foreign/regions/sea/countrypapers/philippinespaper.html; Economic Intelligence Unit (2005) Overview; and Asian Demographics (2004) The Changing Face of Asia: Challenges and Opportunities for NZ Inc, www.asianz.org/research

Across nearly all the business skills section, Filipino respondents rated New Zealanders' performance higher than the average of all the other economies.

Across nearly all the business skills section, Filipino respondents rated New Zealanders' performance higher than the average of all the other economies. Notably, 30 percent believed that New Zealanders had 'excellent' business skills. Most responses were focused around the 'good' category.

This further emphasises the high esteem in which New Zealanders are held in the Philippines.

'Poor' scores for New Zealanders were minimal, with the highest being 32 percent 'poor' for *speaking the local language* (the average across the whole sample was 40 percent).

Personal qualities

TABLE 10: PHILIPPINES: RATINGS FOR PERSONAL QUALITIES (100 RESPONDENTS)

PERSONAL QUALITIES	EXTREMELY	NZ PERFORMANCE (%)
	IMPORTANT (%) (9-10 ON THE SCALE)	(9-10 ON THE SCALE)
Importance of being courteous	87	46
Importance of being trustworthy	84	55
Importance of following up and keeping promises	74	44
Importance of being professional	72	52
Importance of being committed to a long-term business relationship	69	42
Importance of being responsive to needs	67	35
Importance of being competitive	60	23
Importance of being innovative	47	28
Importance of being proactive and assertive	44	25
Importance of being sensitive to the Asian cultures and traditions	43	23
Importance of being persistent	42	23
Importance of being entrepreneurial	41	24

No other economy gave New Zealanders the consistently high rankings for personal qualities as the Filipino respondents. The lowest 'excellent' rating was recorded for *being sensitive to the cultures and traditions* of the Philippines at 23 percent. Only 4 percent thought we did poorly in sensitivity to Filipino cultures and traditions – this compares with an overall average of 12 percent.

SINGAPORE

*"GDP growth of 79.5 percent is forecast in the period to 2014 (from US\$103bn to US\$186bn). Over the same period, demand for goods is forecast to rise from US\$100bn to US\$255bn."*³³

Summary

New Zealand's relationship with Singapore is significant as Singapore is a key regional partner. An indication of the importance placed on this relationship was the signing in 2001 of the Singapore-New Zealand Closer Economic Partnership. More recently, Singapore and New Zealand were signatories to the first multi-party free trade agreement spanning the Pacific and Asia – the Trans-Pacific Strategic Economic Partnership, which also includes Chile and Brunei.

The idea behind such partnerships is to build strategic links and to expand trade. Currently Singapore is in the top 20 of New Zealand's trade partners and is our ninth largest market in the Asian region. Overall we rated reasonably well in Singapore.

As a key market for New Zealand, Singapore has some areas for action:

- Researching the market;
- Being persistent;
- Achieving greater awareness of Singaporean culture and traditions; and
- Increasing general business skills applicable to the market.

³³ Economist Intelligence Unit (2005) Asia to 2014: Macroeconomic Megatrends: Overview, www.asianz.org.nz/research

Business skills

TABLE 11: SINGAPORE: RATINGS FOR BUSINESS SKILLS (76 RESPONDENTS)

BUSINESS SKILL	EXTREMELY	NZ PERFORMANCE (%)
	IMPORTANT (%) (9-10 ON THE SCALE)	(9-10 ON THE SCALE)
Importance of offering unique products or services	33	12
Importance of negotiating effectively	33	21
Offers relevant product or service	32	13
Importance of having good business skills	30	14
Importance of having experience doing business in the Asian market	28	16
Importance of being well connected in the business world	28	14
Importance of strategically planning for the market	25	9
Importance of knowing about doing business in the Asian market	21	11
Importance of researching the Asian market	17	7
Importance of speaking the local Asian language	14	14

Negotiating effectively was an ‘important’ skill in the Singaporean context (33 percent) and we were rated at 21 percent ‘excellent’ in this regard, our highest rating amongst the business skills.

Offering unique products or services was an equally important skill – Singaporeans rating us 41 percent as ‘good’ in this area and 12 percent ‘excellent’.

The lowest score was not in the usual language skills, but in researching the Singaporean market – only 7 percent rated New Zealanders highly, however 53 percent gave us a ‘good’ rating.

Singaporeans rated the importance of speaking the local language equally with the total sample average (14 percent). New Zealand’s performance in speaking the local language rated reasonably highly compared with the other economies at 14 percent ‘excellent’ (overall sample 9 percent), with only 11 percent considering our performance ‘poor’ (compared with a total sample average of 40 percent). This probably reflects Singaporeans’ ability in using the English language.

Personal qualities

“Relationships are critical – throughout Asia, maintaining good relationships are a pre-condition for business success for your customers, your business partners, your agents.”

Brent Taylor³⁴

In general, Singaporeans rated New Zealanders’ personal qualities relatively well. Respondents placed the most importance on *being trustworthy* (70 percent) and New Zealanders scored highly in this category with 29 percent ‘excellent’, and a further 53 percent scored us as ‘good’.

There were only a few stand-out ‘poor’ areas for New Zealand:

- New Zealanders’ *competitiveness* (8 percent);
- For the *entrepreneurial* category (7 percent); and
- For New Zealanders’ *persistence* (7 percent).

Singaporeans placed importance on *innovation* (20 percent considered it ‘extremely important’, 55 percent rated it as ‘important’) and New Zealanders fared well here with a 51 percent ‘good’ rating next to an average of 41 percent rated ‘good’ across economies. However, just 11 percent considered us ‘excellent’ in *innovation*.

³⁴ Seriously Asia (2004) contribution. View full report at www.asianz.org.nz

TABLE 12: SINGAPORE: RATINGS FOR PERSONAL QUALITIES (76 RESPONDENTS)

PERSONAL QUALITIES	EXTREMELY	NZ PERFORMANCE (%)
	IMPORTANT (%) (9-10 ON THE SCALE)	(9-10 ON THE SCALE)
Importance of being trustworthy	70	29
Importance of being responsive to needs	51	16
Importance of following up and keeping promises	51	22
Importance of being committed to a long-term business relationship	50	24
Importance of being professional	41	28
Importance of being courteous	32	25
Importance of being competitive	30	12
Importance of being proactive and assertive	26	13
Importance of being persistent	21	11
Importance of being sensitive to the Asian cultures and traditions	20	11
Importance of being innovative	20	11
Importance of being entrepreneurial	17	18

³⁵ Statistics New Zealand (2006)
New Zealand Trade Profile Ranked
by Export Value, www.stats.govt.nz

TAIWAN

Summary

Taiwan is ranked seventh as an export destination for New Zealand,³⁵ as well as being an important source of imports, a major tourism market and a significant source of investment.

Key areas to work on in the Taiwanese context include negotiation skills, research skills and being competitive and proactive.

Perceptions of New Zealand business people in this market were positive in the skill area of *being well connected* (the third-highest-valued skill of Taiwanese respondents).

Areas to work on include *researching the market* – the majority (49 percent) perceived our performance as ‘average’ and only 6 percent rated us ‘excellent’.

Business skills

New Zealanders gained the highest ‘excellent’ rating for *offering a relevant product or service* (20 percent) in this market. However, this was offset by 36 perceiving our performance as ‘average’.

Across other skills, more work must be done. Only 11 percent of Taiwanese perceived New Zealanders as having ‘excellent’ *business skills* (compared with an across-sample average of 16 percent), while 7 percent thought New Zealand *business skills* were ‘poor’.

Taiwanese appeared more likely to rate *having a relevant product or service* as ‘extremely important’ compared with economies overall (53 percent compared with 41 percent). New Zealanders’ performance did not match this expectation, with just 20 percent ‘excellent’ and 7 percent ‘poor’.

Negotiating effectively was considered highly important by 60 percent of the Taiwanese sample (compared with an overall sample rating of 37 percent). Here New Zealand business people scored well enough (19 percent ‘excellent’ and 49 percent ‘good’).

The lowest ‘excellent’ ratings went to *researching the market* (6 percent), *knowing about doing business in the Taiwanese market* (10 percent combined with an average rating of 49 percent) and *speaking the local language* (8 percent with a large ‘poor’ rating of 43 percent).

Personal qualities

- In general New Zealanders’ performance here was favourable.

TABLE 13: QUALITIES IMPORTANT TO TAIWANESE

QUALITY	EXTREME IMPORTANCE RATING	NEW ZEALAND PERFORMANCE
Being trustworthy	80 percent	39 percent 'excellent'
Commitment to long-term business relationships	62 percent	29 percent 'excellent', 39 percent 'good'
Being competitive	44 percent	9 percent 'excellent', 11 percent 'poor'
Being innovative	28 percent	39 percent 'average', 13 percent 'excellent'
Being courteous	36 percent	25 percent 'excellent', 60 percent 'good'
Being assertive and proactive	44 percent	20 percent 'excellent', 42 percent 'average'

³⁶ Statistics New Zealand (2006)
Export trading statistics.
www.stats.govt.nz

HONG KONG

Summary

Hong Kong is New Zealand's 10th largest trading partner,³⁶ representing a significant market for us.

Key areas to work on for the Hong Kong market are having greater knowledge of the market and associated experience and offering a relevant product or service as well as picking up on business connections.

Perceptions of New Zealanders in the Hong Kong market were reasonably good respondents' tendency to rate the importance of skills as 'excellent' was consistently less than the overall average. This may have some impact on the comparison with the ratings of New Zealanders' performance.

Our overall business performance was tied second lowest with South Korea (6.7 average)

Business skills

TABLE 14: HONG KONG: RATINGS FOR BUSINESS SKILLS (64 RESPONDENTS)

BUSINESS SKILL	EXTREMELY IMPORTANT (%) (9-10 ON THE SCALE)	NZ PERFORMANCE (%) (9-10 ON THE SCALE)
Importance of being well connected in the business world	30	13
Offers relevant product or service	23	6
Importance of researching the Asian market	23	8
Importance of knowing about doing business in the Asian market	22	8
Importance of having experience doing business in the Asian market	20	13
Importance of negotiating effectively	19	9
Importance of having good business skills	17	14
Importance of offering unique products or services	16	11
Importance of strategically planning for the market	13	6
Importance of speaking the local Asian language	13	8

Thirty percent of respondents highly rated the importance of being well connected in the business world.

New Zealanders gained the highest 'excellent' ratings for *having good business skills* (14 percent) and for *being well connected in the business world* (13 percent 'excellent' and 48 percent 'good').

New Zealanders' *offering a relevant product or service* was also represented well, with an 11 percent 'excellent' rating and a 55 percent 'good' rating.

However, our business performance for Hong Kong suggests a number of areas for improvement:

- Thirty percent of respondents highly rated the importance of being well connected in the business world.
- By comparison, New Zealanders attained 13 percent for 'excellent' performance. However, 36 percent rated New Zealand as 'average'; there is room for improvement in relation to this highly important skill; and

- Hong Kong, similar to other economies, viewed researching the market highly and 45 percent perceived our performance as 'good'.

Personal qualities

Ratings ranged from 5 percent to a high of 27 percent for 'excellent' perception of our attributes in the Hong Kong market.

There were no noteworthy differences across the sample, apart perhaps from New Zealanders' *courtesy* performance (13 percent 'excellent' compared with the total sample of 27 percent). However, those from Hong Kong did not rate this quality as highly as other countries – in particular Taiwan and the Philippines.

TABLE 15: HONG KONG: RATINGS FOR PERSONAL QUALITIES (64 RESPONDENTS)

PERSONAL QUALITIES	EXTREMELY IMPORTANT (%) (9-10 ON THE SCALE)	NZ PERFORMANCE (%) (9-10 ON THE SCALE)
Importance of being trustworthy	53	20
Importance of following up and keeping promises	48	27
Importance of being committed to a long-term business relationship	38	28
Importance of being responsive to needs	36	13
Importance of being professional	33	17
Importance of being competitive	25	6
Importance of being courteous	20	13
Importance of being innovative	19	14
Importance of being persistent	17	5
Importance of being sensitive to the Asian cultures and traditions	14	3
Importance of being proactive and assertive	11	5
Importance of being entrepreneurial	8	9

DISCUSSION

“Over the past five years, New Zealand has shown that it is positioned and capable of benefiting from the surging Asian economy... the challenge for New Zealand is to maintain or improve this performance, while developing new and deeper long term trading relations with the economies that are likely to show highest demand increases for products and services in which New Zealand excels.”³⁷

NEW ZEALAND is often referred to as ‘punching above its weight’³⁸ internationally. But these findings suggest that to do this within this current high-paced economic environment we need to be differentiated from our competitors. New Zealand business people do well in ‘soft’ skills but our hard generic business skills require sharpening.

Market research is fundamental to business success. However, New Zealanders are not highly regarded here. The economic renaissance in the Asian region requires a shift in how the market is approached by New Zealand.

To enable this shift, more innovative approaches are needed. Innovation requires a solid research base and a long-term approach to the region.

In New Zealand, we have an increasing number of Asia-literate migrants who have the knowledge and skills vital for assisting businesses into Asia. A large international student population from Asia may prove valuable to businesses when given employment opportunities.

To implement successful business strategies, building business capability is a priority requirement. However, a report by Asia:NZ in 2003 noted that while quality information is needed on Asian markets relevant to New Zealand exporters, there is a scarcity of it. One of the proposals to come out of this report referred to the need for a ‘New Zealand Inc’ approach to strategic understanding and analysis. This approach requires having knowledge of how New Zealand is perceived in Asia and the nature of the business image projected in these key markets.

The more recent Asia Knowledge Working Group report (2006)³⁹ emphasises the increase in research and development (R&D) spending by Asian economies. China alone doubled its spending between 1995 and 2002; and Japan and Korea are among the world’s biggest investors in R&D. New Zealand can capitalise from increased engagement with Asian counterparts, as well as participate actively in R&D in order not to be left behind.

Soft skills

New Zealanders’ personal qualities are well received in Asia, but despite the need to be competitive and innovative, New Zealand business people are not as highly rated in those areas. Furthermore, cultural and language skills should be improved due to the increasing prevalence of Asian language usage in business.

³⁷ Economist Intelligence Unit (2005) Asia to 2014: Macroeconomic Megatrends: Overview, A Report Prepared for Asia:NZ, www.asianz.org.nz/research

³⁸ For example: Governor-General Dame Silvia Cartwright ‘Speech from the Throne’ (2005), www.beehive.govt.nz/ViewDocument.aspx?DocumentID=24330; and Ministry of Economic Development 2005, <http://news.business.govt.nz/news>

³⁹ Asia Knowledge Working Group (2006) Preparing for a future with Asia: How New Zealand can benefit from Asia’s growing influence, www.asianz.org.nz/akwg

⁴⁰ Dangerfield, G. (2006) 'Asia: Implications for New Zealand's Economic Development.' Public address at the Ministry of Economic Development Asia Forum, p. 7, 26 July, Wellington.

⁴¹ Seriously Asia (2004) contribution. View full report at www.asianz.org.nz.

"Language is the entry to a culture and the modus operandi of society and business."

Geoff Dangerfield⁴⁰

While English is the language of international business, Mandarin is fast becoming a common business language in the region – South Koreans study the language in increasing numbers, as do Japanese. Therefore, the low ratings for New Zealanders' ability in local languages and cultural sensitivity are concerning.

Learning how to operate in different business cultures is a key piece of advice from successful New Zealand business people, but it appears that we are slow to take this advice. Economically, Asia is this century's key player. It is imperative then to avoid on the mistaken concept that the English language is sufficient for doing business successfully. Having other language skills can only be a benefit in the long term.

Key messages

"In Asia relationships are important. New Zealand agencies and businesses should go out of their way to develop and maintain relationships at every level and in every sphere. They should not look for quick payoffs, and some may never pay off, but in time developed relationships will be more valuable than almost any other asset and will make up for deficiencies in other areas."

Jim Rolfe⁴¹

This initial overview suggests that New Zealanders need to develop their business skills to take advantage of opportunities in Asia. Action is required to develop at an individual level for business people and at an educational level within business schools and professional business development. Stronger university and research institutional relationships must be developed between New Zealand and Asia if we are to leverage capability and acquire technological expertise.

While New Zealand may be reasonably well perceived in many areas, we must not be content to relax in light of this fast-changing and dynamic economic environment in Asia. There is an urgent need to improve our innovation and accelerate the pace of change in our own economy to keep up with the speed of Asia's economic growth.

To ensure that we stand out in this current environment, our choice is either to adapt or get left behind, and to have as a national priority a world-class infrastructure that can provide the high standards in education, skills and research that we need to be worthy competitors.

APPENDIX

Methodology

We interviewed 667 business people in total.⁴² Those interviewed:

- Lived in Asia and were local business people (not expatriate New Zealanders); and
- Had worked or done business with a New Zealander in the previous five years.
- Were from a number of different industries – including consultancy services.

While we assumed to interview 100 business people in each economy, this was not always achieved.

We attribute this to the low incidence of business relationships with New Zealand. There was an average contact of just 7.83 percent amongst the total number of 24,554 sources contacted.

TABLE 16: COMPLETED INTERVIEWS AND MARGIN OF ERROR (MOE)

	Total	Hong Kong	Japan	Korea	Malaysia
Interviewed	667	64	58	100	100
MOE (%)	+/-3.8	+/-12.3	+/-12.9	+/-9.8	+/-9.8

	Philippines	China	Singapore	Taiwan
Interviewed	100	67	76	102
MOE (%)	+/-9.8	+/-12.0	+/-11.5	+/-9.7

Table 15 shows the number of interviews held in each economy with the margins of error.

⁴² On a random sample of 667, using a 95 percent confidence interval, the margin of error is +/- 3.8 percent. In other words, there is a 95 percent chance that responses from the sample fall within a range of 3.8 percent on either side of the figure for the whole population.



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