

NEVER SAY SORRY



Sorry seems to be the hardest word especially for Asian business leaders who fear of looking incompetent in front of their subordinates. The Forum Corporation's Leadership Pulse Survey recently revealed that trust in Asian leaders is slowly diminishing in the workplace.

One in five employees and two in five leaders believe that trust in leadership is lower today as compared to the past. Cynthia Stuckey, Managing Director of Forum in Asia-Pacific, says that a decline in this critical element of the employee-manager relationship can be extremely detrimental as this directly reduces employee engagement and impacts morale and workforce productivity.

"Employee trust in leadership is more important now than ever before as organisations grapple with mounting competitive, internal and external pressures."

Asian bosses fear losing face

While leaders in Asia say they admit to (97.2%) and apologize (99%) for their mistakes, employees do not agree. In fact, five out of ten employees (50%) say that their leaders rarely or never apologize.

The overwhelming fear of looking incompetent or weak is cited as the main reason why leaders in Asia do not shoulder up for their mistakes. Sixty-seven percent of leaders believe saying sorry will make them look incompetent, while another 25% believe they would look weak to their employees.

According to Stuckey, the concept of "face" is highly important in Asia and very influential in leadership. 'Losing face' by demonstrating weakness and incompetence is considered to diminish the stature of the leaders in the eyes of his or her subordinates. By not owning up to their mistakes, leaders risk losing their employees' trust.

On the other hand, there is a strong agreement between leaders and employees around the importance of trust in leadership (96.5%).

"Building and strengthening trust in leadership is a multifaceted process that requires leaders to truly understand what their employees expect of them," says Stuckey.



A tale of two cities

As goes Hong Kong, so goes Singapore?

Singapore and Hong Kong residential property may well be a tale of two cities, but in this case home prices are telling the same story. Both Singapore's URA Property Price Index (PPI) and Hong Kong's Centa-City Leading (CCL) Index have demonstrated a 93% correlation since 1998 according to Barclays property analyst Paul Louie. If the connection holds then what happens to Hong Kong residential property prices should also happen to Singapore. And the outlook for both markets is as ugly as a Dickensian character.

HK-SG correlation

Mr Louie expects that Hong Kong residential prices will fall by 30% by 2015 and Singapore by 20% over the same time frame. Just why these markets should be so correlated is not entirely clear. Both markets are different in terms of supply and population growth and home ownership, where HK is at 70% and Singapore at 90%.

"Hong Kong's private home prices have risen 111% since the 4Q98 bottom, while Singapore's have risen at a slower pace of 62%. In terms of affordability, Hong Kong's c57% mortgage-to-income ratio is also higher than Singapore's c33% level.

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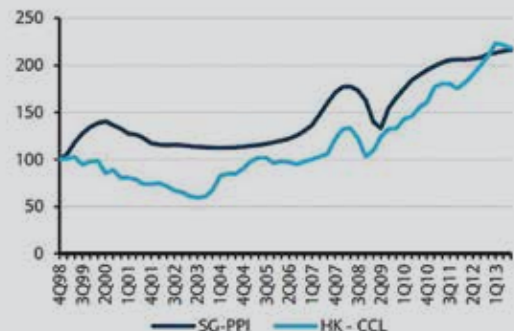
Credit Suisse has a slightly more optimistic view on Singapore residential, noting that despite a 31% drop in new private condo sales in the nine months to September, prices held up. Yvonne Voon, an analyst with the firm, noted that mass market (OCR) prices continued to be resilient, supported by attractive launches and genuine demand. "Although it is increasingly becoming apparent that projects with a better location and more attractive pricing at less than S\$1,500/sq ft levels are selling better," she adds.

Healthy household balance sheets

Interestingly, over the past 40 years, prices have never corrected more than 5% except in periods of "shocks". But it may be the strength of household balance sheets that will do the most to support Singapore housing prices. A proprietary property survey conducted by Credit Suisse found that household balance sheet remains healthy with only 49% of the respondents to the survey having mortgage liabilities and 83% of those are for self-occupied properties.

But investment appetite has been impacted after four further rounds of tightening since our the July 2012 survey with 46% respondents indicating that they will not be buying residential property anytime soon. And in bad news for luxury developers, buyer appetite is still skewed for properties less than S\$1 million.

SG-HK private home prices: 93% correlation since 1998, but HK's has risen 111% since its recent though in 4Q08, while SG risen 62% 2Q09



Note: Both property indices are rebased to 100 in 4Q98
PPI: Property Price Index, only for private residential properties in Singapore
Source: CCL, URA, Barclays Research