

EXPORT CAPABILITIES OF MALAYSIAN HOUSING DEVELOPERS IN THE CONTEXT OF GLOBALISATION AND LIBERALISATION

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Abstract

Globally, the housing sector is now characterised by cross-border operations of operators. Perhaps for the first time, a study was conducted to examine the internationalisation of housing developers from Malaysia. Its purpose was to determine the export capabilities of Malaysian housing developers and to investigate and understand those significant factors that enable them to be competitive internationally. Data was collected from internationally-experienced Malaysian housing developers through postal questionnaire survey, interviews and secondary data.

The findings show that these housing developers were aided in their overseas foray by ownership advantages generated from within their organisations as well as that bestowed by Malaysia as a home country. They also point to the critical role of the decision-makers. These housing developers adopted various ways to enter and service foreign countries, some of which were developing, others developed. For long-term presence, the study recommends that the Malaysian housing developers cater, not only to high-end house buyers, but also to the housing needs of the entire populace. There are ways in which the Malaysian government can assist in facilitating Malaysian housing developers in their expansion overseas. However, even if the government were to give total assistance, the study projects that it is unlikely to lead to sudden surge in the export drive of Malaysian housing developers.

Keywords: *housing, developers, export capabilities, globalisation*

1. INTRODUCTION

There was a time when the delivery of housing was provided by local developers. But with globalisation and liberalisation characterised by freer movement of entrepreneurship and capital, a new breed of housing developers have emerged over the years - one that operates in the countries other than their own. Perhaps for the first time ever, a study was conducted to examine the international expansion of Malaysian housing developers. Previous studies on housing development in Malaysia had been preoccupied, rightly so, with internal issues such as affordability, legislative framework, productivity and such like. Internationally, research in housing was focused on making housing accessible to buyers or focused on international real estate as portfolio investments (Walker and McKinnel 1995; Doling 1999; McAllister 1999; Worzala 1994). It was the premise of the study that the contribution, real and potential, of the overseas diversification of Malaysian housing developers to the national economy should be acknowledged and supported. Malaysian housing that have gone overseas are listed in Table 1. The objectives of the research were:

1. To determine the present export capabilities of Malaysian housing developers.
2. To investigate factors that contributes as significant determinants for export capabilities.
3. To investigate specific measures that the government can implement to facilitate the expansion of Malaysian housing developers overseas.

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Table 1: International Malaysian housing developers and the countries they have gone to.

Housing developer	Country
Acmar International Group	China
Asia Pacific Land Bhd	Australia
Bandar Raya Developments Bhd	Pakistan
Country Heights	Mauritius, South Africa
Golden Plus Holdings Bhd	China
IJM Corporation Bhd	Australia, USA, Chile, India
Land and General Bhd	Australia
LBS Bina Group Bhd	China
MRCB	South Africa
MUI	China
Mulpha International Bhd	Australia
Nam Fatt Corporation Bhd	China
Sunrise Bhd	England, Australia,
Sunway City Berhad	South Africa, Zimbabwe, Cambodia, India

Source: Printed and electronic media

The original intention of the study was to examine four categories of development companies:

1. Those with international developments abroad

2. Those which have ceased operating abroad
3. Those aspiring to go abroad.
4. Those disinterested to go overseas.

No developer which participated in the research admitted to having deinternationalised - those inactive merely indicated that they were dormant waiting for the right opportunity to prevail. Hence there was no response from category two (2) of the developers. Due to time limitation, only those that have gone overseas are discussed in this paper. Due to time limitation also, not all of the finding can possibly be presented in the present colloquium. The full findings of the study in fact were presented two years ago (27th March 2006) to industry players and relevant government departments at this very place. In all it was attended by 41 individuals. That particular colloquium stretched from morning until after lunch.

The period of study (i.e. January 2004 to January 2006) coincided with a turbulent period for many developers as they grappled with the backlash from the Asian Financial Crisis of 1997. Many housing developers incurred huge losses, a few even went bankrupt. Only the fortunate few were unscathed. One might have expected that internationalisation was the last thing in the minds of the top management of Malaysian housing developers. Yet, a few that dispelled this presumption, among them Acmar International, Golden Plus and LBS Bina. It is against this backdrop that this report should be read.

2. RESEARCH METHOD

The questionnaire for those that had gone overseas were pre-tested by three executives, the first was an owner-manager of a firm with annual turnover of RM10-15 million, the second was a project manager for a medium-sized property developer and the third was an executive for a public-listed company. Meetings were held with the then president of Rehda, Datuk Jeffrey Ng Tiong Lip, to get his endorsement and support for the research. Sarawak Housing Developers' Association (SHDA) also lent its name to the research exercise and consented for the questionnaires to be circulated to its members. Due to non-cooperation from the Sabah Housing and Real Estate Developers' Association (SHAREDA) despite repeated requests, Sabah housing developers were excluded from the study. At the early stage also, discussions were held with journalists from two mainstream local newspapers that covered property development in Malaysia to obtain a broad impression of the subject matter.

The postal questionnaire survey was complemented by follow-up one-to-one interviews with consenting companies to obtain the finer details which cannot possibly be captured through other means. Information was also obtained from secondary sources on housing developers in the form of annual reports, news archives and published company information. For confidentiality, the names of individuals and companies that cooperated in the research are withheld in this paper. Specific mention of companies and individuals are only made in this report when information was sourced from publicly-available sources.

Table 2: The extent of participation of the sampled international housing developers in the research.

Company	Questionnaire survey	Interview in Malaysia	Interview overseas
A1	✓	✓	✓
A2	✓	✓	✓
A3	✓		
A4	✓		
A5	✓	✓	✓
A6	✓	✓	✓
A7	✓	✓	✓
A8	✓	✓	✓

The questionnaires were targeted to 112 companies identified as having operated overseas, past or present. In all, only eight of them responded to the questionnaire survey. Of the eight, only six agreed to follow-up interviews in Malaysia as well as abroad (see Table 2). These eight companies were the primary focus of this study. They are referred to in this paper as Companies A1, A2, A3, A4, A5, A6, A7 and A8.

The approach adopted was the multi-case studies. Yin (2003) defines case studies as an empirical enquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and context are not clearly evident. The multi-case study approach takes into account the variability of the sample population. The interviews were all semi-structured based on the returned questionnaire responses and compiled material from secondary sources. Apart from obtaining first-hand account of developing properties overseas from Malaysian executives stationed abroad, the overseas trips enabled direct observations to be made. The visits also enabled the research team to interview several other parties including a MATRADE high commissioner, a Malaysian bank officer and local civil servants.

When all field work was completed, a meeting was held with officers of Construction Industry Development Board (CIDB) in September 2005 to test some of the ideas pertaining to government assistance as suggested by the respondents. The Malaysian External Trade development corporation (MATRADE) agreed to be interviewed, but only via telephone. The Minister of International Trade and Industry declined our invitation to be part of this research.

3. FINDINGS

In this section, data collected from the postal questionnaire survey, follow-up interviews and field trips are presented in the form of five lessons learnt.

Lesson #1: Only a handful of Malaysian housing developers have the necessary competitive advantages to be able to compete against local and other foreign companies in the host market. Even then, without top management commitment, internationalisation will not be a reality.

Going international rests on two factors:

1. Resources to internationalise
2. Top management's desire to expand internationally.

This section begins by analysing the resources, followed by top management background and finally the benefits of internationalisation.

For a firm to operate successfully in an overseas market, it must have certain superior skills and proprietary knowledge over local as well as other foreign competitors (Dunning 1988; Hymer 1960/1976). Table 3 shows the ranking of the resources in terms of importance by the eight Malaysian housing developers that had gone overseas. Understanding foreign market potential was deemed 'very important', while the rest were regarded as 'important.' Ownership advantages belonging to the firms (i.e. understanding foreign market potential, large financial capital, understanding house buyers demands, superior skills, HQ-overseas coordination systems, firm's name and image, experienced and capable workforce, part of a larger group, and previous international experience) were regarded as being more important (average mean of 4.04) than that belonging to the country (i.e. Malaysia's rapid economic development, Malaysia's image as a capable developing country, Malaysia's stable economic environment, ample supply of trained workforce, national leadership that backs internationalisation, well-developed and competitive industry, multicultural workforce, and experience from working with developed country firms) (average mean of 3.75). In other words, the surveyed firms saw their internal strengths as contributing more towards their international success than those emanating by virtue of being Malaysia-based. As the executive of Company A1 asserted:

"At this point in time most opportunities are created by entrepreneurs themselves."

Table 3: Ownership advantages of Malaysian international housing developers.

Ownership advantages	Mean	Std. deviation	Level of importance
Understanding foreign market potential	4.50	0.535	Very imp.
Large financial capital	4.25	0.463	Imp.
Understanding house buyers demands	4.13	0.991	Imp.
Superior and innovative property development skills	4.13	0.354	Imp.
HQ-overseas co-ordination	4.00	0.535	Imp.
Firm's name and image	4.00	0.535	Imp.
Rapid economic development of Malaysia	3.88	0.835	Imp.
Malaysia's image as a capable developing country	3.88	0.991	Imp.
Stable economic environment in Malaysia	3.88	0.835	Imp.
Relationship with local and central authorities in host country	3.88	0.835	Imp.
Business relationship with host country firms	3.88	0.835	Imp.
Large experience and capable workforce	3.87	0.354	Imp.
Part of a larger group	3.87	1.126	Imp.
Ample supply of trained workforce	3.75	0.886	Imp.

National leadership backs internationalisation	3.75	1.165	Imp.
Our industry is well developed and competitive	3.63	0.916	Imp.
Multicultural workforce	3.63	1.061	Imp.
Malaysian firms have gained in working with developed country firms	3.63	0.744	Imp.
Business relationship with Malaysian firms	3.63	0.518	Imp.
Previous international expertise	3.63	0.518	Imp.

Source: Questionnaire survey on Malaysia-based international housing developers.

Note: From 1.0 to less than 1.5= unimportant, from 1.5 to less than 2.5= little important, from 2.5 to less than 3.5= moderately important, from 3.5 to less than 4.5= important, from 4.5 to 5.0 = very important

Company A3 internationalised immediately after the Asian financial crisis in order to increase its growth prospects, in contrast to others which scaled down their operations. According to its managing director, internationalisation was a far-sighted move of the top management. Consequently, revenue from the housing operations overseas became a significant contributor to the firm’s revenue. Relational factors (i.e. with authorities in host country and businesses in host country, and compatriot businesses) were rated higher than country-related endowments. It has to be pointed out that ownership advantages are not universally potent, but rather locational-specific (Erramilli, et. al., 1997).

Larger firms tend to be better endowed with spare resources necessary to expand and penetrate foreign markets. They also have a greater ability to absorb the risks inherent in internationalisation. Hence international diversification is generally associated with the larger firms (Roberts, 1999). While Table 3 does lend support to this view, there was one company, A5, not publicly-listed with smaller resources but with dynamic and farsighted management team, that had internationalised.

Top management ultimately defines the firm’s international strategy. Internationalisation is for the bold risk-takers with ample resources and huge dose of patience. The long gestation period alone can put the resilience of the top management to the test. For example, while land was acquired in 1994, planning for Golden Plus’ Royal Garden (previously named HuangDu Garden) only began to shape up six years later. In 1993, Asia Pacific Land Bhd acquired a commercial property located at Rushcutters Bay in Sydney for redevelopment. Only in 1999 was the development of Marina One apartments (and Rushcutters Harbourside Hotel) completed.

Table 4: Management aspects of Malaysian international housing developers.

Management impact on internationalisation	N	Mean	Std. deviation	Level of importance
The management is willing to take the firm to the international markets	8	4.25	0.463	Imp.
Top management has international experience	8	4.13	0.641	Imp.
Management considers international markets important	8	4.00	0.535	Imp.
The management uses a lot of time in planning international operations	8	3.87	0.354	Imp.

Top management visits to targeted foreign market	8	3.75	0.886	Imp.
Top management want to succeed internationally	8	3.75	1.282	Imp.
Internationalisation is a desirable task for the firm	8	3.63	0.518	Imp.
Top management's higher education	8	3.38	0.518	Mod. imp.
Top management members have different functional backgrounds	8	3.25	0.707	Mod. imp.
Substantial resources allocated to internationalisation	8	3.25	0.886	Mod. imp.
Internationalisation is the only way to achieve growth objectives	8	3.13	0.991	Mod. imp.
Top management consists of young members	8	2.63	0.916	Mod. imp.

Source: Questionnaire survey on Malaysia-based international housing developers.

Note: From 1.0 to less than 1.5= unimportant, from 1.5 to less than 2.5= little important, from 2.5 to less than 3.5= moderately important, from 3.5 to less than 4.5= important, from 4.5 to 5.0 = very important.

When executives from the eight housing developers that had gone overseas were probed about their management, seven aspects were considered important, although the highest ranked was willingness to go overseas (see Table 4). In some respect, the findings concurred with past studies. Sullivan and Bauerschmidt (1990), Cavusgil and Zuo (1994) and Naidu and Prasad (1994) found commitment of management team to internationalisation to have a significant influence on the firm's internationalisation success. Peyrefitte et al. (2002) found international experience of top management bears relation to internationalisation of firms. International experience can be in the form of foreign travels, number of languages spoken by the manager, and the birth or working experience of the manager in a foreign country (Miesenbock, 1988). Four of the seven board member of Developer A1 had their undergraduate education in the country where the firm subsequently operated. In fact, both the present and previous chairman were also educated in that same country. The managing director of another developer A8 had previous international property development experience in two developed countries.

Sambharya (1996) argues that international experience represents three separate but inter-related issues; firstly it is a proxy for the reduction of uncertainty, secondly, it is a surrogate for accumulating cultural knowledge, and lastly it represents a response of the top management to the expanding global economy. Other factors were only considered moderately important by the eight respondents, hence lending less support to past studies. Holzmuller and Kasper (1990) found higher levels of education while Wiersema and Bantel (1992) found age to influence the internationalisation decision.

What did the eight sampled housing developers hope to gain by going overseas? Apart from complying with top management decision which was regarded as very important, Table 5 shows that eight motives to be deemed important. On counteracting Malaysian housing cycle, firms have been advised that they should do so before the decline of home markets as they would find it easier to allocate resources and thereby better influence the course of internationalisation (Elango,

1998). Other motives were viewed as moderately important. It has been pointed out by scholars that the closer a foreign country is to another in terms of language and cultural similarities, the greater is the likelihood that the firms from the latter would expand into the former (Johanson and Vahle, 1977; Nordstrom and Vahlne, 1994).

From the study, language and cultural similarities were not a compelling factor for internationalisation. It has also been found that firms are pressured to internationalise when their competitors undertake internationalisation (Naidu and Rao, 1993; Naidu and Prasad, 1994). Again, internationalisation on the basis that compatriot competitors were doing so was only moderately important as a motive for internationalisation. As can be seen from the table, the presence of foreign housing developers in Malaysia had the least impact in motivating the eight sampled companies to venture overseas.

Table 5: Motive of internationalisation for Malaysian housing developers.

Motive for internationalisation	N	Mean	Std. deviation	Level of importance
Top management decision	8	4.63	0.518	Very imp.
Increase firm profitability	8	4.38	0.916	Imp.
Sustain firm growth	8	4.25	1.035	Imp.
Improve firm image	8	4.00	0.535	Imp.
Incentives by host country government	8	3.75	0.886	Imp.
Growing overseas markets	8	3.75	0.886	Imp.
Diversify firm markets	8	3.63	0.916	Imp.
Counter housing cycle in Malaysia	8	3.50	0.926	Imp.
Exploit firm resources	8	3.50	0.926	Imp.
Saturated home market	8	3.25	0.886	Mod. imp.
Initiatives from the home government	8	3.25	1.488	Mod. imp.
Improve firm market share	8	3.25	1.165	Mod. imp.
Utilise language and cultural similarities	8	3.00	0.926	Mod. imp.
Respond to Malaysian competitor moves	8	2.75	0.886	Mod. imp.
Foreign developers entering Malaysia	8	2.38	0.744	Little imp.

Source: Questionnaire survey on Malaysia-based international housing developers.

Note: From 1.0 to less than 1.5= unimportant, from 1.5 to less than 2.5= little important, from 2.5 to less than 3.5= moderately important, from 3.5 to less than 4.5= important, from 4.5 to 5.0 = very important.

At this juncture, it is worth reflecting on the comments made by the various captains of the industry to the press on their motives for internationalising. The chairman of Bandar Raya Developments Berhad indicated that his plans to enter Pakistan were to counter the Malaysian housing cycle (Hazatul Syima, 2004). Others gave emphasis to the saturated market. The managing director of IGB Corporation Bhd said, "...IGB needs to venture out as the market here is too small," he said (Lim, 2005). In the past the company has developed residential projects in Australia, Britain and Hong Kong. If its managing director lives up to his word, then we should be witnessing IGB rekindling its international operation in the near future. The chairman of the Sunway Group said the group needed to look overseas for expansion as Malaysia was too small for the company to meet its goal of achieving

RM5 billion in revenue over the next five years (Bangkok Post, 2005). The head of MK Land also noted that when the local market saturates, Malaysian housing developers have to internationalise as one options for growth (The Star, 2004b). As for the sampled population, this is what the executive of Company A6 said:

“During the good time in Malaysia, you had so many developers. Now the cake is getting smaller and everybody cannot go on business as usual. We have started internationalisation for quite some time and it is not that we are coming to this country out of a sudden move, because we have done jobs elsewhere.”

Lesson #2: There are different initial moves to internationalisation open for Malaysian housing developers. Going abroad in consortium with other Malaysian developers is not a realistic option. Getting local partner can greatly facilitate foreign market entry. However, getting a trustworthy local partner is not easy.

Malaysia-based international housing developers exhibited different initial moves when venturing abroad to surmount barriers. Some have benefited from the close relations Malaysia has with other developing countries, for others it was merely diversifying into housing development in a foreign country that they were already established in, or geographical expansion by associate or subsidiary companies based in intermediate countries, or acquisition of local companies. There was also of course entering a market unaided.

Table 6: Modes of internationalisation undertaken by the seasoned international Malaysian housing developers.

Mode of internationalisation	N	Mean	Std. deviation	Level of importance
Internal firm initiatives	8	3.75	0.707	Imp.
Alliances with host country firms	8	3.63	0.518	Imp.
Invitation from host country government	8	3.25	0.707	Mod. imp.
Government to government agreements	8	2.50	0.756	Mod. imp.
Alliances with Malaysian firms	8	2.25	0.463	Little imp.
Alliances with third country firms	8	2.00	0.535	Little imp.

Source: Questionnaire survey on international Malaysian housing developers.

Note: From 1.0 to less than 1.5= unimportant, from 1.5 to less than 2.5= little important, from 2.5 to less than 3.5= moderately important, from 3.5 to less than 4.5= important, from 4.5 to 5.0 = very important.

As can be seen from Table 6, internal firm initiative was the most common market entry mode for the surveyed housing developers with international experience. There are examples of companies entering markets on their own, particularly into developed economies (e.g. AP Land, Mulpha and IJM in Australia) although it also happened in developing economies (e.g. Golden Plus in China). Company A1 entered a developed country without any local partner due to the openness of its housing sector. Alliances with host country firms was ranked the second highest by

the sampled international housing developers. Among the examples include Country Heights Sdn Bhd with Maccon for the Pecanwood project in South Africa, and Mahajaya with a Chinese consortium comprising of Golden Epoch Ltd, Zhou Wei and Huang Lifang. The surveyed companies either partnered with private local companies or local authorities.

During the 1990s, the government under the leadership of the previous prime minister, Dato' Seri Dr Mahathir Mohamed, untiringly headed trade delegates to many developing countries including Argentina, Bahrain, Botswana, Cambodia, China, Egypt, Chile, Hong Kong, India, Kuwait, Lebanon, Mozambique, Pakistan, Papua New Guinea, Slovenia and Zimbabwe. Such efforts resulted in Malaysian housing developers establishing relations with local parties, among them G-Two Holdings with the Malawi Development Corporation (MDC) to develop housing in 1997, and Chase Perdana Bhd with Kama Construction (Pte) Ltd to set up a joint venture company for the undertaking of the Harare council's projects in housing, infrastructure and light industrial estate also in 1997.

On competitive advantages for internationalisation, business relations with Malaysian businesses were ranked the second lowest by these seasoned international players (see Table 3). In Table 6, this variable was ranked the second lowest. Among those that went into a foreign market with other international developers was MK Land into Australia with Far East Consortium of Hong Kong.

There were other routes not captured from the questionnaire. A few companies operated in other countries through their associate companies - MUI Properties Bhd in China via its listed associated company in Hong Kong, Nam Fatt in China via its wholly-owned subsidiary Bout Holdings Ltd in Hong Kong, General Corporation Bhd in Singapore through its 50 percent owned Low Keng Huat (Singapore) Ltd. This same route was what Ken Holdings Bhd planned to do with the Chinese market, using its Hong Kong operations as the vehicle, when the time was appropriate (Ng, 2002). Then there are those that acquired companies for the purpose of penetrating host countries include the following:

- In 1995, Mercury Industries Bhd purchased Jutai from Jutai Holdings with the intention of using Jutai as a vehicle to venture into property development in China. Jutai, a company incorporated in the British Virgin Islands, had a wholly owned subsidiary Xiamen Jutai Investment and Development Co Ltd that operates as a property developer in Xiamen, China. In 2004, Mercury Industries disposed Jutai for US\$1.
- Through an 82 percent indirectly owned subsidiary Millennium Group, Georgetown Holdings bought the Leavesden property, which was then an aerodrome with a runway belonging to the Rolls Royce Group with the intention of developing a studio complex, residential and commercial properties and a theme park. Due to financial difficulties, in 1999, the residential and commercial parcels of the property were disposed while the rest of the development proposal put on hold.
- The MUI group had a 49 percent stake in an associated company, Regent Corporation, in the US, which owns a golf course with adjoining residential development land, in all 1,350 acres, in Regent Park, North Carolina.

- LBS Bina acquired Instangreen Corp Bhd through reverse takeover in 2002. On 8 April 2004, LBS Bina acquired Intellplace Holdings Ltd (IHL) through the exercise of an option for US\$1. The acquisition of IHL enabled LBS to expand its business internationally. Via its subsidiary (IHL) has secured a 60:40 Sino-foreign joint venture property development project covering about 267 acres land in Zhuhai which is located in the Pearl Delta Valley. The proposed mixed development project in Zhuhai comprises residential, commercial and hotel development, which is expected to last for six to eight years. The first launch was expected to be in year 2005.

Table 7: Resources derived by linking with other developers.

Resources	N	Mean	Std. deviation	Level of importance
Exchanging of market information	8	3.13	0.641	Mod. imp.
Sharing of technical expertise	8	2.88	0.991	Mod. imp.
Facilitating introduction to markets	8	2.87	0.354	Mod. imp.
Sharing of human resources	8	2.62	0.744	Mod. imp.
Sharing of plant and machineries	8	2.25	1.035	Little imp.
Sharing of financial resources	8	2.13	0.641	Little imp.

Source: Questionnaire survey on Malaysia-based international housing developers.

Note: From 1.0 to less than 1.5= unimportant, from 1.5 to less than 2.5= little important, from 2.5 to less than 3.5= moderately important, from 3.5 to less than 4.5= important, from 4.5 to 5.0 = very important.

Table 7 indicates the resources that housing developers can gain by partnering with host parties, the top four being market information, technical expertise, introduction to markets and human resource. RB Land for example disclosed that it was looking for land for housing development in India with the assistance of local partners (Francis, 2005). The benefits from such tie-ups include increase competitiveness, reduce development costs, reduce risks and facilitate application and complement resources (see Table 8).

Table 8: Benefits from linking with local developers.

Benefit	N	Mean	Std. deviation	Level of importance
Increase firm's competitiveness	8	4.38	0.518	Imp.
Reduce development cost	8	4.25	0.463	Imp.
Reduce risks	8	4.13	0.354	Imp.
Readiness for application	8	3.87	0.354	Imp.
Complement existing resources	8	3.75	0.463	Imp.

Source: Questionnaire survey on Malaysia-based international housing developers.

Note: From 1.0 to less than 1.5= unimportant, from 1.5 to less than 2.5= little important, from 2.5 to less than 3.5= moderately important, from 3.5 to less than 4.5= important, from 4.5 to 5.0 = very important.

As with any partnership, getting the right parties is highly challenging. Compatible partners might not be involved in housing development before the tie-ups. During our field trips, we found two Malaysian housing developers that were short-changed by their local partners. In one case, the local partner spurred the Malaysian developer to undertake feasibility study of a proposed development. When found to be viable, the former shelved the project only to resuscitate it three years later without the former's involvement. Getting the right local partner was also emphasised by Golden Plus Holdings Bhd in its 1999 Annual Report (p. 15):

“It was the intention of the Group to develop it (i.e. the land it had invested several before that).... However due to the currency and economic crisis of 1997, the Group has not been able to proceed with this development as planned due to our financial position. As such the Group has been aggressively seeking a joint venture partner to develop the property together and recover our investment as well as opportunity costs. This process is on-going and the identification of a joint venture is crucial to ensure we are able to meet the construction schedule condition”

Even scholars promulgate partnering with locals as a means to internationalise. Li (2002) contends that firms from developing countries can participate in the international market and overcome the foreignness label by entering into alliances with local firms, more so if the relationship is based on ethnic or personal connections. In fact, cross-border alliances based on similar ethnic background characterize the internationalisation of Asian firms (Young et. al., 1996; Sim and Pandian, 2003; Pananond, 2004). In that sense, having diverse ethnic groups in Malaysia can facilitate entry into new markets Asia on the basis of identical ethnicity, although this factor as strength was downplayed by the sampled international housing development companies (see Tables 4).

There are several ways to find suitable local partners. Company A5 actively search one out and was finally introduced to a local entrepreneur by another Malaysian business in the host country. The head of the Sunway Group resorted to the *Bangkok Post* (2005) to announce its willingness to work with local partners for the development of integrated townships in the country. Reputable international housing developers may even be courted by local housing developers without them having to go abroad. Company A5 received offers from developers in a country contiguous to the country that they were operating in. The senior managing director of Sunway City Bhd (Suncity) disclosed that the company had been invited by ‘numerous parties’ to venture into housing development projects in India, Vietnam and China (Business Times, 2005). As mentioned earlier, the challenge is in finding one that is compatible with the company. The senior managing director elaborated:

“We are currently identifying suitable partners for our overseas projects there. We need to take into account a whole range of factors and the most important criterion we are looking for is that our joint-venture partner should be a reputable and large developer with extensive knowledge of the local market.”

To safeguard against big financial losses should the local partner abandons the joint venture agreement, one interviewee indicated that the joint venture should be done through the establishment of a joint subsidiary, where minimum capital is injected and retrievable was easy should problems arise. Even better still, if the local partner happens to be a parastatal company or government agency as the risks associated with 'liability of foreignness' would be even lower. Local authorities as partners increase credibility and enhance co-operation with local authorities during the planning process. The Malaysian Construction Ventures (Overseas) Sdn Bhd teamed up with state-owned development Brigade Corporation of Namibia to develop houses in the country. IJM teamed up with the Andhra Pradesh Housing Board in 2003 to develop the Raintree Park in Kukatpally, Hyderabad on a 50-acre site. IJM once again teamed up with the Punjab Urban Planning Development Authority (PUDA) in September 2003 for India's largest foreign direct investment-led integrated development township spread over 500 acres at SAS Nagar at Mohali in Punjab. The drawback is that negotiations with government agencies may take years to finalise. The arrangement the Sunway Group struck with the Cambodian government for the development of 1,125 acres of land in Phnom Pen, at Chrouy Changvar across the Friendship Bridge, had yet to take off even though the memorandum of understanding was signed between the two parties in September 1995. As interviewee from Company A1 said:

"Many announcements have been made but no action seen. And this is what I have said in the beginning of the interview that you are dealing with bureaucrats, and there are a lot of delays when it comes to this type of investment."

Lesson #3: Malaysian housing developers should concentrate on emerging economies where housing demand was expected to expand the most in the next few years. In these countries, Malaysian housing developers should exploit Malaysia's solid reputation as a rapidly advancing country.

Table 9 shows the risks associated with developing houses overseas. It shows that of the five most risky factors, the top three were externally induced while the bottom two internally linked.

Table 9: Likely occurrence and degree of impact of risks associated with housing development overseas.

Risk	Likelihood of occurrence ¹ (a)	Degree of impact ² (b)	Combined (a) x (b)
Political instability	2.0	2.9	5.8
Bureaucratic delays in approvals	2.0	2.8	5.6
Changes in government policies and laws	1.8	3.0	5.4
Improper project feasibility study	1.6	3.0	4.8
Inadequate forecast of market demand	1.9	2.5	4.8
Restrictions on funds repatriation	2.0	2.3	4.6
Competition from similar projects	2.0	2.0	4.0
Fluctuation in interest rate	1.9	2.1	4.0

Improper project planning and budgeting	1.5	2.5	3.8
Project delay	1.5	2.4	3.6
Industrial dispute	1.6	2.1	3.4
Poor relations and disputes with partners	1.4	2.0	2.8
Incomplete contract terms with partners	1.4	2.0	2.8
Inadequate choice of project partner	1.4	1.9	2.7
Poor relations with government department	1.1	2.3	2.5

Source: Questionnaire survey on Malaysia-based international housing developers.

Note:¹ 1= low, 2= moderate, 3= high; ² 1= small, 2= moderate, 3= large

There are so many aspects about a country that a multinational has to consider before investing (Dunning, 1988). The surveyed seasoned international Malaysian housing developers rated a wide range of location factors as being 'very important' (8 in all) and 'important' (21 in all) (see Table 10), demonstrating that so many country market attributes have to be thoroughly evaluated before commitment was made. Availability and cost of land topped the list as one might expect, as without this vital location-bound resource, housing development cannot take place.

Table 10: Locational considerations when deciding to invest in a particular country market.

Locational consideration	N	Mean	Std. deviation	Level of importance
Availability and cost of land	8	4.88	0.354	Very imp.
Size of market	8	4.75	0.463	Very imp.
Political stability	8	4.75	0.463	Very imp.
Purchasing power	8	4.75	0.463	Very imp.
Local land and development laws	8	4.62	0.518	Very imp.
Cost of doing business	8	4.50	0.535	Very imp.
Market growth	8	4.50	0.535	Very imp.
Stable and functional banking system	8	4.50	0.535	Very imp.
Level of infrastructure	8	4.38	0.518	Imp.
GDP growth	8	4.25	0.463	Imp.
Policies on foreign direct investment	8	4.25	0.707	Imp.
Taxation rate	8	4.25	0.707	Imp.
Level of quality	8	4.13	0.354	Imp.
Housing policies	8	4.13	0.641	Imp.
Bureaucratic efficiency	8	4.13	0.641	Imp.
Labour laws	8	4.13	0.354	Imp.
Exchange rate	8	4.13	0.641	Imp.
Construction standard	8	4.00	0.000	Imp.
Competition in the industry	8	4.00	0.000	Imp.
Size of the industry	8	4.00	0.000	Imp.
Percentage of urban population	8	4.00	0.756	Imp.
Growing population	8	4.00	0.756	Imp.
Labour costs	8	4.00	0.535	Imp.

Technological capacity	8	3.88	0.354	Imp.
Availability of trained workforce	8	3.88	0.641	Imp.
Availability of arbitration laws	8	3.63	0.518	Imp.
Bilateral agreement with Malaysia	8	3.63	0.916	Imp.
Language and cultural similarity	8	3.50	0.756	Imp.
Signing of free trade agreement	8	3.50	0.756	Imp.
Previous venture by other international firms	8	3.38	0.744	Mod. imp.

Source: Questionnaire survey on Malaysia-based international housing developers.

Note: From 1.0 to less than 1.5= unimportant, from 1.5 to less than 2.5= little important, from 2.5 to less than 3.5= moderately important, from 3.5 to less than 4.5= important, from 4.5 to 5.0 = very important.

What are the steps a company would take to penetrate a market? One participating company, Company A5, divulged the preliminary work it did in a particular developing country:

1. Check whether there is a Malaysian bank branch in that country.
2. Contact the bank branch manager to discuss issues relating to the local financial scenario, firms and individuals with good financial standing that might make potential partners.
3. Study the local housing sector, including housing legislations and policy directions of the local government, local land laws, financing of home purchases and population statistics
4. Visit the local chamber of commerce to validate the findings from the studies.
5. Once the local housing market is considered to have potential, contact the local contractors to know about their expertise and the costs that are involved in building different types of buildings
6. Visit the local suppliers to validate the potential costs of building materials, their availability and the potential for price increases.

Broadly speaking, overseas markets can be divided into two - developed and less developed economies. From interviews with executives of companies that had gone overseas, the positive attributes of developed countries included political stability, high purchasing power, transparent rules and regulations, effective banking system, government efficiency, which when combined create an amenable business environment. As interviewee from Company A1 said, "You know what kind of business environment you are going into." However, developed economies have their drawbacks. Firstly, local developers in developed countries had developed their own brands and acquired intimate knowledge of the local market, making outsiders compete only on the basis of capital infusion. Secondly, developed markets experience flat population growth (except the United States) and slower rates of urbanisation.

Emerging economies also have positive attributes, among them abundant inexpensive land and market growth. Given the nascent housing industry of these places, Malaysian could exploit first-mover advantage by offering novel housing development concepts (e.g. condominiums, serviced apartments, integrated townships, gated communities) which had yet to take hold in the location, but tried and found to be commercially successful in Malaysia. As one interviewee remarked

about its overseas development, “We will fully utilise the company's innovative concepts and expertise in lifestyle-oriented property development.” As found from one study visit, even providing utility services underground may be appealing to the house-purchasers! When asked about how his company marketed their housing product, the executive of Company A5 said it was a combination of the branding of Malaysia, high quality finishing, innovative designs and ability to personalise the houses during the planning stage. Company A5 also offered interior designing for the projects as an additional service with additional charge for house buyers. Company A2 used its experienced in offering lifestyle development to local house buyers for the first time in the host country in partnership with a local developer.

Some of these places were plagued by dubious developers promising dwellings in excess of what they were willing to provide. The thought that a housing developer would complete his housing scheme within the stipulated time was met by deep skepticism from house buyers in another country we visited. For house-purchasers in such countries, coming across Malaysian developers who fulfilled their promises made a refreshing change. When that happened, effectively Malaysian housing developers took on the role of changing the mind-set of house buyers and local players who would have had to emulate their foreign counterparts if they were to survive their onslaught.

But the developing countries may have unstable politics, weak economy, population with low purchasing power, high inflation, ambiguous regulations, inadequate land laws and legislative regime, poor banking system and rampant corruption. They may not even welcome foreign investors. And it may not be easy to deal with the authorities there that tend to be over-regulative. Furthermore the support services that provide input to the development process such as consultants, contractors, sub-contractors and even labourers may lack in competency. Hence the housing developer is encumbered with transferring skills and technology not out of choice but necessity to all parties concerned from the contractor, site operatives and even local partners.

The one company that has been highly successful in Australia was Mulpha International Berhad with Sanctuary Cove in Brisbane and Norwest Business Park in Sydney generating sizeable income to the group. “Australia has been our jewel; it has come on very well on us, in particular Norwest Business Park and Sanctuary Cove (in the Gold Coast). If you look at our results in the last two years, practically all our profits came from Australia,” said its chief executive officer (*The Star*, 2004a). The appreciation of the Australian currency vis-à-vis the ringgit had helped inflate the bottom line. Mulpha was in fact is one of Malaysia’s largest real estate investors and developers in Australia. Table 11 shows the countries that the surveyed developers were interested to penetrate.

Table 11: Countries of interest to developers keen to venture overseas.

Country	Percentage
China	27
Australia	18
Indonesia	18
Middle East	18
New Zealand	9
Vietnam	9
Singapore	9
Brunei	9
India	9
Burma	9
East Timor	9

Source: Questionnaire survey on developers with aspirations to venture abroad.

Lesson #4: For long-term presence, Malaysian housing developers must not only cater to the housing needs of the high-income bracket, but also to the middle-income group and even possibly the low-income earners. Once a foothold is firmly established in a foreign country, attempts should be made to look into the possibility of expanding into neighbouring countries. It would help to tide over the housing development life-cycle if the firm can generate income in the country through some other activities.

It is commendable that some Malaysian housing developers had ventured overseas, more so for those that have made the quantum leap so early in their corporate history. Asia Pacific Land Bhd, which was incorporated in 1961, completed its Marina One apartments in Sydney, Australia in 1999. IGB Corporation Bhd, which was formed in 1964, went overseas in the 1980s. Others went abroad much sooner. Ten years after it was formed, Country Heights Holdings Sdn Bhd, through its subsidiary Kit Homes Sdn Bhd, successfully completed a housing project in Mauritius. From then on it went to South Africa and Cambodia. LBS Bina, which started venturing into property development in 1992, began its first overseas project in China in 2005. What is noteworthy is that a few corporate leaders have declared that they want their companies to serious overseas players for the long term. Back in 1997, the chief executive officer of IJM expressed his aspiration for the company to be regional (Shameen, 1997). “We want to become a serious regional player. We can export our expertise to developing countries in the region and elsewhere.” He further added, “We bring to Malaysia our overseas learning experience.” The top management of the Sunway Group also wanted in the next four to five years from 2005 to generate revenue of between 30 percent to 40 percent from overseas (*The Star*, 2005a).

Given the limited size of the higher income earners in the countries that Malaysian housing developers had penetrated, it is imperative that in order to maintain long-term presence, they had to eventually cater to the needs of the medium-income earners, even possibly the low-income group. Malaysian developers have already become adapt at developing high-end housing such as luxurious apartments, golf courses-cum-residential units, mixed development and large townships from which

they can derive premium profits, hence off-setting the risks of working overseas. For long-term impact, however they should produce homes for the masses in those countries, as efficient and cost effective, if not better, than the local and other foreign developers. Indeed from our foreign visits, we came across companies that made it known their intention to stay in their host countries indefinitely. From the media, we detected two such companies - IJM and Mulpha International - that fell under this category. IJM Corporation Bhd intended to list its Indian operations in the local stock market (Faizal, 2004). For that, the construction and property divisions in India may have to be merged. The top management of IJM told the media that IJM (India) Infrastructure Ltd (IJMII) should have a strong base, steady stream of order flow, earnings and self-sustainability before listing. Analysts expected the listing plan of IJM's Indian operations to materialise as early as in 2007. In 2005, Mulpha International Berhad doled its wholly owned unit - Mulpha Norwest Ltd – to FKP Ltd for RM220 million, in a cash and swap transaction. Mulpha became the largest shareholder (i.e. 14.2 percent stake) in FKP Ltd, which was among the largest property developer in Australia with a penchant for developing and managing retirement homes. Prior to that, in February 1998, Mulpha Australia concluded an Aus\$74 million takeover of property developer Norwest Limited, giving it full control of the 377 hectare Norwest Business Park in Sydney suburb of Baulkham Hills. Mulpha International Bhd's executive chairman elucidated the rationale in the following manner (Barrock, 2005):

“What we have tried to do is leverage our existing asset base into something bigger. If we had held on to Norwest and developed it, we could get all our money back and make profits. But Norwest is a self-liquidating asset, in the sense that it gets smaller as we develop it. So we cashed it in for a stake in another company that is involved in retirement, property funds management, real estate investment trusts (REITs), construction, and are very strong in Queensland. It's a very good fit with us.”

To be a serious international player also, the Malaysian housing developer should consider the prospects of expanding into neighbouring countries after having established a foothold in the host market. IJM for example, having made tremendous inroads both as a contractor and developer in India, had made Pakistan and the Gulf its next destinations (Hari Raj, 2006).

With sufficient resources, the overseas subsidiary may even perform the 'market access' operations to these contiguous countries rather than head office in Malaysia (Pearce and Papanastassiou, 1997; Yip, 1994). Contiguous countries however may not be as attractive as countries farther afield. The executive of one company who participated in the research confided that his company was targeting India, China and Sri Lanka, which is very far from the current operating country.

To tide over the period of heavy expenditure before returns are accrued from housing development, it might be useful to have other on-going economic activities. This observation was made from our foreign visits to the operations of Malaysian house builders. However, such an action is only possible for diversified companies, which not all housing developers in Malaysia are.

Table 12 lists a selected few housing developers and their diversified activities. Of course operationalising other activities in the host country poses a different set of challenges and resources requirements, which may be far removed from that of property development.

Table 12: Non-property development activities of selected housing developers that have gone overseas.

Company	Diversified activity
Bina Puri Holdings Bhd	Investment holding Construction Quarrying and manufacturing
Golden Plus Holdings Bhd	Construction
IGB Corporation Bhd	Construction Hospitality
LBS Bina Group Bhd	Management of golf course and car racing circuit (in Zhuhai).
Mitrajaya Holdings Bhd	Construction Manufacturing Health (Optimax franchise specialising in eye laser corrective)
Mulpha International Bhd	Strategic investment (shares in Mudajaya, FKP Ltd, Greenfield Chemical Holdings Ltd) Financial services
Sunrise Bhd	Property maintenance services Education
Sunway Group	Construction Building materials Trading and manufacturing Quarrying Information technology Leisure, entertainment and hospitality Healthcare Tertiary education

Source: Secondary sources.

If a diversified company was to become active in a foreign market in a non-property development activity, market intelligence tasks can take place concurrently at minimal cost before actual housing development operations take place. Also the risks involved in internationalisation are subsequently defrayed due to knowledge of the local economic, financial and industrial regulations. B6 for example has been operating overseas for quite some time now as a construction contractor. Market intelligence about the countries B6 operates has been continuously channeled to the property development arm for its consumption. As the executive of Company A6 which had been in a particular market for an extended period said:

“Along the way you start learning one trade and then you start doing well and say, we know the market well now and there is an opportunity in real estate, which is one of our core competencies in Malaysia, so obviously it went well for us (property development). Basically, we are relying on our core competencies, not trying to do something out of the blue. Wherever we

have strength and we see we could do something for that particular area we will then definitely venture into that area.”

Lesson #5: The housing development industry can see a role for the Malaysian government in encouraging its players to venture abroad. Malaysian government should therefore assist them in their effort to expand overseas.

Export stimulation measures have been found to have an impact on internationalisation of firms (Tookey, 1964). Eventually for international competitive resilience and in compliance with free trade ideals, the Malaysian housing developers will have to operate overseas without government intervention. In the meantime however, the housing development sector has yet to be fully subjected to the multilateral trade disciplines as dictated by the World Trade Organisation. Therefore government supportive measures to promote the internationalisation of housing developers are still permitted. After all other countries are doing so for their home-grown housing developers.

As mentioned before, under the previous prime minister, the then Tun Dr Mahathir Mohamed, the government organised many trade missions to promote Malaysian businesses abroad. As a result of such efforts, we witnessed Malaysian housing developers expanding into countries that were geographically (e.g. China, Cambodia, India and Pakistan) and culturally (e.g. Malawi, Zimbabwe and Mozambique) distant. Some of the interviewees noted that the Mahathir’s era recorded the most prolific trade missions.

When asked about the government incentives that would help boost the international expansion of Malaysian housing developers, those with international experience ranked providing market information, tax incentives, instruction of foreign housing industry policies and contacts to decision makers as ‘important’ above all else (see Table 13).

Table 13: Proposed government incentives that would help boost further the internationalisation of Malaysian of the housing developers.

Government incentive	N	Mean	Std. deviation	Level of importance
Information on foreign market	7	4.29	0.756	Imp.
Tax incentives	7	4.00	1.000	Imp.
Instruction on foreign housing industry policies	7	3.86	1.069	Imp.
Introduction to foreign decision makers	7	3.71	0.951	Imp.
Assistance in introduction to foreign markets	7	3.43	0.976	Mod. imp.
Assistance in formation of alliances with Malaysian firms	7	3.29	1.254	Mod. imp.

Source: Questionnaire survey on Malaysia-based international housing developers.

Note: From 1.0 to less than 1.5= unimportant, from 1.5 to less than 2.5= a little important, from 2.5 to less than 3.5= moderately important, from 3.5 to less than 4.5= important, from 4.5 to 5.0 = very important.

On the importance of foreign market information, this was what the interviewee of Company A1 said:

“At this point in time most opportunities are created by entrepreneurs themselves, so the part about information becomes very important. Like what the ex-prime minister did, many Malaysian companies would not have gone to Latin America and Africa had it not been for him, it (internationalisation) would not have happened at all.”

What is needed is a one-stop agency that can provide all the necessary information about foreign countries investment prospect. Of the government agencies that can champion the interests of Malaysian international housing developers, the Construction Industry Development Board (CIDB) is the most appropriate. Established under Act of Parliament 520 in 1994, CIDB as a statutory board is responsible for the proper development of the construction industry, which includes not only contractors but also other participants including housing developers. Providing foreign markets information is something which CIDB has been for Malaysian contractors all this while. It would not be difficult therefore for CIDB to extend the same service to housing developers, although the information required may be slightly different. Likewise, CIDB is the right agency to provide instructions on foreign housing industry policies, introductions to foreign decision makers and assistance in introduction to foreign markets.

In our meeting with CIDB officers, it was made known that CIDB regularly organises foreign trade missions with MATRADE for contractors. The need for these missions are firstly identified by CIDB, which then requests MATRADE to undertake the logistics of organising trade conference, meetings with local businesses in the host country and such like. CIDB then sends out invitations to construction firms to join the missions at their own expense. Overseas trade mission led by ministers tend to be of longer duration as they are usually well received by the host country government and business community. Such settings provide the opportunity for local and Malaysian firms to engage in deep discussions. This is what an executive of Company B6 had to say about the importance of trade missions:

“If we don’t visit the foreign companies, they don’t know who we are, where we come from and how reliable we are. We can produce fancy photos, but are they really ours?”

An executive with Company A6 pointed that by going on government-sponsored trade missions, particularly those headed by minister or even prime minister, foreign businesses are instilled the confidence over the credibility of the accompanying companies.

Within CIDB is the International Business Division (IBD), which serves three functions:

1. Firstly, to promote the interests of Malaysian construction firms overseas through missions;
2. Secondly, to provide market research on selected countries to contractor;
3. Thirdly, to provide advice on WTO and international legal issues.

In sum, the role of the CIDB is to “facilitate opportunities” and “open doors” to construction-related Malaysian firms desirous of internationalisation. In an interview with MATRADE officers during one of our field trips, the officer made it known that MATRADE is merely a service provider feeding market information to Malaysian businesses rather than a ‘salesman’ to aggressively promoting Malaysian goods and services. Armed with the necessary information, Malaysian businesses can then decide the next course of action. Granted that that is how MATRADE sees itself, it is now left to CIDB to take on such a more pro-active and dynamic role for housing developers, which its officers pointed out, is willing to perform. For quite some time now, CIDB was given permission to station construction attaché for India and the Middle East - before 2007 was the projection.

At the time of the interview, CIDB divulged that it was focusing on India, the Gulf Region, ASEAN (notably Indonesia and Vietnam) and soon to be added Africa (notably Libya). It was intimated to us also that in the pipeline was CIDB’s initiative to rate Malaysian international contractors according to certain criteria which can be used by EXIM Bank in evaluating their loan application for overseas projects.

Getting tax incentives was ranked the second highest in the surveyed developers requests from the Malaysian government. CIDB, together with REHDA, can work in unison to get more tax concessions for Malaysian developers that work overseas. CIDB officers intimated during the interview that CIDB had forwarded to treasury the request for double tax deduction to be given to consultants who undertake internationalisation activities, including market research. In light of the surveyed housing developers’ response, CIDB should also make the same request on their behalf. Much has already been done financially to assist Malaysian businesses to venture abroad. The Malaysian government has signed double taxation agreement with several countries, which as pointed out by the executive of Company A1 is important for companies that want to bring back their profits. The EXIM Bank was established in 1995 to provide medium to long-term credit to promote the export to Malaysia’s goods and services. Among the services provided include trade financing, overseas projects financing and credit insurance guarantee.

Assisting in forming alliances with other Malaysian firms is the least required government assistance by the sampled developers with international experience, even though in this regard CIDB has extensive experience with Malaysian contractors for projects in India, Sri Lanka, Bosnia Herzegovina, Sudan and a number of other Middle East countries. Members of CIDB-led consortiums are nominated by CIDB but approved by the minister. From CIDB experience, being comfortable with one another is the most important aspect for consortia, apart from gaining access to foreign governments. As the catalyst, CIDB is given a ‘golden share’ for free in such ventures. For 2006, CIDB planned to ‘cluster’ selected contributors such as contractors, consultants, financiers and suppliers to form

consortia to provide 'total' value chain. This is an extension of CIDB's role of 'business matching.'

As a side note, acting as a catalyst to get domestic firms to become a force be reckoned with overseas is something, which Singapore takes seriously. Mindful of the reluctance of businesses to engage with their compatriots for internationalisation purposes, the Singapore government provides incentives for the formation of consortiums. The programmed, known as iPartners, is administered under the International Enterprise Program of the Singaporean government to increase the internationalisation of Singaporean firms. The executive of Company A1 however stressed the difference between Malaysian and Singapore:

What happens in Singapore is that there are a lot of directions, motivations given by the government. They are provided a lot of assistance. Perhaps, what they have is one controlling authority, shareholder (Like Temasek) which then guides and controls the firm's internationalisation. So Singapore is a totally different kind of an environment to Malaysia.

What can Malaysia as a country gain from the international expansion of Malaysia housing developers? When this question was posed, the CIDB officers suggested that such initiatives lead to capacity and capability enhancement. To the statement that some Malaysian businesses park their profits overseas, she replied that "one fine day" the funds will come back to Malaysia. Malaysian businesses with funds overseas can use the Labuan Offshore Financial Services (LOFSA) for repatriation of profits with an attractive charge of only 3 percent on the repatriated amount.

On a final note, we need to caution on the likely impact government intervention measures would have on international performance of Malaysian housing developers. While they would lessen their burden when venturing overseas, as a stimulus for overseas expansion, the response in Table 3 shows that it can only be described as 'moderately important.' In fact as a motive for internationalisation, it is ranked 11th, far below other motives such as top management decision. As a comparison, the incentives provided by host countries have greater influence than the actions taken by the Malaysian government. Put simply, if all the government incentives are put in place, it is unlikely that the number of Malaysian housing developers venturing abroad would augment significantly; they will merely assist those that are already on their international trajectory, or those on the verge of embarking on it. Internationalisation decisions ultimately rest with top management.

4. CONCLUSION

The study found that there is potential for Malaysian housing developers to make an even greater impact overseas. The support from the government can go some way in ensuring that private sector initiatives bear results. It is hoped that this study is not an end in itself, but rather a beginning of continuous monitoring and investigation of private sector performance overseas and public sector support. In short a learning loop should be put in place so that all parties concerned would benefit from greater hindsight.

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