

*Full Length Research Paper*

# A study on local housing developers in Malaysia

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Urbanization, which is espoused in the national economic policy (NEP), has contributed to the significant development of the housing sector in Malaysia. As they provide houses, private developers earn significant amounts of profit. However, after more than 30 years of implementation of NEP, indigenous developers are still conspicuously under-represented in the sector. Thus, a research on indigenous entrepreneurs in the housing development industry in Malaysia was conducted to get a background of the registered indigenous developers, their business setup, their business strategy, and the performance of their firms. There were 689 questionnaires distributed, of which 71 were returned and only 38 questionnaires were answered by indigenous housing development companies. To deeply capture their operation, interviews had been conducted on 18 respondents. Findings obtained from the survey and the interviews help explain their involvement in the housing industry. At the end of this chapter, few recommendations are given to help empower indigenous housing developers and enhance their participation in the housing industry.

**Key words:** Indigenous housing developers, national economic policy (NEP), business characteristics, performance.

## INTRODUCTION

In Malaysia, the private sector plays a dominant role in providing houses for the citizens (Johnstone, 1984; Goh, 1997; Lim, 1997; Thillainathan, 1997; Yahya, 1997a). Private housing developers is defined as entrepreneurs who own housing licenses that enable them to construct affordable and quality houses for the citizens and, concurrently, obtain considerable profits from their investments. In Malaysia, only a licensed housing developer is allowed to conduct housing development activities (Yusof, 2004). According to Drewett (1973) and Yusof (2004), a private developer is typically profit driven. Johnstone (1984), Goh (1997), Lim (1997), Thillainathan (1997), and Yahya (1997a) acknowledge the dominant role of the private sector in providing houses for Malaysians. However the economic structure inherited from the British has resulted in a low involvement of indigenous housing developers in the housing sector.

Indigenous refers to the native people of Malaysia (Jaafar et al., 2010). Indigenous developers are the less

dominant players in the industry in contrast to the non-indigenous counterparts, mainly Chinese, in all states of Peninsular Malaysia (Zainol and Abdul-Aziz, 1999; Kamarul-Baharin, 2004). In the industry, housing developers are required to register their companies with the Real Estate and Housing Developers' Association (REHDA). However no identification could be made on the existence of indigenous companies, as REHDA does not have any record on the status of the companies.

According to Johnstone (1984), housing is very speculative industry, and housing development industry has always been known as a rich man's "game." Besides, investing into housing requires a lot of money; investments may only be recovered several years later, and there is no guarantee that projected sales would be met. Goh, (1997) agrees that various rules and regulations in the building industry contribute to the low participation of indigenous developers in the housing industry.

It is interesting to note that contrary to studies on other sectors, studies on indigenous developers have not been treated as important. While there have been studies on indigenous developers, there are few publications and written articles about them (Agus, 1997). Government

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policy is to encourage many indigenous developers to take advantage of income opportunities by getting involved in the contracting sector (the closest sector in the supply chain development), but only few of them are willing and able to take on risks. In addition, Buang (1997) argues that there are no special privileges or incentives granted by authorities to support indigenous housing developers. Most of the government funds and intervention measures are on franchising, manufacturing, and construction sectors.

To date, relatively few studies on entrepreneurship involving the property development industry have been carried out worldwide. Among the studies conducted was that by Hui et al. (2006) on successful construction and property Chinese developers in Hong Kong. Sahari conducted another study on entrepreneurship in the housing development industry in 2009, exploring the social network of housing entrepreneurs. Albeit there are studies being conducted on this subject, it is important to note that there is not a single study that has documented the involvement of indigenous housing developers in Malaysia. Looking at the under-represented indigenous developers in Malaysia, a research on the indigenous housing developers is conducted to understand their sector better. The specific objectives of this research are as follows:

1. To explore their existence in the industry;
2. To identify the background of the registered indigenous developers and their business setup and
3. To recognize their business strategy and performance.

This paper begins with a discussion on the role of the government, which is believed to be very significant to the development of indigenous housing developers. Understanding the Malaysia economic structure can help explain the involvement of the government in the industry. The next section presents the research methodology. The discussion of the result follows the analysis. The last section provides recommendation to stakeholders on how to empower the existence of indigenous housing developers in Malaysia.

## LITERATURE REVIEW

### **The evolution of indigenous housing developers: the role of government policy**

In many developing countries, urbanization is one of the important influencing factors at work that not only stimulate growth in modern sectors (Agus, 2002), but also contribute to the acute housing demand among the lower and middle-income groups in cities and other urban agglomerations (Il-Seong Yoon, 1994; Agus, 1997; Chrisholm, 1992). The housing sector has been recognized as a vital key component of economic

activities in the urbanization process (World Bank, 1993) and in promoting a nation's economic and social growth (Sheng, 1998; Zhang, 2000; Hayakawa, 2002; Hirayama, 2003; Usilappan, 2005).

The major factor in the urbanization process of Peninsular Malaysia can be traced back to the National Economic Policy (NEP) (Agus, 2002). Established in 1970, the NEP is an affirmative action designed to solve the inter-ethnic tensions between the indigenous and the non-indigenous.

The NEP, also known as the "indigenous policy" (Derichs, 2001), has two-pronged strategies: 1) to reduce and eventually eradicate poverty by raising income levels and increasing employment opportunities for all Malaysians irrespective of race; and 2) to correct economic imbalances to reduce and eventually eliminate the identification of race with economic function (Malaysia, 1971).

The NEP is a 20-year program that ended in 1990. Technically, the NEP ended in 1990. However, its ideas seemed to be perpetrated by its replacements, particularly the National Development Policy (NDP, from 1991 to 2000) and the National Vision Policy (NVP, which was set to run from 2000 to 2010). Although the new policies emphasize achieving rapid growth, industrialization, and structural change, in reality, they are very much influenced by the NEP's restructuring policies and are regarded as a continuing effort to achieve the original objectives set out in the NEP (Jomo, 2004; Idris, 2008).

The NEP is aimed at enabling indigenous communities to enjoy the fruits of development the same way the non-indigenous communities do. To achieve this, the indigenous must participate equally in the modern productivity of technology in both the government and the private sector (Torii, 1997; Saniman, 2007). It is interesting to note that since the British colonial period until after independence, in contrast to other ethnic groups, a majority of the Malays stayed in rural areas than in towns, populated the relatively poorer states, held lower-echelon positions in industries and enterprises, and, by average, had a much lower standard of living (Faaland et al., 1990; Zain, 2005; Saniman, 2007). Therefore, the NEP acts as a medium to assist the indigenous in terms of growth and distribution to improve their standard of living to a level comparable with that of the non-indigenous without seizing the latter's wealth and success.

Although NEP was put into practice for more than three decades, its effectiveness was put into question. This research explores the achievement of indigenous developers during the implementation of the NEP.

### **Background of the owner-managers**

The demographic profile of owner-managers has been a

focus by many entrepreneur researchers. They argue that this profile is important because, somehow, it can contribute to firm performance. Among the variables often measured include gender, age (Begley and Boyd, 1986; Box et al., 1993; Abdullah, 1999), education level (Lussier and Pfeifer, 2001; Wagner and Sternberg, 2004), and work experience (Ibrahim and Goodwin, 1986; Steiner and Solem, 1988; Box et al., 1993; Jo and Lee, 1996; Abdullah 1999; Lee and Tsang, 2001; Harada, 2003).

### **Firm characteristics**

From past literature, the most common things surveyed to get a company's profile are age and size. Among researchers that highlight the importance of age are Begley and Boyd (1986), Box et al. (1993), Birley and Westhead (1990), and Hashim et al. (1999).

In the housing development industry, there is no standard indicator that can be used to measure size of a developer (Yusof, 2001). As a result, scholars have introduced various indicators to determine size of a developer. Among the popular determinants used include location of a firm's operation (Craven, 1969; Lambert, 1990; Sirat et al., 1999), size of housing projects developed (Ghani and Lee, 1997; Yusof, 2001), number of houses developed in a housing project (Craven, 1969) or on a yearly basis (Drewett, 1973; Bather, 1976), and a firm's experience (Sirat et al., 1999).

### **Business strategy**

According to Chandler (1962), there are four types of generic strategies, namely expansion of volume, geographic dispersion, vertical integration, and product diversification. Ho (2006) agrees that prime location determines the success of a project of a firm.

### **Firm performance**

A survey on literature reveals there are various ways to measure financial performance. Nonetheless, there is not a single uniformly accepted indicator to measure performance (Begley and Boyd, 1986; Box et al., 1993). Generally, performance can be measured using either financial or non-financial indicators. In a financial sense, firm performance is measured in terms of profitability (Lafuente and Salas, 1989; Birley and Westhead, 1990; Harada, 2003) and growth (Bruderl and Preisendorfer, 1998; Kim and Choi, 1994; Poisson et al., 2002; Che-Rose et al., 2006a, b).

## **METHODOLOGY**

### **Sampling procedure**

In this research, multi-method sequential explanatory design was

adopted to gather data and relevant materials about the research topic. The rationale for adopting this method was that it can help explain in detail the involvement of indigenous housing developers in Malaysia. In the present research, addresses of respondents were gathered from various sources, namely: 1) the Ministry of Housing and Local Government MHLG's website; 2) the REHDA directory 2004/2005; 3) the Malay Chamber of Commerce; and 4) the local authorities from every state. Based on these, 579 out of 1158 housing companies were selected as respondents using the simple random sampling technique. Hence, the final number of companies selected as respondents for this study was 689. An interview, besides helping gather an in-depth understanding of the subjects, enables the interviewer to discover copious information regarding the interviewee's perceptions, opinions, and feelings about a subject (McQueen and Knussen, 2002). The respondents interviewed were those who indicated in the returned questionnaires their willingness to be interviewed.

### **Questionnaire design**

Backgrounds of respondents were measured in terms of their position, age, highest level of education, area of specialization, reason for initiating business, courses attended before and after they initiated the business, and work experience. In terms of company background, the questions refer to status, core activities, business paid up, number of workers, and market characteristics. Measurement of business strategy was based on the method by Chandler, (1962) that includes market, business activity, and sale and geographical aspect of firm performance. The items were measured using a 7-point Likert scale, from "decrease more than 20%" to "increase more than 20%," to measure growth of a firm in terms of sales and profit margin. This scale was used by Puspowarsito (2006) to measure the relationship between corporate entrepreneurship and firm performance.

## **RESULTS AND ANALYSES**

### **Background of the respondents**

Majority, or 57.9%, of the respondents who took part in the postal survey were top-tier managers, such as directors, executive chairmen, and chief executive officers (CEOs). The second-largest group of respondents, 42.1%, were those in the middle-ranked management level, including managers and assistant managers. From the interviews, it was found that in some companies, middle-ranked managers were given the responsibility to run the company's operation from administration to technical works. Nevertheless, the owner of the company was still in charge of financial matters. The entire operation was not left solely in the hands of the managers because at the end of the day, the owners would be held responsible for any profit or damage incurred from the manager's judgments and decisions. One of the managers explained that his chairman trusted him to run the company all by himself. He was even trusted to make decisions, except for those related to finance, in the company. For financial matters, his chairman would discuss the subject with him before making the final decision.

In terms of gender, it can be concluded that men dominated the housing development industry in Malaysia

since only one female took part in the survey. All of the interviewees who participated in the face-to-face interviews were males. In terms of educational background, 76.3% of the sampled indigenous housing developers in Malaysia reached the tertiary level of education, and 60.5% specialized in housing-related fields, such as building, planning, architecture, construction, and engineering (60.5%). Moreover, 68.4% of them worked in housing-related industries, such as construction, architecture, and ready-mix, before they became developers.

The interviewees stressed that work experience, not education, was what it takes to become a housing developer. An interviewee from Johor emphasized,

*“No, you do not have to be educated, it’s all about managing risks.”*

To them, the experiences they had obtained gave them the exposure and confidence to manage a housing business. One of the CEOs explained that he was in a petrol-retailing business before he jumped into the housing business. He admitted that although he had never worked in a housing-related industry, the lucrative returns on investment lured him into the industry. He used his experience and expertise in petrol retailing to manage the housing business.

Nonetheless, respondents also agreed that to become a housing developer, an individual need not be highly educated. One of the managing directors said,

*“Education is important but you do not have to be highly educated to become a developer.”* Even so, they must possess certain technical background to help them see through the complex and lengthy process of housing development. Both groups agreed that knowledge of the industry was very important to stay long in the housing industry.

In terms of age, 63.2% of the respondents became housing developers during their prime age, that is between 25 and 45 years old. Some, 47.4%, became housing developers with their own initiatives, while others, 55.3%, became housing developers because of their interest in the field. Only 15.8% of the respondents cited money as reason for their involvement in the business. Nevertheless, 21.1% of the respondents became housing developers before they reached 25 years old, while 15.8% became developers after hitting 45 years old.

Based on the interviews, respondents who started early in the housing sector did so because either they inherited the business from their family or they were promoted by the company they worked in. For those who inherited the business, they were expected to continue and expand the family tradition. One director said that when he was young, he was told that he would take over the family’s business. Thus, from an early age, he was exposed to the business world and was sent to learn building

engineering to gather relevant knowledge and to prepare for taking over the business.

For those who started late in the industry, they became housing developers following their retirement or resignation after having accumulated wealth from their previous jobs sufficient to start a housing business. A managing director exclaimed,

*“Housing promises good return; high risk but high returns.”*

Before starting their housing companies, half of the respondents attended related courses, while the other half did not attend any. Nevertheless, majority, or 63.2%, of the respondents attended courses after their companies started operation. Results from the interviews were contradictory. Seven out of 18 interviewees stressed that they never attended any course because there was no course on housing. The director from Terengganu said,

*“No, there are no courses on housing.”*

Most of them agreed with those who claimed there was no course on housing development. An experienced managing director from Perak elaborated,

*“Actually, courses on housing per se, none. There are no courses on housing.”*

One CEO, on the other hand, explained that even though there are no identified courses on housing development, it was important for developers to attend other courses, especially those on improving management skills, such on how to manage a business and how to become a successful entrepreneur.

This is because information obtained from attending these courses are useful in helping developers enrich their knowledge on issues that could not be learned from classrooms.

### **Business setup**

Results of the survey showed that 57.9% of the sampled indigenous housing development companies in Malaysia were in operation for less than 10 years, and the rest were in operation for more than 10 years.

In terms of legal status, nearly all, or 97.4%, of the sampled indigenous housing development companies in Malaysia opted to be private limited companies. The interviews revealed that interviewees who opted to be private limited companies categorized their firms as medium-sized companies.

Only 33.3% of those that opted to be private limited companies categorized themselves as small in size. One managing director said;

*“We are a small company, but in terms of size and value of projects, we are considered as medium-sized company.”*

He further explained that he preferred to carry on as a small company with minimal staff so that in times of difficulty, he would be able to maintain his staff and limit the company's overhead expenses. Consequently, it is worthy to learn that majority, or 71.1%, of the sampled indigenous housing development companies in Malaysia employed less than 10 workers.

In terms of core activities, majority, or 59.8%, of the sampled indigenous companies in Malaysia were involved in other business activities related to housing, such as architecture, construction, and consultancy. The interviews validated this finding. Nearly all interviewees, or 77.8%, were involved in business activities other than housing, and one of the most common activities that they undertook was construction. As mentioned earlier, since most of the developers were contractors, it was conventional to note that they were simultaneously involved in both the construction and housing industries. A managing director stressed that developers must also take part in construction contracting when developing a housing project to generate higher profit. In terms of business paid-up capital, the majority of the sampled housing developers in Malaysia, 52.6%, started their housing business with a paid-up capital of between RM 250,001 and RM 1,000,000.

Nevertheless, there was a small group of respondents, 28.9%, who started their businesses with a paid-up capital of RM 250,000 or less, and some, 18.4%, started with more than RM 1,000,000. The interviews revealed that developers would normally have higher build-up capital than the minimum requirement to more easily obtain bank loans. Another managing director said that companies with high paid-up capital normally had other business activities on the side. In the case of developers, they were also engaged in the construction-contracting business. Consequently, they were required to have a large amount of build-up capital that encompassed all their business activities so that they can be trusted to develop the project and to facilitate the process of loans applied for.

Of the sampled indigenous housing companies in Malaysia, 21% preferred to develop medium-cost houses, 7.9% preferred to develop low-cost houses, while only 2.6% preferred to develop high-cost houses. Some companies, 63.2%, that constructed multiple types of houses in a housing project would include medium-cost components in the projected developments. A manager explained in one of the interviews that his company preferred to develop medium-cost houses because these houses were more saleable compared with the other types of houses. Moreover, he said, houses costing RM 150,000 or less were always in demand in certain states because of affordability.

Of the sampled indigenous housing companies in Malaysia, 36.8% had the tendency to develop housing projects in suburban areas, 34.2% in urban areas, and 18.4% in rural areas.

More indigenous developers preferred to develop in suburban areas because these places often attracted house buyers who wanted homes that are affordable and located close to facilities.

A managing director from Perak reported that location played an important role in determining the viability of a housing project. He further explained that albeit there were other contributing factors involved in ensuring the viability and success of a housing project, location was still the most important contributor to saleability of houses.

### **Business strategy**

In this research, business strategy refers to the plans of the companies over a five-year period, that is, from 2006 to 2010. The variables measured include housing niche markets, business activities, business sales, and geographical aspect. The results are summarized in Table 1.

As can be seen from Table 1, the housing activities in Malaysia can be regarded as dynamic given that developers were always in pursuit of increasing their business sales (89.5%) regardless of their preference to maintain their businesses in the current housing niche markets (50.0%) with the same business activities (55.3%) in the states they were currently involved in (71.1%).

One significant result obtained from the interviews was that majority of the interviewees, 66.7%, had expressed their preference to stay in the states where their business had established rather than to diversify their businesses into other states. This was because the business opportunities in their states did not require them to seek for livelihood elsewhere.

According to a managing director from Selangor/KL, another reason he chose to maintain his business in Selangor/KL was because he was already familiar with the state's rules and regulations on housing, from the approval stage to the implementation process.

Albeit the procedure for implementing a housing project was similar from one state to another, every state would have its own set of rules for the housing development process.

Diversifying their businesses into other states would require developers to start all over from identifying the market trends to familiarizing themselves with the new environment and local authorities. The abovementioned reasons, in addition to the complexity and high risk facing a housing business, make him more comfortable about keeping his operation in Selangor/KL since the business opportunity there was good.

**Table 1.** Summary of business strategies for the sampled indigenous housing development companies in Malaysia from year 2006 to 2010.

Descriptions	Criteria	Frequency	%
Housing niche markets aspect	Diversify into other housing niche markets	14	36.8
	Maintain current niche markets	19	50.0
	Exit from certain niche markets	5	13.2
Business activities aspect	Diversify into other business activities	14	36.8
	Maintain the same business activities	21	55.3
	Exit from certain business activities	2	5.3
	Diversify and maintain business activities	1	2.6
Business sales aspect	Intend to increase the business sales	34	89.5
	Maintain the same business sales	3	7.9
	Intend to shrink the business sales	1	2.6
Geographical aspect	Diversify into other states	10	26.3
	Maintain in the current states	27	71.1
	Diversify and maintain in the current states	1	2.6

## Performance

Firm performance had been measured by growth based on sales and profit margin. T-test showed there were no significant differences between these two measures. Result indicated that the majority of the respondents, 60.6%, agreed that their overall performance increased in the range of 0%-20% for the past three years. Some respondents, 26.3%, reported a decrease of between 0%-20%, while 15.8% recorded neutral growth. Interviews revealed that the well performing companies were those that have high goals, those that properly set their business strategies, and those that managed their businesses well. According to the respondents, there were many factors contributing to low company performance, such as excessive regulations imposed by the government, bureaucracy, various project-related problems, such as location factors, and absence of people to take over their businesses.

## DISCUSSION

In terms of demographic profile, it can be concluded that a majority of the indigenous housing developers in Malaysia who took part in the research reached tertiary level of education, became housing developers between the ages of 29 and 35 years old because of interest in the field and eagerness to make more money. Nonetheless, a few of them were second-generation developers, i.e. they inherited the businesses from their families. The statistics also revealed that majority of the sampled indigenous developers attended courses and training especially after their businesses had commenced.

As aforementioned, majority of the sampled indigenous housing developers were highly educated. This finding is consistent with that from the study by Jaafar (2003) and Sahari (2009), but is contradictory to the finding of Lee (1990), and Lee and Chan (1998). The studies by Lee (1990), and Lee and Chan (1998) indicate that most of the people who ventured into the business reached only the secondary level of education. According to these scholars, those who have gone to universities preferred to engage themselves in the more prestigious and professional jobs after graduation so that they can earn several thousand dollars per month rather than manage their own business. Lee and Chan (1998) further state that only those with average education and could accept lower salaries would get into the business. Even so, this trend has started to change after the 19<sup>th</sup> century as most of the scholarly works have proven that business founders were highly educated (Jaafar, 2003; Sahari, 2009).

The second reason that could contribute to the increasing number of entrepreneurs with high level of education was the existence of the second-generation entrepreneurs taking over businesses from their parents. Based on the interviews, respondents with the intention to leave their business had taught their children everything they needed to know about managing a business and made them gather relevant knowledge on housing-related matters. One managing director, who was a second-generation business owner, elaborated that he purposely continued his study in building engineering because he knew that it would be useful for him when he took over the family's business. Even so, he added that to get the exposure and in-depth understanding of the industry that he needed and that

could not be obtained inside the classroom, he did his practicum in a construction company. Furthermore, according to Yaacob (1989), working in related fields acts as a stepping stone for developers to learn the basic requirements of the business and as a motivation for them to pursue their aspirations.

In terms of attending courses, the results were contradictory. Albeit the statistical findings from the postal survey proved that a majority of the sampled indigenous housing developers in Malaysia preferred to attend courses especially after their businesses had commenced, results from the interviews would show that there were a handful of housing developers who did not undergo actual courses on housing development. According to them, even if there are courses organized by the government, the private sector, or non-government organizations, these were more related to licensing and did not focus on the procedures and technical aspects.

Results of the analysis showed that the sampled indigenous housing development companies in Malaysia categorized themselves as private limited companies, have been in operation as a developer for less than 10 years with paid-up capital of between RM 250,001 and RM 1,000,000, were involved in other business activities related to housing, and employed less than 10 workers. Moreover, a majority of them preferred to develop medium-cost houses in suburban areas.

From the interviews, it can be concluded that the sampled indigenous developers in Malaysia classified their firms as small and medium private limited companies according to the size and values of their projects. The result supports those from the study conducted by Craven (1969), and Ghani and Lee (1997), who categorized size of a developer according to the number of houses developed in a project. However, results of this study are contrary to those of the study by Bather (1976), who categorized a developer according to the number of working employees. This is because, more often than not, housing firms in Malaysia only have skeleton employees to manage their daily operations. They prefer to outsource a large proportion of high-level, knowledge-intensive activities rather than to engage and retain well-performed employees (Abdul-Aziz et al., 2006).

The findings also revealed that majority of the sampled indigenous developers in Malaysia were contractors. They either started as contractors before embarking on the housing business or had become contractors after embarking on the same. Some of them acted simultaneously as contractors and housing developers. For that reason, it is interesting to note that majority of the sampled indigenous developers started their companies with a paid-up capital higher than the minimum requirement for housing development, that is, RM 250,000. This finding is validated by a managing director from Kelantan. According to him, contractors who were also developers needed to have a higher paid-up

capital to meet the minimum requirement for both the construction (from CIDB) and housing development businesses (from MHLG). He further said that high paid-up capital would make it easier to obtain bank loans.

Findings showed that the sampled indigenous housing developers in Malaysia were more inclined to develop medium-cost houses, in particular single and double-storey terrace houses. This finding supports those from the scholarly works done by Agus (1997), Goh (1997), and Yahya (1997b). Even the state corporations have shown interest in constructing medium and high-cost houses, albeit their major role is to actually construct and distribute low-cost houses (Agus, 1997). Few grounds might explain this scenario.

Aside from showing the preference for developing medium-cost houses, the findings also revealed that the sampled indigenous housing developers in Malaysia had the inclination to implement housing projects in suburban areas. This finding supports that by Goh (1997), who asserts that developers have the tendency to develop medium-terrace houses located in urban areas especially the suburbs. This is because the demand for houses in the suburbs is relatively high compared with that in urban and rural areas (Pacione, 1991). A director from Terengganu stressed that all his housing development projects took place in suburban areas. As a small-time developer, he did not have the financial capacity and sufficient labor resources to compete with big players in urban areas. Hence, he rather developed houses in suburban areas where the competition was not too tough and where construction materials were cheaper. He further elaborated that since his targeted house buyers belonged to the middle-income groups, such as teachers and government servants, prices of his houses never exceeded RM 150,000 to ensure a consistent sale.

For business strategy, this research measured the long-term plan of the sampled indigenous housing development companies in Malaysia in terms of their housing niche market, business activities, business sales, and geographical aspects to achieve success and growth.

From the findings, it can be summarized that the housing activities in Malaysia can be considered dynamic given that the developers were always in pursuit of increasing their business sales regardless of their preference to maintain their businesses in the current housing market with the same business activities in the states that they currently involved in. Malaysian indigenous developers preferred to maintain their operations in the states they were currently operating. Having familiarized themselves with the local and state's rules and regulations, any problem arising during the process, especially during the first stage of development, could be solved quickly with the help from local authorities. Implicitly, the approval process can be shortened, thus, resulting in the success of a firm.

Besides good-quality and sufficient firm resources,

locational factors have been determined as the most important in influencing a potential buyer's decision to buy houses. Demand for houses will determine firm performance. Having put high capital in each project development, developers need to ensure that sale of the houses would bring positive cash flow to the firm.

## CONCLUSIONS AND RECOMMENDATIONS

Results of the analysis showed that Malaysian indigenous developers were males, between the ages of 25 to 35 years old, with a tertiary educational back-ground. Most of them started their companies with their own initiatives because of interest in the field and their eagerness to make more money. The developers unanimously agreed that attending courses before initiating the business influences the success of a firm. In terms of profile of companies, the majority of the indigenous housing firms in Malaysia were medium-sized in scale, and they were also contractors. They either started as contractors before they became developers, or they worked simultaneously as developers and contractors. The firms also had an inclination towards developing medium-cost houses in suburban areas.

The Malaysian indigenous developers preferred to maintain their operations in the states they were currently operating. Having familiarized themselves with the local and state's rules and regulations, any problem arising during the process, especially during the first stage of development, could be solved quickly with the help from local authorities.

It can be concluded from the results that indigenous developers were still in the infancy stage as a few of them inherited the businesses from their parents. Many of them declared that they were satisfied with their performance, but actual performance is hard to measure because housing business is very localized. They have to be familiar with local government officers, they must have strong networking with other members of the industry supply chain, and they must cater to the local housing needs. This research provides few significant recommendations to various parties to help empower the indigenous developers in the housing industry.

In the interviews, many of the developers complained about the existing rules and regulations, saying these were too strict and complex. More lenient and less complicated regulations would not only benefit all developers, indigenous or otherwise, but would indirectly encourage the emergence of indigenous developers. Moreover, the government also can propose joint ventures with indigenous developers. Joint ventures between the two parties entail smaller financial capital as this would not require developers to purchase their own land. Besides costs, risks also are reduced because all preliminary investigations on market demand have already been conducted. Normally, housing projects of the government face high demand. Furthermore, the

government and NGOs should organize more courses and seminars for the developers and developers-to-be so that they get an idea on how to run a housing development business. These courses can act as a platform for indigenous housing developers to gather, exchange their experiences, and bring forward their problems to the attention of relevant government agencies. In addition, a "mentor-mentee" program should be established between the existing developers and the newcomers. Indigenous housing developers should team up with their non-indigenous counterparts and build a genuine win-win partnership. There have been few examples of successful joint ventures of housing development companies, such as that by MK Land Holdings Berhad and Glomac Berhad.

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