Business Successes of Malaysian Housing Developers

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INTRODUCTION

Despite various problems and challenges since Malaysia achieved its independence, the progress of the housing industry is rather overwhelming. Malaysia as a developing country has gained benefits from the development in the housing industry from the spill-over of employment opportunities and the substantial increase of sub-stream industries. Housing provision in Malaysia is carried out by both the public (i.e. government agencies) and the private sector with the latter touted as the main actor in the housing sector in Malaysia (Salleh, 2008).

A housing developer is an entrepreneur who initiates housing development (Maruani & Amit-Cohen, 2011). The governing law that controls the housing industry in Malaysia is the Housing Development Act (Control and Licensing) 1966 Act 118 (Amendment 2007) which defines a housing developer as:

Any person, body of persons, company, firm or society (by whatever name described), who or which engages in or carries on or undertakes or causes to be undertaken a housing development.

Housing developers must obtain a license from the Ministry of Housing and Local Government (MHLG) (Ameer, 2007) and are usually registered as members of the Real Estate and Housing Developers' Association (REHDA) of Malaysia (Jaafar & Ali, 2011).

It is fair assumption that housing developers are at the top of the supply chain and are the ones providing jobs to other professions such as consultants, material suppliers, and building contractors, among others. These developers contribute significantly to the physical outlook, economy and social aspects of certain localities. For major developments, developers have to operate within a regulatory framework of the local statutory system (Figure 1). Each development involves three parties: the public, the developer, and the planning authority.

The basic tasks of housing developers in undertaking a housing development project are the followings:

1. To acquire land for development
2. To prepare land for development (includes land conversion and subdivision and building plan approval)
3. To secure the required Development Licenses from the Ministry
4. To develop the land according to approved plans
5. To sell the houses to prospective buyers
6. To acquire a Certificate of Fitness for the project for handing over

The steps engaged are subject to the approval of government agencies. The present government

Figure 1. The development decision model
Source: Maruani and Amit-Cohen (2011)
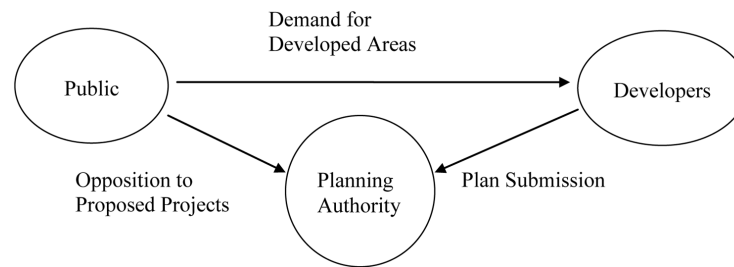
looks to work bilaterally in upholding the privileges of the housing developers and homebuyers respectively (Tan, 2011) in order to ensure growth of the industry.

Residential development is unique in terms of characteristics portrayed from the initial process until the delivery stage. Against the background of a strong economic climate, healthy competition among housing developers in Malaysia is quite evident, seen in the context of industry players being forced to think outside the box, instituting innovative products and ensuring new adaptive and flexible strategies. This keen rivalry however, has forced many new entrants to exit from this risky business, seemingly unable to compete with the traditional players ensconced within the industry. Hence, the research attempts to retrieve factors that drive successful housing developers in Malaysia towards superior performance and subsequently diminish the rate of failures among the actors of the housing development industry.

BACKGROUND AND METHODOLOGY

Undeniably, acquiring success is a highly crucial issue for firms to survive in a competitive business environment (Arslan & Kivrak, 2008). In order to comply with business process optimization, success of housing developers in Malaysia will also be associated with the ability to gain the crucial competitive edge against fellow competitors. In this sense, the concept of competitive advantage will be applied as an alternative to delineate business success. Both theories of competitive advantage and competitiveness are somewhat intertwined and give same meaning towards rendering the idea of firm performances (Man, Lau, & Chan, 2002). As a matter of fact, these notions share similar viewpoints (i.e., with the concern on long-term performance and business sustainability) and play substantial role in determining the behavior of private housing developers in Malaysia. Even though the population of the sample is only confined to private housing developers, the study on business success of their organizations and characteristics is considered valid and sufficiently scrutinized to warrant utilization.

The research is primarily qualitative in nature and involves semi-structured interviews with 10 housing developers in Malaysia. Since the approach is focused towards qualitative research, small data of respondents are acceptable to represent the population of the sample. The research design of qualitative application is chosen in order to obtain primary data as the source of research validation regardless of any analytical procedures. To that extent, few guidelines have been rendered to select the best respondents for this survey:

1. Individuals who *started up* their own business
2. Individuals who are *actively participating* in the management of the business
3. The business must be *at least be 10 years old* in housing development industry

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