



Entrepreneurial characteristics of indigenous housing developers: the case of Malaysia

*Caracteristici antreprenoriale ale dezvoltatorilor
de locuințe indigene: cazul Malaesiei*

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Abstract

Since the colonisation era, the immigrants from mainland China (and now their descendents) dominate the Malaysian housing industry. Their high entrepreneurial ethics stimulated early venture in all economic sectors to become dominant in business. To increase the participation of indigenous entrepreneurs in economic activities, Malaysia has practiced its own version of the affirmative policy since the 1970s which is known as National Economic Policy (NEP). Unlike other economic sectors such as construction, manufacturing and agricultural, the government has not provided special assistance (other than those that are generic in nature) for the indigenous populace to penetrate and thrive in housing development. As a consequence, their participation in this sector is conspicuous by their absence. A study was conducted to look into the involvement of indigenous housing developers in housing industry. Data was collected through postal questionnaires followed by face-to-face interviews. The discussion on the data analysis is presented together with interview findings.

Keywords: *indigenous housing developer, housing development industry, entrepreneur characteristic*

Rezumat

Din timpul erei de colonizare, imigranții din China continentală (și acum, urmașii lor) domină industria de locuințe din Malaesia. Etica antreprenorială înaltă a acestora a stimulat de la început investițiile riscante în toate sectoarele economice pentru a deveni dominante în afaceri. Pentru a spori participarea antreprenorilor indigeni în activitățile economice, Malaesia a practicat din 1970, o versiune proprie a politicii afirmative, care este cunoscută ca Politica Națională Economică (NEP). Spre deosebire de alte sectoare economice, cum ar fi industria de construcții, industria prelucrătoare și sectorul agricol,

guvernul nu a furnizat asistență specială (altele decât acelea care sunt generice în natură) pentru ca populația indigenă să pătrundă și să prospere în dezvoltarea de locuințe. Ca urmare, participarea lor în acest sector este remarcabilă prin absența lor. A fost efectuat un studiu pentru a analiza implicarea dezvoltatorilor indigeni de locuințe în industria locuințelor. Datele au fost colectate prin intermediul unor chestionare poștale, urmată de interviuri față-în-față. Sunt prezentate discuții privind analiza datelor împreună cu constatările interviurilor.

Cuvinte-cheie: dezvoltator indigen de locuințe, industria de locuințe, caracteristici antreprenoriale

JEL Classification: R31, L26, C83

Introduction

The housing sector in Malaysia has a significant effect on its macroeconomy. Housing contributed 4.5 percent to GDP in 1996 (Yahya, 1997). This sector also exerts overspills to 140 industries including building material, consultant services, décor, furnishing, contracting and many other industries (REHDA 2005). Furthermore, housing loans form a large part of the outstanding loans extended by banks - 25.9 percent in 2004 for residential housing and 40.6 percent in the broad property sector (BNM, 2005). Housing has also been used as a tool to “pump prime” the economy after the Asian financial crisis in 1997-98.

Private housing is the main actor in the housing sector in Malaysia. They act both as developers of housing developments and as financial providers for these developments (Thillainathan, 1997). According to Goh (1997), private housing developers are the single largest providers of medium and high-cost houses in Malaysia. It has also been acknowledged that the private sector also performs better than public housing provision through efficient allocation of resources (Agus, 2002). In view of the sudden increase in terms of number of population, the private housing developers have taken the primary lead in the provision of housing over the years. Compared to the public sector, the private sector has exceeded targets set for it over the last three Malaysia Plans, i.e. 1991-1995, 1996-2000 and 2000-2005.

The actual number of housing development firms in Malaysia is unknown due to the complex process of regulation and licensing. Real Estate Housing Developers Association of Malaysia (REHDA) has 1200 members who develop 70 percent of the housing development in Malaysia (source interview with REHDA president). There are another approximately 700 housing developers who are not members of REHDA. The licensing laws for housing developers in Malaysia mandate the developer to open a separate account for every new project so that funds collected from buyers are only used for that particular development. At the time of the research, there are 99 property development firms listed in the main

board of the Kuala Lumpur Stock Exchange (KLSE), another three in the second board. The number of Malaysian housing developers who are listed exclusively in the property counter has increased from a number of 20 in 1986, tripling in 10 years to 60 and reaching 99 by mid 2006.

Apart from 2000 developers in the industry nowadays, there is no statistical figure showing the actual indigenous entrepreneurs involved in this industry. The initial involvement of indigenous people in housing development only started following the implementation of National Economic Policy (NEP) in 1970. This 30-year programme which was implemented from Second Malaysia Plan (1971-1975) to seventh Malaysian Plan (1996-2000) was designed to protect the indigenous rights as the native descendants of Malaysia. Entrepreneurship was seen as one of the elements that can help indigenous people to improve their socio-economic circumstances. In the housing industry, the government-linked companies (GLCs) should aid in developing indigenous entrepreneurs. However the fact that GLCs have failed to fulfill their establishment's objectives (as discussed in Abdul Aziz et al., 2007) could be a main reason for small number of indigenous housing developers actively involved in the industry even after 35 years of implementation of NEP.

Speculative housing development is a rich man's 'game.' Substantial amount of money is needed for the delivery of homes. Even with copious financial assistance from banks, the entrepreneur still needs to have significant financial capital to participate in housing development. Speculative housing development is also not for the faint-hearted. The investment made can only be recouped several years later, even then with no guarantee that projected sales would be met. The entrepreneur must also be willing to absorb huge risks. Looking at under-represented of indigenous developers in Malaysia, this study was conducted to explore the specific entrepreneur's characteristics of indigenous housing developers in Malaysia.

Literature review

Entrepreneurship is defined as the creation of organisations (Gartner, 1988). What differentiates entrepreneurs from non-entrepreneurs are that entrepreneurs create new firms (Collins and Moore, 1970; Hornaday and Bunker, 1970; Gartner, 1988) and turn out to be new company founders (Draheim, 1972; Howell, 1972; Brockhaus, 1980) while non-entrepreneurs do not.

Substantial scholarly research have been done on the topic of entrepreneurship, particularly on the traits and personality characteristics that differentiate entrepreneurs from non-entrepreneurs. The traits include need of achievement (McClelland, 1961; Elias and Pihie, 1995; David et al., 1996; Jaafar et al., 2004), locus of control (Rotter, 1966; David et al, 1996; Littunen, 2000; Yusof, 2001; Jaafar et al, 2004; Gouatarbes, 2006), risk taking (McClelland, 1961; Brockhaus, 1980; Mullins and Forlani, 1998 and Gilmore et al., 2004) and tolerance for ambiguity (Schere, 1982; Sexton and Bowman, 1985 and Koh, 1996).

These traits, among others have been recognised as significant attributes that contribute to the success of an entrepreneur.

Independent

Independent means bringing new ideas and undertaking risks. Without independence, there will be no innovation or improvement (Chen et al, 2005). An entrepreneur needs creative and independent thinking to bring new ideas and undertake risks.

Self-confidence

Ho and Koh (1992) suggest that self-confidence is a necessary entrepreneurial characteristic and is related to other psychological characteristics, e.g. locus of control, tolerance for ambiguity and propensity to take risk. Entrepreneurs need to have this quality since they are expected to possess a sense of self-esteem and competence in conjunction with their business affairs. Empirical studies from the previous entrepreneurship scholars indicate that entrepreneurs have a higher degree of self-confidence in contrast to non-entrepreneurs (Robinson et al, 1991b; Ho and Koh, 1992).

Innovativeness

Schumpeter (1934) describes entrepreneurial innovation in terms of introducing new products or methods of productions, opening new markets or new sources of supply, or reorganising industries. Gartner (1990) in his paper characterises innovation as doing something new as an idea, product, service, market or technology in a new or established organisation. Evidence from past studies report entrepreneurs are significantly more innovative (Robinson et al, 1991a; Robinson et al, 1991b; Ho and Koh, 1992; Koh 1996) and more creative than non-entrepreneurs.

Risk-taking propensity

Risk-taking propensity is defined as the perceived probability of receiving rewards associated with the success of a proposed situation, which is required by an individual before subjects himself to the consequences associated with failure, the alternative situation providing less reward as well as severe consequences than the proposed situation (Brockhaus, 1980: 513). Such a definition might best describe the situation that faces the potential entrepreneur when he decides to establish a new business venture.

Even though many studies are carried out to measure the level of risk-taking propensity among entrepreneurs, the results remain inconsistent. Earlier studies indicate that established entrepreneurs tend to be moderate risk-takers (McClelland, 1961; Mancuso, 1975; Brockhaus, 1980). Subsequent studies indicate there is no major difference in risk-taking propensity between the entrepreneurs and general populations (Brockhaus, 1976; Brockhaus and Nord, 1979) or to the managers (Brockhaus, 1976, Brockhaus and Nord, 1979; Brockhaus, 1980). Yet other studies reveal that risk-taking propensity does not distinguish between successful and unsuccessful entrepreneurs (Brockhaus, 1980). Nonetheless, some studies discover that there is a higher propensity for risk-taking among entrepreneurs compared to the general populations (Broehl, 1978) and with

managers (Carland et al, 1995). Although some of the findings are paradoxical, the overall evidence indicate that entrepreneurs are moderate risk takers and do not significantly differs from managers or the general populations (Mullins and Forlani, 1998).

Proactiveness

Jun et al, (undated) define proactiveness as the ability to take initiative whenever the situation demands. Proactive behaviour is the behaviour that directly alters environments (Bateman and Grant, 1993). This behaviour refers to the relationship between individuals and the environment, whereby the result from their behaviour will influence their own environment. Other than that, Bateman and Grant (1993: 106) also justified that the proactive construct is associated with five general factors of personality.

Ability to learn from failure

Innovation and venture always go with failures, but failure is the mother of success. Learning from failure is a significant source of innovation and new business (Chen et al, 2005). Results from Chen et al. (2005) indicate that ability to learn from failure is one of the important traits that should be cultivated in entrepreneurs.

Nonetheless, a study done by Gong et al. (2005) on the dynamics of routines and capabilities in new firms reveal that in spite of learning from their mistakes, there are some firms which still refuse to acknowledge the mistakes they commit and keep on repeating the same mistakes time and again. From their observations, two main theme emerged and it can be concluded that: 1) it is difficult for the firms to learn from failures if they do not recognise themselves as failures; and 2) even if the firms recognises that the outcome of an attempt to meet a challenge is a failure, the knowledge structure supporting the firm's behaviour appears to constrain the likelihood of learning from failure (pg. 19)

Tolerance for ambiguity

An ambiguous situation arises when there is insufficient information to structure the situation. The manner in which an entrepreneur approaches the situation and administers it reflect his tolerance for ambiguity. A person who has a high tolerance of ambiguity will find ambiguous situations challenging and he will strives to overcome the unstable and unpredictable situations in order to perform well (Koh, 1996). Results from past studies reveal the majority of those who entrepreneurially inclined have a higher tolerance of ambiguity than others (Schere, 1982; Sexton and Bowman, 1985).

Need of achievement motivation

Need of achievement motivation is one of the most popular theory used to measure entrepreneurial characteristics. McClelland (1961) was the first person to establish this theory and his research on need of achievement initiated many studies in characteristics on the entrepreneur. Achievement motivation is defined as the need to achieve success in competition with some standards of excellence (Elias and Pihie, 1995). Studies by previous scholars initially indicate that successful

entrepreneurs have a high need of achievement (McClelland, 1961; Koh, 1996; Jaafar et al, 2004) and are more entrepreneurially inclined than the non-entrepreneurs (Robinson et al, 1991a; Robinson et al, 1991b).

Acquisitiveness

Acquisitiveness for money and material wealth is one of the dimensions from need of achievement motivation. Acquisitiveness is simply a motivation based on the reinforcing properties of material reward and it always related to socio-economic status (Cassidy and Lyn, 1989).

Internal locus of control

Locus of control in general refers to the degree to which an individual perceives success and failure as being contingent on personal initiative (David et al, 1996). There are three dimensions altogether to measure locus of control, i.e. 1) internal attributing; 2) chance attributing; and 3) powerful others. According to Rotter's theory (1966), internal locus of control on the other hand, is related to learning, and thus motivates and supports active striving. Internal locus of control is usually associated with entrepreneurial characteristics, whereby people with an internal locus of control believe themselves to be in control of their destiny (Littunen, 2000; Gouatarbes, 2006).

Powerful others

Powerful others is another dimension of locus of control. This item refers to the power of others over one's economic position.

Results by previous scholars on locus of control remain inconsistent. According to Jaafar et al. (2004), there is no significant relationship between all three measures for locus of control and performance. While she agrees that Malaysian contractors locus of control did not explained business success, her findings contradict with Yusof (2001). His study in different industries had shown that indigenous entrepreneurs have higher external locus of control that refers to Government support.

Methodology

Questionnaire design

The questionnaire was divided into three (3) sections; Section A dwells on demographic data. Section B consists of questions which relate to the respondents' company profile. The final section, i.e. Section C, covers entrepreneurial personality characteristics possessed by indigenous housing developers. Pilot test was conducted on five housing developers for validity. After that, minor alterations were made before the final questionnaires were sent out throughout Peninsular Malaysia for data collection.

The measures for entrepreneurial personality characteristics as shown in Table 1.

Questionnaire development of entrepreneurial personality characteristics

Table 1

	Variables:	No of item	Sources:
1.	Independent	3	Self-developed
2.	Self-confidence	3	Robinson et al, 1991.
3.	Innovativeness	3	Self-developed and Robinson et al, 1991.
4.	Risk-taking propensity	3	Self-developed
5.	Proactiveness	3	Elias and Pihie, 1995. and self-developed
6.	Ability to learn from failure	3	Self-developed
7.	Tolerance for ambiguity	3	Self-developed
8.	Need for achievement motivation	3	Cassidy and Lynn, 1989; Littunen, 2000; Jaafar et al, 2004.
9.	Acquisitiveness	3	Cassidy and Lynn, 1989.
10.	Internal locus of control	3	Littunen, 2000; Jaafar et al, 2004.
11.	Powerful others	3	Littunen, 2000; Jaafar et al, 2004.

Data collection

A total of 770 indigenous housing developers throughout Peninsular Malaysia were selected as respondents for this study. Their addresses were obtained from four different sources: Indigenous Chambers of Commerce from every state, REHDA's annual directory, local authorities and the Ministry of Housing and Local Government. A total of 38 organisations returned the questionnaires, giving the response rate of 5.2%. The sample excludes public-listed companies. Low response rate in the industry is probably due to few reasons: 1. Many developer firms were no longer in operation (based on follow-up phone calls), and 2. Many organisations were disinterested to take part in the survey. Face-to-face interviews were conducted in the hope to get an explanation to support their questionnaire survey's answer. In the last page of the questionnaire, the respondents were asked to indicate their willingness to be interviewed. Based on that, 17 housing developers were successfully interviewed to capture more in-depth information about indigenous developers.

Analysis

Table 2 shows demographic profile of 38 indigenous housing developers operate in housing industry.

Summary of demographic profile for indigenous housing developers

Table 2

Description:	Criteria:	Frequency:	Percentage (%):
Position of respondents	Top ranked management level	22	57.9
	Middle ranked management level	16	42.1
Gender	Male	37	97.4
	Female	1	2.6
Educational background	Tertiary education	29	76.3
	Secondary education	9	23.7
Area of specialisation	Related to housing	23	60.5
	Not related to housing	15	39.5
Working experiences	Related to housing	26	68.4
	Not related to housing	12	31.6
Age	25-35 years old	7	18.4
	36-45 years old	9	23.7
	46-55 years old	13	34.2
	> 55 years old	9	23.7
Age as a housing developer	< 25 years old	8	21.1
	25-35 years old	13	34.2
	36-45 years old	11	28.9
	46-55 years old	5	13.2
	> 55 years old	1	2.6
How the business is initiated?	Own initiative	18	47.4
	Hired or prompted by company	11	28.9
	Inherited	5	13.2
	Others	3	7.9
	Own initiative and purchased business	1	2.6
Reasons for initiating the business	Interest	21	55.3
	Wanted to make more money	6	15.8
	Interest and wanted to make more money	6	15.8
	Loss of job	2	10.0
	Family tradition	2	5.3
	Business diversified	1	5.3

From Table 2, it can be said that the majority of the respondents are from top-ranked management level (22 or 57.9%) and are male (37 or 97.4%). In relations to educational background, more than half of them (29 or 76.3%) received their formal education up until tertiary level, i.e. college or institute and university education. Only 9 or 23.7% of the respondents received their formal education until secondary level. Most of the respondents were from construction-related specialisations (23 respondents or 60.5%) (e.g. building/planning/architecture, construction and engineering). The others (15 respondents or 39.5%) were from

different disciplines (e.g. banking, accounting/finance and manufacturing of leather goods).

Seeing that most of the respondents specialised in areas related to construction therefore it is therefore not surprising to discover that 26 or 68.4% of the respondents ventured into the housing industry. Only 12 respondents or 31.6% of them did not have any working experience related to housing.

In terms of age, the majority of the respondents were between 46-55 years old (13 respondents or 34.2%), followed by between 36-45 years old and more than 55 years old (nine respondents or 23.7% respectively) and between the ages of 25-35 years old (seven respondents or 18.4%). The majority of the respondents became housing developers at the age of between 25-45 years old (24 respondents or 63.1%). This is followed by respondents who becoming housing developers at the age of less than 25 years old (eight respondents or 21.1%) and more than 46 years old (six respondents or 15.8%).

Nearly half of the respondents (18 or 47.4%) started their businesses as housing developers with their own initiative. 28.9% of the respondents (11 respondents) were hired or promoted by their companies, 13.2% (five respondents) inherited the businesses while the remaining started their businesses through other means (e.g. partnership, business acquisition, etc.) (four respondents or 15.3%). When the respondents were asked on the reasons for initiating the business, many answered interest in the field (21 respondents or 55.3%) as their first reason followed by wanted to make more money and both (each six respondents or 15.8% respectively). Only a small number of respondents went into the businesses because of family tradition (two respondents) and for other reasons (e.g. dissatisfied with former job, loss of job and business diversification) (three respondents).

Company profile of indigenous housing developers.

The profile of the 38 indigenous housing developers are summarised in Table 3.

Summary of the indigenous housing company profile in Malaysia

Table 3

Description:	Criteria:	Frequency:	Percentage (%):
Company's duration	1-5 years	7	18.4
	6-10 years	15	39.5
	> 10 years	16	42.1
Legal status	Private limited	37	97.4
	Partnership	1	2.6
Core activities	One only	14	36.8
	Two activities	17	44.7
	Three activities	6	15.8
	More than three activities	1	2.6

Description:	Criteria:	Frequency:	Percentage (%):
Type of core activities of the company	Related to housing (mix development, property, consultancy and construction)	34	89.5
	Non related to housing (poultry, manufacturing and petrol retailing)	4	10.5
Business paid-up capital	< RM250 000	11	28.9
	RM250 000-RM500 000	9	23.7
	RM500 001-RM550 000	1	2.6
	RM550 001-RM1 000 000	10	26.3
	> RM1 000 000	7	18.4
Number of workers	1-10 peoples	27	71.1
	11-20 peoples	5	13.2
	> 20 peoples	6	15.8

From Table 3, it can be concluded that the majority of the housing development companies that took part in this research had been in operation for more than 10 years (16 firms or 44.7%). This is followed by companies which had been in operation between 6-10 years (14 firms or 36.8%) and between 1-5 years (six firms or 15.8%). In terms of legal status, only one company opted for partnership while the remaining 37 firms opted for private limited companies.

Most of the companies started their businesses with build-up capital of less than RM250,000 and between RM550,001-RM1,000,000 (11 or 28.9% and 10 or 26.3% companies respectively). This is followed by companies with build-up capital of between RM250,000-RM500,000 (9 or 23.7% companies), more than RM1,000,000 (seven or 18.4% companies) and between RM500,001-RM550,000 (one or 2.6% company). In terms of workers, 27 or 71.1% of the housing companies have less than 10 workers, six or 15.8% firms have more than 20 workers and five or 13.2% firms have between 11-20 workers.

In terms of core activity, the majority of housing developers companies in Malaysia are also involved in few other activities related to housing development (34 or 89.5% firms) such as mix development, property, consultancy and construction while only 4 or 10.5% are also actively involved in non-housing related activities such as poultry, manufacturing and petrol retailing.

For entrepreneurial characteristics, the original 11 variables (33 items) were subjected to the factor analysis test and the results are shown in Table 4. The analysis has divided the items under 8 components and the all the reliability results for new variables are more than 0.5. The eight components created are named as proactiveness and self-efficacy, powerful others, independent, acquisitiveness, risk-taking propensity, internal locus of control, tolerance for ambiguity; and ability to learn from failure. From the mean value, it shows that indigenous housing developers score high mean for proactiveness (m=4.14) followed by ambiguity (m=3.63), independent and internal (m=3.59) and acquisitiveness (m=3.57).

Descriptive statistics and reliability coefficients for the major variables

Table 4

Variable	Mean	Standard deviation	Crombach alpha
Proactiveness and self-efficacy	4.14	0.46	
Nothing is more exciting than to see my ideas turn into reality	4.39	0.72	0.904
I am constantly on the lookout for new ideas	4.37	0.71	
I like to put together housing designs/concepts in a new way	4.13	0.94	
I regard previous mistakes as learning experiences	4.03	0.15	
I get real excited when I think of new ideas to stimuli my business	4.55	0.60	
When I make plans, I am almost certain to make them work	3.95	0.77	
I get excited when I am able to approach tasks in novel ways	4.11	0.89	
I like to be busy all the time	4.11	0.86	
I can handle unpredictable situations	3.61	0.92	
Powerful others	2.67	1.04	
In order to have my plans work, I make sure they fit in with desires of people who have power over me	2.84	1.05	0.871
Getting what I want requires pleasing those people above me	2.61	1.18	
I feel like what happens in my life is mostly determined by powerful others	2.55	1.27	
Independent	3.59	0.98	
If need be, I can work on my own rather than as a team	3.39	1.26	0.768
If need be, I can make my own decision	4.11	1.01	
I do not care too much what others think about me	3.26	1.13	
Acquisitiveness	3.57	0.89	
It is important for me to make lots of money	3.45	1.20	0.684
If there is an opportunity to earn money, I am usually there	3.68	1.02	
Risk-taking propensity	2.89	0.98	

Variable	Mean	Standard deviation	Crombach alpha
I am willing to take whatever risks	3.26	1.18	0.571
I find it exciting to take risks	2.53	1.06	
Internal locus of control	3.59	0.76	
I have often found that what is going to happen will happen	3.34	1.02	0.759
I am usually able to protect my personal interest	3.29	1.06	
I think more of the future than of the present and the past	4.13	0.94	
Tolerance for ambiguity	3.63	0.79	
Sudden changes should be kept to the minimum	3.45	1.06	0.627
I am most comfortable if things are going the usual way	3.82	0.93	
Ability to learn from failure	3.36	1.14	
I don't like to be given any second chances after I made a mistake	3.00	1.34	0.531
I still make the same decision although I know that it is wrong based on previous experiences	3.71	1.30	

Discussions

Indigenous profile

Although 42% of the respondents were middle-ranked managers, but from interviews, the researchers discovered that in some companies, they were given full responsibility to run the entire operation of the company from administration to technical works with exception of matters involving finance. These people can be categorised as 'intrapreneurs (Hui et al. 2006) where they are also similar with entrepreneurs in that they demonstrate initiative, innovativeness, risk taking propensity and ability to implement new ideas within the organisation. Only the difference between them is intrapreneurs are neither originators nor founders of the business (Pinchot, 1985). This is supported by one of the interviewee which stated that:

"I make all decisions except for things involving accounts ... even technical matters with government also I decide. If that thing is too difficult, then only I will refer to him for advise, but I still make the decision. If it is regarding account, then the Chairman is in charge"

From the above analysis, most of the indigenous developers are well-educated. They either specialised in business, management or other areas related to housing and construction industry. However, from the interviews, four interviewees commented that having lower formal education did not prevent them from becoming housing developers. What is more important are experience and capital, not high education. Two interviewee stated:

“He is from a business family. His father opens up a business, then gave to his children to handle. His first business was in retailing, then many more...food stall...stationary...printing...ready mix...then he bought over a housing company, and became a developer. To him, housing is another diversification of his business and it gives good returns”

“I love challenge. It so happened one day I have a Chinese friend. He challenges me to buy over his land and develop into housing estate. I accept the challenge, I did it. So that’s how I started in housing...but I can’t deny, housing give good returns...high risk, but also high returns”

It is possible that their earlier involvement in the industry stimulates their interest to seriously delve into housing development. The interviews reveal that interviewees become housing developers at such an early age because they were either promoted or hired by the companies they work in or inherited. For those who were promoted by the company, they were offered the job on the basis that they had many working experiences in related field and construction. Two interviewees stated:

“...he appointed me into this company when he wanted to start this business because of my experience...construction, development”

“I am just having my secondary education but I have lots of working experiences...wholesale, technical works, market and research company, housing...based on my this, they hire me to run the operation”.

But few of them inherited the business they were expected to continue and expand. They have been exposed to this world from young and they purposely underwent training and specialised in housing related field. This preparation was necessary for them to face any challenges when they take over the business. One of the interviewee stated:

“I followed him wherever he went since young...from there, I’m interested in the business...I studied in building architecture, I went for training...all these just for training purposes for getting the experience”

Another interviewee reports:

“This is my family business. My dad is still around but he’s old...he leaves everything to me and expect me to continue and expand this tradition, but he is still one of the Managing Directors”.

Most of the respondents indicate their early involvement in housing industry at young age. They might probably think that the question refers to their

start up carrier in housing development. Many of them either inherit the business or have been prompted by the company by taking into consideration their vast experience in the industry. But there are a few of them who started the business quite late i.e. after having accumulated sufficient wealth either from working as a government servant, in the private sector or have other businesses beforehand. They regard their actions as a form of business diversification and investments. These interviewees consider housing as a profitable business. Two interviewees stated:

“I was a government servant. I have some savings, I opted for early retirement...one of the reasons I am in this industry because I have the experience in related field and this field promises good returns...it's risky but it has good returns”.

“...I was a professional architect...after twenty years, you get burned out doing the same thing, you want something different, something that is related to your field, something that is profitable...I got the opportunity in housing, so here I am”.

It can be seen from the above discussion that their main aim of becoming a developer was because of interest and intention to make more money.

Company operation

Most of the companies were started in the 1980s, i.e., 10 years after NEP. Perhaps the impact of NEP has not been so significant in the housing industry unlike in the contracting sector (see Jaafar et al., 2004). For example, indigenous entrepreneurs need to have high capital to start a housing development. Furthermore, they also have to take high risk, especially when they cannot make good sales from their development. As discussed earlier, most of the interviewees were also involved in construction or housing-related businesses other than housing per se. Nevertheless, they were also involved in other activities such as mining, property development, petrol retailing, transportations, manufacturing and consultancy (one interviewee respectively).

The result from an interview supports the quantitative result. One of the interviewees revealed that

“My chairman is from a business family...he has many businesses...grocery store, food stall, rent houses...but now, he sells most of his business and diversifies to other businesses...among the remaining and active businesses that he has other than housing and construction are stationary, printing and ready-mix”.

However, looking at their early involvement in more than one core activities, it is not surprising to find that quite a number of the respondents can be categorised as medium size with paid up capital of more than RM500,000.00 and having more than ten employees.

Entrepreneurial characteristics

In terms of proactiveness, the respondents agreed that proactiveness is one of the important characteristic that must be possessed by housing developers in order to make them more competitive. There are some respondents who became proactive by practising joint ventures with land owners and the state government in developing housing project, while others purchased cheap land during bank's auction. There was one developer who initiated proactiveness by buying other companies that were about to go out of business, take over the businesses to produce similar products. However, before he bought over any company, he would do a background search on the company. One interviewee responded:

“Purchasing business from others is ok. We buy over other's business. That firm has a potential but they are facing financial and management weaknesses, so, we just buy over....”

Findings from the interview indicated that 6 out of 10 respondents agreed that innovativeness is one of the important characteristic in order to be a housing developer. The respondents practised all sorts of innovation in order to be more aggressive and competitive. There were some respondents who practised innovation in terms of finance whereby they included all the services the buyers need, e.g. stamping and lawyer fees as a package in the selling price.

Other than finance innovation, the respondents also innovated through their product performance and system. Here, the respondents try to fulfil the market demands by offering more amenities and new designs to the consumers within the affordable range. There were also some respondents who practised innovation in terms of delivery whereby they produce houses with some space at the front and back of the house for extension. They were of the opinion that other than housing design, the buyers also like to have some space for extension. One of the interviewees replied:

“Like in our place, design is one criteria, and another criteria is the area of the house. People could buy it because they need to extend the house after 10 or 20 years later....”

Need for achievement motivation was identified as an important characteristic in order to be a developer. The majority of the respondents were highly motivated because they were willing to attend courses before and after starting their housing companies in order to learn more about managing their business successfully. Other than that, seeing that housing developers are profit-driven, some of the respondents used money as a motivation to engage themselves in housing industry. According to one interviewee:

“As I said earlier....interest. if can, we can make more money in whatever we involved must have certain amount of profit...”

Findings from the interviews also indicated that the respondents were willing to face ambiguous situations. They were willing to take the risks and venture themselves in situations where they themselves do not know what is going

to happen next. Although the respondents were willing to take risks, this does not mean they enjoyed taking risks. Before venturing in risky and ambiguous situations, they would study the current market trend beforehand and try to predict how far the outcome from their action will influence the future market trend. One interviewee stated:

“Actually, in housing development, we use the term calculated risk.....so we have to assess the risk. Don't jump into the wagon until after you check the condition of the wagon la.”

Conclusions and recommendation

There is no way that the indigenous commercial community can catch up with their non-indigenous counterparts who have made great strides during these 50 years after independence, to the extent that they are now exporting their services in places as far as the U.S., South Africa and Australia. Closer to home, they have made their mark in countries like India, China, Cambodia and Vietnam. Even so, the interview results indicate that a few of them do have strong motivation and capability to succeed. The higher mean for proactiveness, ambiguity, independent, internal and acquisitiveness show that they possess some entrepreneurial characteristics. Their late involvement might explain their poor performance. They entered the industry late in their careers while competing with many established non-indigenous housing developers. Thus, whatever initiatives that are put in place can only aspire to marginally narrow the gap between the bumiputera and non-bumiputera participation in housing development.

Local authorities, economic state agencies and government-linked companies (GLCs) should constantly partner with private businesses to help them develop houses mainly due to limited internal resources. Such public organisations should be made to be more amenable to indigenous housing developers than they already are, even first-time players. Of course, safeguards must be put in place to ensure that the interests of the public organisations are protected, especially the scarcest and most valuable resource that the public organisations offer – land. Another possible way of augmenting bumiputera participation in housing development is for bumiputera entrepreneurs to team up with their non-bumiputera counterparts in a genuine win-win partnership.

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