

**ENTREPRENEURSHIP-RELATED FACTORS
AND FIRM PERFORMANCE: A STUDY ON THE
BUMIPUTERA HOUSING DEVELOPERS IN
PENINSULAR MALAYSIA**

ROSLINDA BINTI ALI

UNIVERSITI SAINS MALAYSIA

2011

**ENTREPRENEURSHIP-RELATED FACTORS
AND FIRM PERFORMANCE: A STUDY ON THE
BUMIPUTERA HOUSING DEVELOPERS IN
PENINSULAR MALAYSIA**

by

ROSLINDA BINTI ALI

**Thesis submitted in fulfillment of the requirements
for the Degree of Doctor of Philosophy**

July 2011

ACKNOWLEDGEMENTS

All praises to Allah, with HIS permission and grace, I managed to complete this research within the time duration of my study. *Alhamdulillah*, after all the pain and hardship that I went through, I managed to overcome every obstacle and produce this thesis.

I would like to express my special thanks and gratitude to my supervisors, Prof. Madya Dr. Mastura Jaafar and Prof. Dr. Abdul Rashid Abdul Aziz for their guidance, advice and suggestions in the writing of this thesis as well as acted as co-reviewer.

To the Institute of Valuation (INSPEN), thank you very much for granting USM such a generous research grants that enabled me to undertake this research. I would also like to extend my sincere appreciation to those that were involved directly or indirectly in the process of this research.

To all my friends, thank you so much for all the help and moral support given to me especially during the difficult times of my study. Without your support, the completion of this research would not have been possible.

Finally, I am very grateful to all my family members, especially to my loving husband and daughter, whose patience, understanding, encouragement and sacrifices have enabled me to complete the thesis.

TABLE OF CONTENTS

Acknowledgement	ii
Table of contents	iii
List of Tables	vii
List of Figures	xii
List of Abbreviations	xiii
Abstrak	xiv
Abstract	xvii
CHAPTER ONE: INTRODUCTION	1
1.1 Research background	1
1.1.1 Background of the housing sector	1
1.1.2 The housing demand and supply	4
1.1.3 Private housing developers in Malaysia	6
1.1.3.1 Bumiputera developers in the housing industry in Malaysia	14
1.1.3.2 The Bumiputera versus the Chinese housing developers in Malaysia	17
1.2 Problem statement	18
1.3 Research objectives	23
1.4 Research questions	24
1.5 Significance of research	24
1.6 Definition of key terms	25
1.6.1 Housing development companies	25
1.6.1.1 Bumiputera housing development companies	25
1.6.2 Housing developers	27
1.6.2.1 Bumiputera housing developers	28
1.6.2.2 Non-Bumiputera housing developers	29
1.6.3 Size/categorisation of a housing development company	29
1.6.4 Owner/manager	33
1.7 Outline of the thesis	34
1.7.1 Chapter One: Introduction	34
1.7.2 Chapter Two: Literature Review	34
1.7.3 Chapter Three: Methodology	34
1.7.4 Chapter Four: Analyses and Findings	34

1.7.5	Chapter Five: Discussion	35
1.7.6	Chapter Six: Conclusion	35
CHAPTER TWO: LITERATURE REVIEW		36
2.1	Overview of the chapter	36
2.2	Approaches to the theory of entrepreneurship	36
2.2.1	Entrepreneurship from the economic perspective	38
2.2.2	Entrepreneurship from the psychological perspective	44
2.2.3	Entrepreneurship from the sociological perspective	47
2.2.4	Entrepreneurship in a unifying context	49
2.3	Factors affecting the growth and performance of a firm	60
2.3.1	Entrepreneurship-related factors	61
2.3.1.1	Owner/manager	61
2.3.1.2	Firm characteristics	76
2.3.1.3	Personal networking	82
2.3.2	Firm performance	85
2.4	Summary	87
CHAPTER THREE: METHODOLOGY		88
3.1	Overview of the chapter	88
3.2	Theoretical framework	88
3.2.1	Entrepreneurship-related factors	92
3.2.1.1	Owner/manager	92
3.2.1.2	Firm characteristics	97
3.2.1.3	Personal networking	100
3.2.2	Firm performance	102
3.3	Methodology for data collection	103
3.3.1	The mono-method studies	105
3.3.2	The mixed method studies	108
3.3.3	The mixed model studies	111
3.3.4	Methodology adopted for the present research	114
3.3.4.1	Rationale for adopting the chosen method	116
3.3.5	Sampling procedure	117
3.3.6	Questionnaire development	124
3.3.7	Pilot study	130
3.3.8	Validity and reliability	131
3.3.9	Response rate	132
3.3.10	Data analysis	134
3.3.11	Instrumentation of variables	137
3.3.11.1	Entrepreneurial characteristics	139
3.3.11.2	Firm performance	149
3.4	Summary	150

CHAPTER FOUR: ANALYSES AND FINDINGS	151
4.1 Overview of the chapter	151
4.2 Introduction	151
4.3 Owner/manager	153
4.3.1 Background of the owner/manager	155
4.3.2 Owner/manager's entrepreneurial characteristics	164
4.4 Firm characteristics	169
4.4.1 Background of the company	170
4.4.2 Business strategy	179
4.5 Personal networking	181
4.6 Comparisons between the sampled housing developers in Peninsular Malaysia according to ethnic groups	186
4.6.1 Comparisons on the personal background of the sampled housing developers in Peninsular Malaysia according to ethnic groups	187
4.6.2 Comparisons on the entrepreneurial characteristics of the sampled housing developers in Peninsular Malaysia according to ethnic groups	191
4.6.3 Comparisons on the background of the sampled housing development companies in Peninsular Malaysia according to ethnic groups	193
4.6.4 Comparisons on the business strategy of the sampled housing development companies in Peninsular Malaysia according to ethnic groups	197
4.6.5 Comparisons on the personal networking with the professional/non-professional bodies of the sampled housing developers in Peninsular Malaysia according to ethnic groups	199
4.7 Summary	202
 CHAPTER FIVE: DISCUSSION	 203
5.1 Overview of the chapter	203
5.2 Owner/manager	203
5.2.1 Background of the sampled Bumiputera housing developers in Peninsular Malaysia	203
5.2.2 Entrepreneurial characteristics of the sampled Bumiputera housing developers in Peninsular Malaysia	212
5.3 Firm characteristics	218
5.3.1 Background of the sampled Bumiputera housing development companies in Peninsular Malaysia	218
5.3.2 Business strategy of the sampled Bumiputera housing development companies in Peninsular Malaysia	223
5.4 Personal networking of the sampled Bumiputera housing developers in Peninsular Malaysia	226
5.5 Comparisons between the sampled housing developers in Peninsular Malaysia according to ethnic groups	228
5.5.1 Background of the owner/manager	228
5.5.2 Entrepreneurial characteristics	230
5.5.3 Background of the company	232

5.5.4	Business strategy	234
5.5.5	Personal networking with the professional/non-professional bodies	234
CHAPTER SIX: CONCLUSION.....		237
6.1	Conclusion of the research	237
6.2	Contribution of knowledge	240
6.3	Limitations of study	241
6.4	Recommendations for future research	243
6.5	Policy implications	244
REFERENCES		247
APPENDIX A		280
APPENDIX B		286
APPENDIX C		287
APPENDIX D		297
APPENDIX E		299
APPENDIX F		300
LIST OF PUBLICATIONS		301

LIST OF TABLES

<u>Table no.</u>		<u>Page no.</u>
1.1	Peninsular Malaysia: Performance of residential construction in terms of value gross outputs (RM million)	3
1.2	Malaysia: Population size by ethnicity	4
1.3	Urban annual growth rate, 1955-2010	5
1.4	Malaysia: Mean monthly gross household income by ethnic groups (Ringgit Malaysia)	6
1.5	Malaysia: Public and private sector housing progress and targets (units)	9
1.6	Public and private sector housing targets, 2006-2010 (units)	14
2.1	Selected definitions on entrepreneurs by entrepreneurship scholars	38
2.2	Similarities and differences between the basis of entrepreneurial concept from the early economic perspective	42
2.3	Selected psychological characteristics associated with entrepreneurs	47
2.4	Selected entrepreneurship's determinants used by past researchers in their framework	55
2.5	Selected studies on entrepreneurship between background of the entrepreneur and firm performance	62
3.1	The evolution of methodological approaches in the social and behavioural sciences	104

3.2	Differences between the quantitative and qualitative approach	106
3.3	Strengths and weaknesses of quantitative and qualitative studies	107
3.4	Summary of the accumulation of sample size for the postal survey	121
3.5	Number of respondents interviewed according to states	122
3.6	Questionnaire development	126
3.7	Results of reliability analysis	132
3.8	Summary of results of factor analyses carried out	140
3.9	Factor loadings and Cronbach's alpha for Component 1	142
3.10	Factor loadings and Cronbach's alpha for Component 2	143
3.11	Factor loadings and Cronbach's alpha for Component 3	143
3.12	Factor loadings and Cronbach's alpha for Component 4	144
3.13	Factor loadings and Cronbach's alpha for Component 5	144
3.14	Factor loadings and Cronbach's alpha for Component 6	145
3.15	Factor loadings and Cronbach's alpha for Component 7	146
3.16	Factor loadings and Cronbach's alpha for Component 8	146

3.17	Components and items for entrepreneurial characteristics from factor analysis	147
4.1	Response rate of the Bumiputera housing development companies that took part in the postal survey and face-to-face interviews	152
4.2	List of Bumiputera housing development companies that were identified according to states in Peninsular Malaysia	153
4.3	Background of the sampled Bumiputera housing developers in Peninsular Malaysia	156
4.4	Cross tabulation test between personal background of the sampled Bumiputera housing developers in Peninsular Malaysia and firm performance	158
4.5	Entrepreneurial characteristics of the sampled Bumiputera housing developers in Peninsular Malaysia	165
4.6	Correlation test between entrepreneurial characteristics of the sampled Bumiputera housing developers in Peninsular Malaysia and firm performance	166
4.7	Background of the sampled Bumiputera housing development companies in Peninsular Malaysia	171
4.8	Cross tabulation test between background of the sampled Bumiputera housing development companies in Peninsular Malaysia and firm performance	177
4.9	Business strategy of the sampled Bumiputera housing development companies in Peninsular Malaysia from year 2006 to 2010	179
4.10	Cross tabulation test between business strategy of the sampled housing development companies in Peninsular Malaysia and firm performance	180

4.11	Personal networking of the sampled Bumiputera housing developers with the professional/non-professional bodies in Peninsular Malaysia	183
4.12	Correlation test between personal networking with the professional/non-professional bodies of the sampled Bumiputera housing developers in Peninsular Malaysia and firm performance	184
4.13	Background of the sampled housing developers in Peninsular Malaysia according to ethnic groups	188
4.14	The <i>t</i> -test analysis between the sampled Bumiputera and non-Bumiputera housing developers in Peninsular Malaysia in terms of firm performance	190
4.15	Mean values of significant variables for <i>t</i> -test analysis between the sampled Bumiputera and non-Bumiputera housing developers in Peninsular Malaysia in terms of firm performance	190
4.16	The <i>t</i> -test analysis on the personal background of the sampled housing developers in Peninsular Malaysia according to ethnic groups	191
4.17	Entrepreneurial characteristics of the sampled housing developers in Peninsular Malaysia according to ethnic groups	192
4.18	The <i>t</i> -test analysis on the entrepreneurial characteristics of the sampled housing developers in Peninsular Malaysia according to ethnic groups	193
4.19	Mean values of significant variables of <i>t</i> -test analysis on the entrepreneurial characteristics of the sampled housing developers in Peninsular Malaysia according to ethnic groups	193
4.20	Background of the sampled housing development companies in Peninsular Malaysia according to ethnic groups	194

4.21	The <i>t</i> -test analysis on the background of the sampled housing development companies in Peninsular Malaysia according to ethnic groups	196
4.22	Mean values of significant variables for <i>t</i> -test analysis on the background of the sampled housing development companies in Peninsular Malaysia according to ethnic groups	197
4.23	Business strategy of the sampled housing development companies in Peninsular Malaysia according to ethnic groups	198
4.24	The <i>t</i> -test analysis on the business strategy of the sampled housing development companies in Peninsular Malaysia according to ethnic groups	199
4.25	Personal networking of the sampled housing developers with the professional/non-professional bodies in Peninsular Malaysia according to ethnic groups	200
4.26	The <i>t</i> -test analysis on the personal networking with the professional/non-professional bodies of the sampled housing developers in Peninsular Malaysia according to ethnic groups	201
4.27	Mean values of significant variables of <i>t</i> -test analysis on the personal networking with the professional/non-professional bodies of the sampled housing developers in Peninsular Malaysia according to ethnic groups	201
5.1	Malaysia: Student enrolment in public institutions	210

LIST OF FIGURES

<u>Figure no.</u>		<u>Page no.</u>
2.1	Framework of determinants of entrepreneurship	52
2.2	Management behaviours, entrepreneurial style and firm type	57
2.3	Entrepreneurial intentions model	58
2.3	The entrepreneurship model of Jaafar and Abdul-Aziz (2005)	59
3.1	A proposed conceptual theoretical framework of entrepreneurship in housing development industry in Peninsular Malaysia	92
3.2	Mono-method and mixed model designs	113
3.3	Sequential strategies	115
3.4	Flowchart of the sampling procedure	123

LIST OF ABBREVIATIONS

BOD	Board of Director
CEO	Chief Executive Officer
CIDB	Construction Industry Development Board
MHLG	Ministry of Housing and Local Government
MSA	Measures of Sampling Adequacy
NEP	National Economic Policy
REHDA	Real Estate and Housing Developers' Association
ROA	Return on Asset
ROE	Return on Equity
ROI	Return of Investment
ROS	Return on Sales
SME	Small and Medium-sized Enterprises
UMNO	United Malays National Organisation

**FAKTOR BERKAITAN KEUSAHAWANAN DAN PRESTASI FIRMA:
KAJIAN MENGENAI PEMAJU PERUMAHAN BUMIPUTERA DI
SEMENANJUNG MALAYSIA**

ABSTRAK

Perumahan merupakan satu keperluan asas kepada manusia tidak kira di mana mereka berada. Selain daripada menyediakan tempat berlindung dan keperluan kepada keselamatan, perumahan juga boleh bertindak sebagai asas pelaburan bagi pembeli yang membeli rumah selain daripada untuk dijadikan tempat tinggal serta memainkan peranan untuk menyediakan peluang pekerjaan bagi industri hulu dan hiliran. Sektor perumahan di Malaysia didominasi oleh sektor swasta, yang mana projek pembangunan yang mereka jalankan telah melebihi jumlah kuota yang ditetapkan dalam pelan rangka Rancangan Malaysia selama tiga pelan berturut-turut, iaitu Rancangan Malaysia Keenam, Ketujuh dan Kelapan. Memandangkan sektor perumahan merupakan satu perniagaan yang menguntungkan dan pemilikan perumahan telah menjadi sebahagian daripada objektif NEP dalam melahirkan masyarakat Bumiputera bandar yang berasaskan perdagangan dan perindustrian, kerajaan telah bergiat aktif mendorong Bumiputera untuk terlibat dalam bidang ini.

Meskipun demikian, jumlah penglibatan kaum Bumiputera dalam sektor ini masih tidak memberangsangkan. Justeru itu, satu kajian tentang usahawan Bumiputera dalam industri pembangunan perumahan di Semenanjung Malaysia telah dijalankan bagi mencapai objektif berikut: 1) untuk mengenalpasti hubungan antara faktor berkaitan keusahawanan bagi pemaju perumahan Bumiputera berdaftar dengan prestasi firma; dan 2) untuk mengenalpasti perbezaan yang wujud antara pemaju

perumahan Bumiputera dan bukan Bumiputera. Faktor berkaitan keusahawanan dalam konteks ini merangkumi: i) latar belakang pemilik/pengurus; ii) ciri-ciri keusahawanan pemilik/pengurus; iii) latar belakang syarikat pemaju perumahan; iv) strategi perniagaan syarikat pemaju perumahan; dan v) jaringan perniagaan antara pemilik/pengurus dan badan profesional/tidak profesional.

Sebanyak 689 borang soal-selidik telah diedarkan kepada pemaju perumahan di seluruh Semenanjung Malaysia dan daripada jumlah ini, sebanyak 71 borang telah dikembalikan. Daripada jumlah tersebut, 38 borang soal-selidik adalah daripada syarikat pemaju perumahan Bumiputera manakala baki borang (33 borang) adalah daripada syarikat pemaju perumahan bukan Bumiputera. Lapan belas responden telah menyatakan persetujuan mereka untuk ditemuramah dalam borang yang kembalikan.

Analisis kajian menunjukkan bahawa pemaju perumahan Bumiputera menganggap menghadiri kursus sebelum syarikat mereka ditubuhkan, kekal menjalankan aktiviti perniagaan di tempat asal mereka, serta menjalin jaringan perhubungan sosial dengan pihak berkuasa tempatan dan pegawai bank menunjukkan hubungan yang signifikan terhadap prestasi firma. Daripada sudut sifat keusahawanan, analisis empirikal menunjukkan bahawa kesediaan untuk mengambil risiko mempunyai hubungan yang signifikan negatif terhadap prestasi firma. Dalam erti kata lain, walaupun kesediaan untuk mengambil risiko adalah penting dalam memastikan kejayaan sesuatu firma, namun begitu, seseorang individu haruslah mengambilkira risiko yang diambil kerana sebarang keputusan yang dibuat tanpa pertimbangan yang sewajarnya daripada segi kebaikan dan keburukannya mungkin akan

mengakibatkan kejatuhan sesebuah syarikat. Apabila perbandingan dibuat di antara responden pemaju perumahan Bumiputera dan bukan Bumiputera, hasil kajian menunjukkan bahawa mereka berbeza daripada sudut kecenderungan keupayaan, modal berbayar syarikat, dan perhubungan peribadi dengan konsultan. Di akhir tesis ini, beberapa cadangan telah dikemukakan kepada pihak kerajaan dan swasta bagi menggalakan penglibatan Bumiputera dalam industri pemajuan perumahan.

**ENTREPRENEURSHIP-RELATED FACTORS AND FIRM
PERFORMANCE: A STUDY ON THE BUMIPUTERA HOUSING
DEVELOPERS IN PENINSULAR MALAYSIA**

ABSTRACT

Housing is a basic need for humans since they require roofs over their heads no matter where they reside. Apart from providing shelter and as a sense of security for a family to live in, housing also acts as a basis for investments for buyers who buy houses not for dwelling purposes, and as a creation of job employment opportunities in the upstream and downstream industries. The housing industry in Malaysia is dominated by the private sector, wherein they have exceeded the targets set for housing construction in the last three Malaysia Plan outlines consecutively, i.e. the Sixth, Seventh and Eighth Malaysia Plans. Seeing that housing is a profitable business and housing ownership has become part of the NEP objectives in creating a commercial and industrial Bumiputera urban community, the government has been actively encouraging Bumiputeras to endeavour themselves in the industry.

Nevertheless, their involvement in the sector is still conspicuously under-represented. Thus, a research on Bumiputera entrepreneurs in housing development industry in Peninsular Malaysia is conducted to achieve the following objectives: 1) to establish a relationship between entrepreneurship-related factors of the registered Bumiputera housing developers in Peninsular Malaysia in relation to firm performance; and 2) to distinguish the difference between the Bumiputera and non-Bumiputera housing developers in Peninsular Malaysia. The entrepreneurship-

related factors in this context include: i) background of the owner/manager; ii) entrepreneurial characteristics of owner/manager; iii) background of the housing development companies; iv) business strategies of the housing development companies; and v) personal networking between the owner/manager and the professional/non-professional bodies.

A total of 689 questionnaires were distributed to housing developers throughout Peninsular Malaysia. A total of 71 questionnaires were returned and from the total, 38 questionnaires were from the Bumiputera housing development companies while the remaining 33 questionnaires were from non-Bumiputera housing development companies. Eighteen respondents indicated in the questionnaire booklet their willingness to be interviewed.

Findings obtained from the survey indicated that the sampled Bumiputera housing developers in Peninsular Malaysia perceived attending courses before starting their business, maintaining their business in the current states that they were involved in, and establishing personal networking with the local authorities and bankers significantly influenced the success of their firms. Apart from that, in terms on entrepreneurial characteristics, the propensity to take risk showed a negative significant relationship with the performance of the firm. In other words, it can be said that an individual's willingness to take risk was important to ensure the success of his/her firm, but he/she must take a calculated risk as decisions taken without considering the pros and cons that results from it may contribute to the downfall of a company. When comparisons were made between the two ethnic groups, namely the Bumiputera and non-Bumiputera respondents, results indicated that the sampled

groups differed in terms of self-efficacy, business paid-up capital, and personal networking with the consultants. At the end of this thesis, few recommendations were made to the government and private sectors to encourage Bumiputera participation in the housing industry.

CHAPTER ONE

INTRODUCTION

In contrast to the Bumiputera contractors who have been at the centre of attention of the media, scholars and policy makers, the housing industry has been neglected such that not many publications and written articles can be found on them. Consequently, a research on housing developers in Peninsular Malaysia, particularly the Bumiputera, is conducted to construct a profile on them in terms of the personality of the individuals, their companies' characteristics and their personal networking with the professional/non-professional bodies, and to determine how far these criteria influence the success of their firms. At the end of this thesis, several suggestions have been put forward to encourage Bumiputera participation in the housing industry.

1.1 RESEARCH BACKGROUND

1.1.1 Background of the housing sector

Housing is a basic human need, since humans require roofs over their heads no matter where they reside (Yeang 1997). Housing not only acts as a place for shelter, but it also provides a sense of security, privacy, comfort and space for the family to live in (Marcussen 1990; Maclellan and Yong 1996; Raman 1997; Imrie 2004). A good housing condition must also comprise of good living environment and provide basic amenities and infrastructure that include water and sewerage systems, drainage, irrigation and transportation (Kemeny 1992; Johal 1997). This

will eventually lead to a better standard of living for the residents (Yusof-Nor'aini 2001; Johnson 2004; Gonzalez 2005).

In addition, housing also acts as the basis of investment (Smith 1971; Goh 1997a; Hayakawa 2002; Hirayama 2003; Arku 2006a). This is because some of the house buyers purchase houses not for dwelling purposes. Instead, they perceive housing as an opportunity for making additional income through renting or commercial activities. A survey conducted by the Global Properties Guide in 2009 revealed that the yields of rental arrangements in Kuala Lumpur were relatively good, ranging between 5.5% and 8.7%.

Apart from becoming the engine in economic growth, the housing sector also creates employment opportunities (Seiders 2004a; 2004b; Arku 2006a) in both the upstream and downstream industries, such as banking, building material, manufacturing and professional consultancy. For example, in Columbia, statistics have shown that the housing industry provides wider employment opportunities in contrast to the manufacturing industry for every dollar spent in the investment (Ramachandran 1980). Other than that, the housing and construction industry have also constituted a 'port of entry' to urban labour markets (Arku 2006b), wherein it provides important source of jobs for both skilled and unskilled migrants from the countryside.

The housing sector has been recognised as a vital key component of economic activities in the urbanisation process (World Bank 1993) and in promoting a nation's economic and social growth (Sheng 1998; Zhang 2000; Hayakawa 2002;

Hirayama 2003; Usilappan 2005). In many developing countries, urbanisation is one of the important influencing factors at work that not only stimulate the economic growth in modern sectors (Agus 2002) but also contribute to the acute housing demand amongst the lower and middle-income groups in cities and other urban agglomerations (II-Seong Yoon 1994; Agus 1997; Chrisholm 1992). Since 1950, the urban population of developing countries had increased more than quadrupled, from 300 million to 1.3 billion people by 1990. By the end of the decade, two billion people were expected to be living in urban areas; 2.7 billion people by year 2010; and 3.5 billion people by year 2020 (World Bank 1993).

Malaysia is also experiencing the same scenario. In spite of various constrains and weaknesses, the growth of housing development in Malaysia has been progressive and quite impressive (Agus 1997). In terms of houses constructed, the value of gross outputs from the residential construction has been increasing over the years (Table 1.1). In year 1998, the residential construction contributed 11.2% from the total construction in Peninsular Malaysia and this has increased to 12.8% in year 2000, 14.7% in year 2002, 17.2% in year 2004, 21.8% in year 2005 and 22.3% in year 2007.

Table 1.1

Peninsular Malaysia: Performance of residential construction in terms of value gross outputs (RM million)

Year:	Total construction:	Residential construction:	Percentage of residential construction (%):
1998	28.8	6.9	11.2
2000	27.8	7.9	12.8
2002	28.7	9.1	14.7
2004	20.8	10.6	17.2
2005	35.0	13.5	21.8
2007	41.6	13.8	22.3
Total	182.7	61.8	100.0

Source: Malaysia (2008; 2009).

1.1.2 The housing demand and supply

The housing industry is a system of supply and demand (Day 1996). Over the years, scholars have recognised various factors that contribute to the strong demand of housing. These factors include: 1) population growth and age profile (Ketchum 1954; Choo 1997; Fernandez 2005); 2) urbanisation and migration (Charles 1977; Choo 1997; Yeang 1997); and 3) household income (Ketchum 1954; Charles 1977; Choo 1997; Fernandez 2005).

In terms of population growth, the Malaysian population has been steadily increasing since its Independence. Until year 2005, the Malaysian population has increased to 26.75 million persons with the Malays being the largest citizen (16.06 million persons) followed by the Chinese (6.15 million persons) and the Indians (1.83 million persons) (Table 1.2). It is expected that by the year 2010, the Malaysian population will increase to 28.96 million persons. With the growing population, more houses are required in order to fulfil the needs of the populace and this requirement becomes more crucial in urban areas.

Table 1.2

Malaysia: Population size by ethnicity

Ethnicity:	Year (million persons):								
	1970:	1975:	1980:	1985:	1991:	1995:	2000:	2005:	2010:
Malays	4.82	5.53	6.38	7.30	10.73	12.47	14.35	16.06	17.95
Chinese	3.27	3.71	4.14	4.59	5.02	5.22	5.76	6.15	6.52
Indians	0.98	1.11	1.24	1.37	1.41	1.49	1.70	1.83	1.97
Others	0.73	0.83	0.90	0.96	0.59	0.50	0.27	0.32	0.35
Non-citizens	-	-	-	-	0.80	1.00	1.41	2.39	2.17
Total	9.80	11.18	12.66	14.22	18.55	20.68	23.49	26.75	28.96

Source: Malaysia (1981a, 1996, 2001, 2006)

As mentioned earlier, in many developing countries, urbanisation has been recognised as one of the important contributors to the economic growth and housing demand among the populace. In Malaysia, the urbanisation process has taken place since Independence Day seeing that the Malaysian government wanted to stabilise the economy for all Malaysians (Ho 2006; Sahari 2009) (Table 1.3). The urbanisation process does not only revolves around the rural Malaysians migrated to urban areas but also the influx of foreign workers to Malaysia to seek for jobs and opportunities for a better life. These migrants require houses to live and those with a higher purchasing power tend to choose better quality and more luxurious accommodations to suit their lifestyle. Thus, this will indirectly increase the housing demand in urban areas (Gollan and Gillen 2004).

Table 1.3

Urban annual growth rate, 1955-2010	
Year:	Urban annual growth rate (percentage, %):
1955-1960	5.56
1961-1970	10.34
1971-1980	9.32
1981-1990	8.87
1991-2000	9.44
2001-2010	6.69

Source: World population prospects: the 2007 revision population database (2008)

Another factor that contributes to the increase of housing demands especially in urban areas is the income levels of the populace. Since the 1970's, there is a significant increase on the income level and quality of life for all Malaysians in both the urban and rural areas irrespective of their race (Table 1.4). With an increasing income level, the populace has greater affordability to purchase more quality and

luxurious houses either as their first ownership or as investment purposes (Hayakawa 2002; Hirayama 2003; Arku 2006a).

Table 1.4

Malaysia: Mean monthly gross household income by ethnic groups (Ringgit Malaysia)

Ethnicity:	1970*:	1979*:	1984*:	1987*:	1990:	1995:	1999:	2004:
Malays	172	296	616	614	940	1 604	1 984	2 711
Chinese	394	565	1 086	1 012	1 631	2 890	3 456	4 437
Indians	304	455	791	771	1 209	2 140	2 702	3 456
Others	831	1 147	1 775	2 043	955	1 284	1 371	2 312
Urban	428	587	1 114	1 039	-	2 589	3 103	3 956
Rural	200	331	596	604	-	1 326	1 718	1 875

*refers to Peninsular Malaysia only

Source: *Malaysia (1981b, 1986b, 2001, 2006)*

1.1.3 Private housing developers in Malaysia

In Malaysia, the supply of houses is provided by the public and private sector and its provision is governed by the National Housing Policy. The main objective of the policy is to provide adequate, quality and affordable houses to all Malaysians where the focus of the public sector is to the low-income group. Even though the public sector has been substantially involved in constructing houses for the low income group programmes, nevertheless, the private sector is still obligated to allocate 30% of their housing development projects to low-cost houses despite of their continuation to build houses to meet the overall market demand (Rahman 2005).

Endan (1988) has defined private housing developers as an entrepreneur who constructs houses for a profit. There are differences between the public and private sector housing developers. The housing projects constructed by the former are normally funded by the government through funds that have been allocated under

the national budget (Sirat et al. 1999). Meanwhile, for the private sector housing developers, their housing schemes are normally self-financed, deposited through would-be buyers or obtained from the finance market (Sirat et al. 1999). For that reason, it is noteworthy to discover that the behaviour of a private developer is typically influenced by profit-driven motives (Drewett 1973; Yusof-Nor'aini 2004).

In developing a housing scheme, developers have to undergo various processes before the project may take off. The processes include (Goh 1997a; Wan-Mohd-Dzulkifli 2009):

1. Purchasing of land;
2. Land use conversion and subdivision;
3. Preparation of various plans such as subdivision, earthwork, layout, building, engineering and landscape;
4. Approval of various plans;
5. Obtaining advertising and marketing permits;
6. Construction; and
7. Issuance of certificate of fitness.

Consequently, it can be regarded that the actual housing projects also incorporate the provision of various prescribed facilities and amenities in addition to the safeguarding of the environment (Sudin 1997).

The involvement of the private housing developers in Malaysia only started in the late 1950's. In the early years of Independence, the private developers have developed only the medium and high-cost houses. Nevertheless, in order to comply

with the NEP policy, the private developers have expanded their market and started to develop low-cost houses as well seeing that the demand for low-cost houses have started to increase. From here onwards, the involvement of the private developers have expanded rapidly (Yap 1991) and thus, they have become a key player in the housing provision (Johnstone 1984; Lim 1997; Thillainathan 1997; Khalid 2005). Subsequently, the private developers have become the single largest providers of medium and low-cost houses in Malaysia (Goh 1997a).

Consequently, it is noteworthy that the private sector has exceeded the target set by the government for housing construction in the Malaysia Plan outlines (Table 1.5). The only time the achievements of the private sector decreased were during the Fourth and Fifth Malaysia Plan (year 1981-1985 and year 1986-1990 respectively). The sluggish demand for houses in the Fourth Malaysia Plan was due to the slower income growth, difficulties in obtaining housing loans, high market rates and high prices of houses (Malaysia 1986b). The slow demand for houses in the Fifth Malaysia Plan on the other hand, was mainly due to project abandonment (Malaysia 1991). However, from the Sixth Malaysia Plan onwards, the performance of the private sector in housing construction has increased tremendously and they have continually exceeded the target set by the government in in the Seventh and Eighth Malaysia Plan (Refer to Table 1.5). It is targeted in the Ninth Malaysia Plan the private sector will construct 80 400 units of low-cost houses, 183 600 units of medium-cost houses and 199 095 units of high-cost houses (Table 1.6).

Table 1.5

Malaysia: Public and private sector housing progress and targets (units)

Programme:	Second Malaysia Plan:			Third Malaysia Plan:			Fourth Malaysia Plan:		
	Target:	Achieved:	% of target:	Target:	Achieved:	% of target:	Target:	Achieved:	% of target:
Public sector	-	86 076	-	220 800	121 510	55.0	398 570	201 900	50.7
Public low-cost housing scheme	-	13 244	-	62 200	26 250	42.2	176 500	71 310	40.4
Federal agencies and regional development authorities housing programmes	-	41 965	-	117 300	36 770	31.3	-	-	-
Institutional quarters and other staff accommodation	-	24 240	-	41 300	20 560	49.8	58 500	25 450	43.5
Medium and high-price housing programmes	-	6 627	-	-	37 930	-	53 560	70 160	131.0
Housing in land schemes	-	-	-	-	-	-	110 010	34 980	31.8
Private sector	-	173 734	-	262 000	362 680	138.4	524 730	204 170	38.9
Private developers	-	64 862	-	100 000	199 490	199.5	349 470	104 800	30.0
Cooperative societies	-	3 585	-	12 000	4 120	34.3	25 260	4 570	18.1
Individual and groups	-	105 287	-	150 000	159 070	106.4	150 000	94 800	63.2
Total	-	259 810	-	482 800	484 190	100.3	923 300	406 070	44.0

Continue on the next page

Table 1.5 (continued)

Programme:	Fifth Malaysia Plan:								
	Low-cost:			Medium-cost:			High-cost:		
	Target:	Achieved:	% of target:	Target:	Achieved:	% of target:	Target:	Achieved:	% of target:
Public sector	120 900	74 332	61.5	27 900	21 354	76.5	200	1 440	720.0
Public low-cost housing	42 880	26 172	61.0	-	-	-	-	-	-
Sites and services schemes	2 920	- ¹	-	-	-	-	-	-	-
Housing by land schemes	57 500	31 827	55.4	-	229	-	-	-	-
Institutional quarters and staff accommodation	4 400	5 882	133.7	22 500	5 116	22.7	100	286	286.0
Commercial agencies	13 200	10 451	79.2	5 400	16 009	296.5	100	1 154	1154.0
Private sector	372 100	90 064	24.2	180 200	95 428	53.0	26 100	18 310	70.2
Ordinary low-cost housing	130 400	4 937	3.8	-	-	-	-	-	-
Special low-cost housing programme (SLCHP)	240 000	83 940	35.0	-	-	-	-	-	-
Medium-cost housing	-	-	-	146 000	89 741	61.5	-	-	-
High-cost housing	-	-	-	-	-	-	23 600	17 701	75.0
Cooperative societies	3 700	1 187	32.1	6 300	5 687	90.3	2 500	609	24.4
Total	495 000	164 396	33.2	180200	116 782	64.8	26 300	19 750	75.1

Continue on the next page

Table 1.5 (continued)

Programme:	Sixth Malaysia Plan:								
	Low-cost:			Medium-cost:			High-cost:		
	Target:	Achieved:	% of target:	Target:	Achieved:	% of target:	Target:	Achieved:	% of target:
Public sector	126 800	46 497	36.7	44 600	35 195	78.9	2 600	2 850	109.6
Public low-cost housing	24 430	10 669	43.7	-	-	-	-	-	-
Sites and services schemes	15 570	4 707	30.2	-	-	-	-	-	-
Housing by commercial agencies	13 100	18 804	143.5	29 900	20 802	69.6	2 300	2 709	117.8
Housing by land schemes	56 100	7 517	13.4	-	558	558.0	-	-	-
Institutional quarters and staff accommodation	17 600	4 800	27.3	14 700	13 835	94.1	300	141	47.0
Private sector	217 000	214 889	99.0	155 900	247 241	158.6	26 100	100 788	386.2
Ordinary low-cost housing	44 080	80 678	183.0	-	-	-	-	-	-
Special low-cost housing programme (SLCHP)	171 620	131 325	76.5	-	-	-	-	-	-
Medium-cost housing	-	-	-	145 800	240 069	164.7	-	-	-
High-cost housing	-	-	-	-	-	-	24 900	99 541	399.8
Cooperative societies	1 300	2 886	222.0	10 100	7 172	71.0	1 200	1 247	103.9
Total	343 800	261 386	76.0	200 500	282 436	140.9	28 700	103 638	361.1

Continue on the next page

Table 1.5 (continued)

Programme:	Seventh Malaysia Plan:								
	Low-cost:			Medium-cost:			High-cost:		
	Target (units):	Achieved (units):	% of target:	Target (units):	Achieved (units):	% of target:	Target (units):	Achieved (units):	% of target:
Public sector	60 000	60 999	101.7	20 000	21 748	108.7	5 000	2 866	57.3
Public low-cost housing	29 000	45 583	157.2	-	-	-	-	-	-
Housing by commercial agencies	23 000	11 693	50.8	10 000	9 048	90.5	5 000	2 866	57.3
Housing by land schemes	1 000	3 723	46.5	-	-	-	-	-	-
Institutional quarters and staff accommodation	93 000	-	-	-	9 465	97.6	-	-	-
Private sector	140 000	129 598	92.6	110 000	206 208	187.5	80 000	348 250	435.3
Private developers	137 000	127 514	93.1	102 000	201 266	197.3	79 000	346 338	438.4
Cooperative societies	3 000	2 084	69.5	8 000	4 942	61.8	1 000	1 912	191.2
Total	200 000	190 597	95.3	130 000	227 956	175.4	85 000	351 116	413.1

Continue on the next page

Table 1.5 (continued)

Programme:	Eighth Malaysia Plan:								
	Low-cost:			Medium-cost:			High-cost:		
	Target (units):	Achieved (units):	% of target:	Target (units):	Achieved (units):	% of target:	Target (units):	Achieved (units):	% of target:
Public sector	192 000	103 219	53.8	46 700	30 098	64.4	20 000	22 510	112.6
Low-cost housing	175 000	81 108	46.3	-	-	-	-	-	-
Housing by commercial agencies	15 000	16 386	109.2	16 000	9 924	62.0	15 000	5 753	38.4
Housing by land schemes	2 000	5 725	286.3	-	-	-	-	-	-
Institutional quarters and staff accommodation	-	-	-	30 700	20 174	65.7	5 000	16 757	335.1
Private sector	40 000	97 294	243.2	64 000	222 023	346.9	105 000	274 973	261.9
Private developers	39 000	94 029	241.1	60 000	215 267	358.8	100 000	269 320	269.3
Cooperative societies	1 000	3 265	326.5	4 000	6 756	168.9	5 000	5 653	113.1
Total	232 000	200 513	86.4	110 700	252 121	227.8	125 000	297 483	238.0

Source: Malaysia (1976, 1981, 1986a, 1991, 1996, 2001)

Table 1.6

Public and private sector housing targets, 2006-2010 (units)

Programme:	Ninth Malaysia Plan:		
	Low-cost:	Medium-cost:	High cost:
Public sector	85 000	27 100	28 700
Low-cost housing	67 000	-	-
Housing by commercial agencies	13 500	8 200	4 700
Housing by land schemes	4 500	-	-
Institutional quarters staff accommodation	-	18 900	24 000
Private sector	80 400	183 600	199 095
Private developers	77 700	178 000	194 495
Cooperative societies	2 700	5 600	4 600
Total	165 400	210 700	227 795

Source: Malaysia (2006).

1.1.3.1 *Bumiputera developers in the housing industry in Malaysia*

The involvement of Bumiputera in the business started after the establishment of the National Economic Policy (NEP) (Agus 2002). Established in 1970, the NEP is an affirmative action policy designed to solve the inter-ethnic tensions between the Bumiputera and non-Bumiputera. The NEP or also known as the ‘Bumiputera 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, so as to reduce and eventually eliminate the identification of race with economic function (Malaysia 1971). The second strategy consists of four concrete objectives, namely restructuring employment patterns, restructuring ownership in the corporate sector, creating a Bumiputera commercial and industrial community, and creating new growth centres in rural areas.

The NEP is a 20-year programme that ended in 1990. Nevertheless, same as other countries around the world that practised affirmative action (for example in USA,

Britain, India, Sri Lanka, South Africa), the NEP has been prolonged and extended up until today. In a formal sense, the NEP ended in 1990 as planned, but it was replaced with the National Development Policy (NDP, from 1991 to 2000) followed by the National Vision Policy (NVP, which was set to run from 2000 until 2010). Albeit the new policies emphasise more on achieving rapid growth, industrialisation and structural change, in reality, these policies are very much influenced by the NEP's restructuring policies and regarded as a continuing effort to achieve the original objectives set out in the NEP (Jomo 2004; Idris 2008). During this period, the Mahathir's administration launched Vision 2020 with the aim of establishing Malaysia as a fully developed country in terms of politics, economy, social, spiritual and cultural by the year 2020 (Derichs 2001; Siddique 2002; Wong 2003; Saniman 2007).

Notwithstanding the NEP has been put into practice for more than three decades, its effectiveness was put into question. There are politicians from the opposition parties and political observers in Malaysia that claimed the NEP only benefit certain groups of people, in this case, the United Malays National Organisation (UMNO) ruling elites and its followers (Milne 1976; Siddique and Suryadinata 1982; Lim 1983; Derichs 2001). Even Tun Dr. Mahathir Mohamad, the Malaysian fourth Prime Minister, has concurred that it was the elites rather than the masses that enjoyed the fruits of NEP and the modernisation process (Mohamad-Mahathir 1970; Lim 1983; Derichs 2001; Sowell 2004). Nevertheless, he further added that the existence of these enriched groups in the society was a necessary step in order to ease the poor Malays so they can say that their fate was not entirely to serve the non-Malays.

Apart from not beneficial, the NEP also produced Bumiputeras with a laid-back attitude (Faaland et al. 1990). With the NEP implementation, the Malays do not feel the need to strive and work hard for a better future seeing that they will still receive special privileges and assistance from the government despite of their working attitude. It is not that the Malays are incapable of seeking their own wealth, but they rely too much on the government for help and support. Notwithstanding the government support, some of the Malays even implicate themselves in 'Ali-Baba' arrangements (Siddique and Suryadinata 1982; Torii 1997; Ayob 2004; Jomo 2004). 'Ali Baba' company is an arrangement where 'Ali' (the Malays) sells out projects obtained from the government to 'Baba' (in this case, the Chinese). In practice, 'Ali' performs the role as the front man, also known as the licensed partner, while 'Baba' runs the business.

Nevertheless, despite the criticism, the NEP cannot be regarded as total failure because during the years of implementation, the NEP has somehow uplifted the standard of living for both the Bumiputera and non-Bumiputera alike, by the way of the country's successful economic performance (Mohamad-Humam 1988; Derichs 2001).

Seeing that housing is a profitable business and housing ownership has become part of the NEP objectives in creating a commercial and industrial Bumiputera urban community (Agus 1997), the government has been actively encouraging the Bumiputera to endeavour themselves in the industry. Nonetheless, their involvement in the sector is still conspicuously under-represented. Up until the year 2006, the number of housing development companies in Peninsular Malaysia that

registered with the Ministry of Housing and Local Government (MHLG) was 1333. From this amount, the Malay Chamber of Commerce only identified 175 Bumiputera companies. Nevertheless, this figure cannot be regarded as the actual amount because of the refusal of some of the Bumiputera housing development companies to register with the Chamber.

1.1.3.2 *The Bumiputera versus the Chinese housing developers in Malaysia*

The housing industry in Malaysia is prominently dominated mainly by the Chinese (Jaafar et al 2009). According to Zainol and Abdul-Aziz (1999), and Kamarul-Baharin (2004), the Bumiputera are the less dominant players in the housing industry. In contrast to the non-Bumiputera, the Bumiputera tend to be fewer in number, and small and medium in size (Sahari 2009). In addition, the Bumiputera are also not as established and well-known compared to the Chinese counterparts since they are still considered as relatively new in the industry (Popenoe 1970).

Studies done by previous scholars supported on this. A research conducted by Kamarul-Baharin (2004) on housing developers in Penang found that out of 570 licensed developers, only 20 were Bumiputera. Apart from that, based on the data from the MHLG in the late nineties, from the total population of 7500, only 720 (9.6%) Bumiputera developers were found in Perak, in which this amount included active and inactive developers. Closer examination on the 172 active developers in the area of Ipoh, Perak, revealed only 31 companies had the Bumiputera status, of which only 17 were active (Zainol and Abdul-Aziz 1999). Zainol and Abdul-Aziz (1999) further stressed that the Bumiputera developers were the less dominant

players in the industry in contrast to the non-Bumiputera counterparts in all states of Peninsular Malaysia. This is also agreed by Kamarul-Baharin (2004).

In addition, the top 30 list for The Edge Malaysia Top Property Developers Awards 2009 has been dominated by the Chinese housing development companies. Only few of the successful Government-Linked Companies (GLC) were named such as Sime Darby Property Bhd., Island and Peninsular Sdn. Bhd., UEM Land Holdings Berhad, and Naim Holdings Berhad in addition to one genuine Bumiputera housing development company that is known as Naza TTDI Berhad. All these are evident from the lesser number of Bumiputera housing developers listed in the Bursa Malaysia in contrast to the non-Bumiputera housing developers (Chin 2003).

One of the factors that contribute to the fast growth of the Chinese developers in this sector is their networking. Being a dominant ethnic in almost every business sector in Malaysia, the Chinese has a tremendous linkage and networking to support their businesses (Jaafar et al 2007). In housing industry, the Chinese has dominated the industry seeing that they were in control of the material supplies (Sahari 2009). Being new and involved in a Chinese-dominated industry, the Bumiputera face many challenges and disadvantages as they have to strive harder in order to gain the trust and help from the Chinese developers.

1.2 PROBLEM STATEMENT

Few explanations may be offered to elucidate why the involvement of the Bumiputera in the industry is still fairly low even after 35 years of the NEP implementation. From the early stage of the country's early development, housing

development industry has always been known as a rich man's 'game'. Seeing that housing is very speculative (Johnston 1984), substantial amount of money is needed for the delivery of houses. Even with full financial assistance from the banks, an entrepreneur still needs to have a significant ready access financial capital to participate in this industry. 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 the projected sales would be met. The entrepreneur must also be willing to absorb huge risks. Looking at these challenges, new Bumiputera entrepreneurs interested to participate in this sector are likely to face difficulties to succeed.

Another factor that contributes to the low participation of the Bumiputera in the housing industry is due to the various rules and regulations in the building industry (Goh 1997a). The licensing law for housing developers in Malaysia mandates the developer to open and maintain a separate housing development account with the banks or finance companies for each housing schemes and collection of the progress payment from sales of each scheme have to be banked into the dedicated account (Raman 1997; Thillainathan 1997). This results in the existence of various company names under the same owner and address. Eventually, this scenario makes it difficult to keep track of the actual number of companies involved in the housing industry.

Apart from that, studies on Bumiputera developers have not been treated as important. In addition to the research works conducted on Bumiputera developers, not many publications and written articles can be found on them as well (Agus

1997). This scenario is markedly different from the construction sector, a sector that is very much interrelated with the housing sector. Many written articles and research works can be found on the construction sector (see Ofori 1991; Salleh 2001; Jaafar 2003; Koon 2005). In most developing countries, the construction sector contributes between 3% and 8% to GDP, a third of which is said to originate from housing (ILO 1995).

Even so, in Malaysia, the construction sector has been favoured not only by the Bumiputera entrepreneurs, but by the non-Bumiputera counterparts as well. In fact, the total number of the construction firms has been increasing yearly in contrast to the housing firms in Peninsular Malaysia. According to the Construction Industry Development Board (CIDB) (2009), the total number of contractors registered under them have been increasing tremendously from 38 876 companies in year 2000 to 63 187 companies in year 2005. As in year-end 2009, a total of 64 758 companies were registered with the CIDB. Even though both of the housing and construction sectors are interrelated, nevertheless, the housing sector has different characteristics from the construction sector. For example, to start a housing development business, entrepreneurs should have a large capital in cash of not less than RM250 000 (Raman 1997), competitive advantages and risk-taking disposition. They should also be creative and sensitive to the current economic climate. This is different when compared to the construction sector that requires only a small amount of capital due to the tendering practise and sub-contracting system (Jaafar 2003). Furthermore, in construction, funds can be sourced from the government and the public sector clients provide advanced payment.

While many Bumiputeras take advantage to get involved in the contracting sector, only few of them are willing and able to take on risks as housing developers. There are no special privileges or incentives granted by the authorities that are geared to create and support Bumiputera housing developers (Buang 1997). Most of the government funds and intervention measures are on franchising, manufacturing and construction sectors. Developers who survive in this industry are those who are able to withstand keen competition. Those who are unable to perform will eventually disappear from the marketplace. Consequently, the lack of government intervention in the housing sector along with the high-risk investments are enough reason to make them back off from being involved in the housing world.

Over the years, scholars from all around the world have carried out studies on entrepreneurship extensively. Nevertheless, to date, relatively few studies on entrepreneurship have been carried out in the property development industry, particularly the housing sector. A majority of the studies conducted focussed on the manufacturing (for example: Acar 1993; Barkham 1994; Kotey and Meredith 1997; Glancey 1998; Hashim et al. 1999), construction (for example: Jaafar 2003; Jaafar and Abdul-Aziz 2005) and mix industries (for example: Hisrich and Grachev 1995; Jo and Lee 1996; Bruderl and Preisendorfer 1998; Utsch et al. 1999).

Studies on entrepreneurship in the property development only started to emerge in the 21st century. Amongst the studies conducted was a research conducted by Hui et al. (2006). In the study, Hui et al. (2006) interviewed successful construction and property Chinese developers in Hong Kong to gauge their personality traits and abilities that can be regarded as important factors that contribute to their

accomplishment as entrepreneurs. These respondents shared their stories with the interviewers on ‘the success and failures experiences’, which related significantly to their career development, the most ‘difficult decisions’ they had faced in their working lives, the most ‘creative ideas’ they had, and the circumstances in which they had decided to (and not to) ‘take risk’ (p. 233). Results from their studies indicated that it was the combination of personal and interpersonal Chinese cultural values that contributed to the developers’ success in the competitive business environment. The combination of personal and interpersonal Chinese cultural values in this context includes:

1. Strong interest and commitment in the field;
2. Being hardworking and analytical, and being humble while behaving confidently towards other people; and
3. The careful application of strategies (i.e. the adaptive style of creativity to produce ideas at the right time in the right place, access potential risks).

Sahari conducted another study on entrepreneurship in the housing development industry in year 2009. Nevertheless, his study scrutinised entrepreneurship from the social network perspective, wherein he evaluated the importance of network alliances of a housing company (i.e. before, at the start up and at present) when appointing the right consultants, contractors and suppliers. His study has proven that private housing developers in Malaysia relied on their friends, relatives and close friends for moral support and in providing information related to the consultants, contractors and suppliers especially before starting their company. After initiating the business, the developers tend to rely on their acquaintances and friends from the same industry for advice.

Albeit there are studies being conducted on this subject, nonetheless, it is important to note that there is not a single study that have been documented on the profile of the housing developers and the firm performance success factors. Based on these grounds, the present research is carried out to explore the traits required to be a successful developer.

1.3 RESEARCH OBJECTIVES

Looking at the under-represented Bumiputera developers in Peninsular Malaysia, a research on the Bumiputera housing developers is conducted to develop a profile on them based on their personality and company's criteria that contribute to the success of their firms. The specific objectives of this research are as follows:

1. To establish a relationship between entrepreneurship-related factors of the registered Bumiputera housing developers in Peninsular Malaysia in relation to firm performance. The entrepreneurship-related factors in this context include:
 - i. Background of the owner/manager;
 - ii. Entrepreneurial characteristics of the owner/manager;
 - iii. Background of the housing development companies;
 - iv. Business strategies of the housing development companies; and
 - v. Personal networking between the owner/manager and the professional/non-professional bodies.
2. To distinguish the difference between the Bumiputera and non-Bumiputera housing developers in Peninsular Malaysia.

1.4 RESEARCH QUESTIONS

Based on the research objectives, the research questions for this research are as follow:

1. What is the relationship between background of the owner/manager and firm performance?
2. What is the relationship between entrepreneurial characteristics of the owner/manager and firm performance?
3. What is the relationship between background of the housing development companies and firm performance?
4. What is the relationship between company's business strategies and firm performance?
5. What is the relationship between personal networking with the professional/non-professional bodies and firm performance?
6. What is the difference between the Bumiputera and non-Bumiputera housing developers?

1.5 SIGNIFICANCE OF RESEARCH

The significance of this study is as follow:

1. The study will form a comprehensive data on the actual performance of the Bumiputera in housing development company.
2. This study will recommend actions which the government might want to adopt in order to increase the Bumiputera participation in housing development industry.
3. Based on the comparisons made between the Bumiputera and non-Bumiputera housing developers, this study will serve as guidelines for the

Bumiputera in housing development industry in order to improve their performance.

1.6 DEFINITION OF KEY TERMS

For the purpose of this research, it is pertinent to define the terms used in here to clarify any ambiguities that might arise. The key terms used in this research are: 1) housing development companies; 2) Bumiputera housing development companies; 3) housing developers; 4) Bumiputera housing developers; 5) non-Bumiputera housing developers; 6) Small and Medium Enterprises (SME) and 7) owner/manager.

1.6.1 Housing development companies

From legislative context, the Housing Development (Control & Licensing) Act 1966 has defined 'housing development' as 'to develop or construct or cause to be constructed in any manner more than four units of housing accommodation and includes the collection of moneys or the carrying on of any building operations for the purpose of erecting housing accommodation in, on, over or under any land; or the sale of more than four units of housing lots by the landowner or his nominee with the view of constructing more than four units of housing accommodation by the said landowner or his nominee' (p. 9).

1.6.1.1 Bumiputera housing development companies

According to the Malaysian Companies Act, a Bumiputera company is a company in which the Bumiputera holds at least 51% of the shares; and the majority of the