EXAMINING THE INTERNATIONALISATION OF MALAYSIAN HOUSING DEVELOPERS USING THE ECLECTIC PARADIGM

Abdul-Rashid ABDUL-AZIZ and Ahmed Usman AWIL

Universiti Sains Malaysia, Penang Malaysia. Email: arashid@usm.my

Abstract
The international expansion of housing developers from developing countries is a fairly recent phenomenon. This paper examines the internationalisation of several Malaysian housing developers abroad. It uses the Eclectic Paradigm as the basis for analysis. Understanding foreign market potential was regarded as the most important firm-specific ownership advantage whereas house buyer demand in Malaysia was ranked the highest country-specific advantage. Of the locational factors that the surveyed Malaysian developers considered when venturing in foreign markets, availability and cost of land ranked the highest. Protection of the firms’ reputation was the strongest motivator to invest abroad directly rather than use the market mechanism e.g. licensing.

Keywords
Eclectic Paradigm, internationalization and housing developers.

INTRODUCTION
The emergence of multinational enterprises (MNEs) from developing countries, especially from Asia, is a fairly recent phenomenon, and one which academics (e.g. Pannanond 2004, Matthews 2006; Klein and Worke 2007) are increasingly documenting and analysing. In recent years, Asian housing developers (e.g. Keppel Land of Singapore, Ciputra of Indonesia, Cheung Kong of Hong Kong and Central Trading and Development Corporation of Taiwan) have also begun to expand beyond their national shores (Awil and Abdul-Aziz 2006). This paper presents the findings of a research that examined the international diversification of eight Malaysian housing development companies which can be considered contemporary pioneers. There had been overseas ventures in the past by an isolated few, but they were not sustained. Since then, others have followed suit, to the countries these pioneers have gone to and beyond.

The Eclectic Paradigm conceptualised by Dunning (1980; 1988; 1993) was used as the theoretical framework for this study. The Eclectic Paradigm addresses the three main questions of ‘why’, ‘where’ and ‘how’ of firm internationalisation. Despite its limitations (Abdul-Aziz et al. 2008), the application of the Eclectic Paradigm is validated on the basis that it has been used to analyse many economic activities in the past; including construction (Seymour, 1987) hotel and hospitality (Dunning and McQueen, 1982), banking (Petrou (2007); and multinationals from different countries; including Spain (Galan and Gonzalez-Benito 2006), Russia (Kalotay 2007) South Africa (Klein and Wocke 2007).