FOREIGN MARKET-ENTRY CONSIDERATIONS FOR MALAYSIAN CONTRACTORS

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Abstract
Venturing into foreign countries is highly risky. A study was conducted to examine the internationalisation of Malaysian contractors. Considerations that guide their decisions to enter particular foreign markets were examined. Data was collected using a postal questionnaire survey, interviews and secondary data. It was found that Malaysian contractors examine a whole range of market-entry considerations before entering a particular country. The collected data were analysed to determine the applicability of the premises embedded in certain extant models of firm internationalisation in the context of the subject. It is found that in these models more often than not, market-entry considerations can be termed as ‘locational disadvantages’ rather than locational advantages. This is because these contractors, by virtue of having to deliver their services on location, are not only market-seeking, but, in the process, also have to be resource-seeking, asset-seeking and efficiency-seeking. The study finds that psychic distance does not have a major influence on country market choice.

Keywords
Locational factors, firm internationalisation, Malaysian contractors, Eclectic Paradigm, Stage Growth Theory, market entry.

INTRODUCTION
Several studies have examined the internationalisation of construction contractors from various countries – Britain (Seymour, 1987), South Korea (Chang, 1987), Singapore (Cuervo and Low, 2003) and the US (Gunhan and Arditi, 2005). International construction contracting is certainly dynamic. In 1998, 20.9% of the Engineering News Record Top 225 international contractors were from developing countries (ENR, 1999). Ten years later, the percentage almost doubled to 37.8% (ENR, 2008). Construction contractors from developing countries have, thus, made tremendous strides in the international arena. A study was recently conducted to examine the internationalisation of Malaysian contractors (though no Malaysian contractor has appeared in the ENR list). This paper presents part of findings of this study. It focuses on locational factors which the Malaysian contractors take into account when contemplating entering a particular market. There have been other similar studies in the past (Han and Diekmann, 2001; Cuervo and Low, 2003). This paper adds further to understanding of this subject. Its additional contribution lies in comparison of the findings with extant conceptual models of