The Magnitude of Knowledge Acquisition as a Source of Business Success for Malaysian Private Housing Developers

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ABSTRACT

The Malaysian housing industry has been exposed to turbulent business environment as a result of the unstable economic challenges affecting the national economy. In this precarious environment, thinking smart creates survivability and competitiveness. To that extent, this study aims to leverage the appropriateness of knowledge acquisition for private housing developers as a sustainable strategy to enhance their competitive advantage in the Malaysian property industry. By embracing qualitative approach, ten semi-structured interviews were conducted throughout Peninsular Malaysia to disclose corporate factors that contribute to the business success of the respondents. It is interesting to mention that knowledge provides momentous attribute for the individual success of Malaysian private housing developers. There are well-documented examples of the strong relationship between knowledge acquisition and business success portrayed in the sense of housing developers’ performance. Whilst the value of knowledge can only be realised through the simultaneous practice and execution, it cannot be denied the magnitude of knowledge acquisition that firstly impinges on the entire process. Hence, supports from other stakeholders are required to ultimately enhance the pattern of knowledge acquisition among private housing developers in Malaysia.

INTRODUCTION

Developing properties can be a lucrative business especially for knowledgable entrepreneurs who keen to learn and avid for success. Real estate developers should possess adequate knowledge regarding the kind of property to be erected in different locations. In actual fact, this condition also applies directly to Malaysian private housing developers. They should know that house no longer serves as a basic shelter only, but rather it encompasses other preferences of tastes and values [1]. Moreover, the house nowadays is regarded as a symbol of lifestyle, pride and status of the owner based on its aesthetical values. Hence, it is pertinent for the housing entrepreneurs to know inside-out of the industry by embracing both technical and managerial knowledge for survivability. Apart from that, up-to-date knowledge on purchasers’ residential preferences is also important for housing developers in order to determine what homebuyers want. Indeed, this special knowledge is beneficial to be utilised as a tool to analyse market demands and anticipate changes that may occur in market trends for them to act wisely in response to the unpredicted changes [2]. Therefore, the knowledge acquisition is deemed to be crucial for Malaysian private housing developers for them to grow and progress by leveraging the internal and external knowledge resources through organisational and individual features. Thus, it is fruitful for this present research to focus on how housing developers acquire and harness such knowledge towards the industrial environment and how the knowledge is perceived to be affected the competitiveness of their business.

Literature Review:

The theory of human capital posits that individuals with more knowledge and skills infused to them will perform better [3] to achieve competitive edge and business success. Also, the conjecture postulates that individuals with knowledge may enjoy considerable cognitive abilities that lead to higher productivity and systematic activities [4]. Basically, knowledge is not just a compilation of data or information and it is a
combination of life experiences, beliefs, personal values, know-how and best practices. Yet, knowledge is touted as a strategic asset that has been proved as a source of competitive advantage and positive performance [5]. In this case, Berman et al. [5] further associate the acquisition process with the concept of tacit knowledge. While tacit knowledge is closely connected to experience and skill, it normally be ingrained into action which may provide insights into the local market competitive outcome.

Apart from that, knowledge is very much useful to build network and provide assistance to obtain financial and physical capital since it deals with human and social capital [3-4]. By applying right knowledge, Jaafar and Wan-Daud [2] believe that entrepreneurs will become with environmental issues to cope with problems and challenges. For instance, knowledge on customer preferences might expose entrepreneurs to business success and superior performance [5]. In line with the above arguments, the literature has conceptualized knowledge in terms of intangible resource that greatly contributes to the performance and competitive advantage of the firm.

In view of residential industry, Memari et al. [6] outline the capacity of housing developers towards their networks with other stakeholders through the following Fig. 1:

![Fig. 1: General stakeholder groups in housing construction (adapted from Memari et al. [6])](image)

Essentially, housing developers must build good connection with local authorities, homebuyers and other stakeholders (as portrayed in Fig. 1) to acquire both technical and managerial knowledge for the sake of business survivability [7].

**Methodology:**

Pursuant to qualitative approach embraced by the researchers, ten interviews were conducted with the perceived successful housing developers. These individuals are important persons in their firm that comprise key directors of the organisation. The sample size which comprised 10 successful Malaysian housing developers was sufficient for qualitative analysis which is in line with Gay and Airasian’s [6] work if and only if the data saturation was well-achieved. The interviews ranged from 60 to 120 minutes in length, with most lasting approximately 90 minutes. Given that the research project was originally conceived to develop a deeper understanding on the success factors of housing developers, the interviews were used to characterise the elements and features that were deemed to contribute and influence high performance. All the conversations were tape-recorded and then transcribed verbatim. Subsequently, thematic analysis and coding system were used to analyse the findings. To maintain anonymity and confidentiality, the respondents involved were classified into ten distinctive codes (Rspt A to Rspt J) respectively.

**Analysis:**

Interestingly, despite other factors rendered by the interviewees, the relevance of knowledge acquisition stands superbly high among them. In general, all the respondents contended on the importance of knowledge for them to expand and grow further. It is extremely true that the knowledge is not necessarily gained from the school or university, but rather through past experiences and social networks that count. Under this perspective, knowledge acquisition shall be equated with level of intelligence. Rspt G for example, attested that, "...hardworking may be the critical aspect to succeed, but it should come together with intelligence especially in handling the projects and problems". According to him, the needs to infuse the right knowledge of housing industry will make the entreprenures more capable. For pricing strategy, Rspt G further elaborated, "apart from that, in order to attract buyers, competitive pricing needs to be leveraged. We need to know our rivals’ price before we come up with our selling price...try to keep updated with them". Thus, it shows that not only technical knowledge and formal education might help, the knowledge on industry is really indispensable.

With regards to knowledge accumulation, Rspt I affirmed the value of technical know-how and capacity building of the industry by narrating,
"I started my development project on 2000...I knew nothing as I am a lawyer. For the first project, I totally sub-contracted it...every day I will visit the site to see how the workers implement their works. By looking at them, I will consider it as a first-hand learning. Later, when I started my second project, I just partially sub-contracted it. I bought all the materials by myself to avoid any mismanagement. Now, I know every single part of construction".

On the other hand, while knowledge is assumed to be related with entrepreneurial alertness, Rspt D revealed his findings, "we must be attentive with the current choice and needs by people nowadays such as we must know the trend of market, present income and people preferences...questions like 'what are the favourite of youngsters and the choice of elders?', 'which group of people with more money?' are vital to be studied. So, we build houses that fit with those findings". Hence, knowledge also can be obtained from the thorough analysis of internal and external forces.

Since knowledge deals with human mind, Rspt B acknowledged the current scenario with his own perception, "...for Malays, we need to change the mind-set and it should complement with the proper paradigm shift to strive for the betterment". Malaysian housing developers must furnish themselves with first-class ideology that strive for success. Nonetheless, the right education provides significant knowledge albeit different field or learning. Rspt C who has an accounting background confessed that, "I really think this accounting knowledge helps me in my planning. Because of that, I'm very familiar with costing, project development and budgeting". No matter what educational profile behind them, housing entrepreneurs should imbue the right attitude to fully utilise both tacit and explicit knowledge.

Succinctly put by other respondents, i.e., Rspt A, E, F and J, newcomers and existing housing developers should be aware of current aspects of housing development and be equipped with rudimentary knowledge of the industry. Notwithstanding its characteristics that is personal and context-specific, Malaysian housing developers need to seek for additional knowledge by responding to exogenous attraction and discovering novel opportunities of the industry. As a summary, apart from technical knowledge on construction and building, a cohesive record of knowledge that is deemed to be imperative for Malaysian housing developers shall be further tabulated into Table 1 as follows:

<table>
<thead>
<tr>
<th>Type</th>
<th>Indices</th>
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<tbody>
<tr>
<td>Managerial</td>
<td>Financial Management (e.g., cashflow, budget, profit and loss analysis), Project Management, Marketing, Feasibility and Market Analysis, Human Resource, Strategy and Planning</td>
</tr>
<tr>
<td>Product</td>
<td>Recent Innovation, Pricing, Design, Good Location and Branding (should be based on current demand and trend)</td>
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Discussion and Conclusion:

Learning is a lifelong pursuit while knowledge is embedded and always be sought after. Essentially, private housing developers must pay attention to the importance of knowledge acquisition since it provides strong basis to attain higher platforms that entails social networking, opportunities discovery, pricing alertness and other related strategies. They may use the aforementioned knowledge to respond to local market environments such as customers’ needs and rivals’ positions. Wan-Mohd-Dzulkifli [7] emphasises on the application of technical and managerial-based knowledge that should dovetail in tandem with academic abilities and experience. Accordingly, other fellow housing developers should sustain a learning mentality and furnish themselves with industry knowledge since it plays a critical role especially in the first stage of a firm’s life cycle. Malaysian private housing developers should develop and enhance their skills by attending more training courses as suggested by Jaafar and Wan-Dzulkifli [2].

In Malaysia, strides taken by Universiti Sains Malaysia in organizing few basic and advanced courses for potential and existing housing developers should be emulated and laudable (see [2]). This research revealed that knowledge is crucial in the upbringing of the organisational and individual aspects of business success despite the current dynamics consistently deal with radical transformation. Therefore, Malaysian housing developers should instil themselves with both industrial and managerial knowledge because knowledge has been recognised as a source of competitive advantage particularly during challenging business environment and long-term business performance. Knowledgeable housing developers will lead the organizational processes and activities toward meeting the current and future needs of the homebuyers hence with superior value of competitive advantage withal. The scenario is rather similar to latent and nascent entrepreneurs who wish to dabble in housing development industry so that they will be prepared to become erudite property developers.

In a nutshell, academicians and fellow scholars should treat the findings as an avenue for developing knowledge-base. As recommended by Jansen [1], further studies should explore on homebuyers' preferences to complement knowledge obtained by housing developers such as on perceived lifestyle influence, socio-
demographic and economic attributes, though the prediction may not be accurate but it will certainly provide strong basis for future research.

REFERENCES