SUMMARY

The aim of this thesis is to examine what motivates Singapore property development firms to venture overseas and investigate if there is a difference in decision-making by listed and non-listed property development firms.

A conceptual model of Direct Foreign Investment (DFI) decision is formulated based on the Neoclassical, Strategic, Marxist and Neo-Marxist theories. A questionnaire is designed to test the hypothesis that DFI decision by property development firms is a function of a set of pull and push factors extracted from the conceptual model.

The survey findings indicate that both listed and non-listed firms are driven mainly by higher returns, political stability, diversification benefits and limited/saturated domestic market in their DFI decision. In the ranking of pull factors, listed firms place more emphasis on higher returns than non-listed firms in their decision making. Higher returns are important to listed firms because the shareholders' confidence is tied to the level of profits and dividends declared by the firm. On the other hand,
non-listed firms place more emphasis on favourable investment climate in their foreign investment decision. This may be due to the capital constraints and lower risk bearing capability of non-listed firms. In the ranking of push factors, non-listed firms place more emphasis on diversification benefits than listed firms in their decision-making process. The type of company does not affect the ranking of the other pull and push factors. The main problems faced by both listed and non-listed firms include government bureaucracy and laws, cultural differences and management problems. A sharp contrast can be seen in that financial matters and knowledge of market are not a problem to listed firms as compared to non-listed firms.

The implication of the survey findings is that the Singapore government may want to do more to help the non-listed firms in their regionalisation efforts. The government may consider additional sources of financing to help the non-listed firms. For example, a regionalisation fund may be set up for DFI. The government may also look into the provision of information about foreign markets to the non-listed firms.
Limitations to this study include the possibility that the sample obtained from the REDAS directory may not include all the property development firms in Singapore. Some information could not be released by the respondents due to their confidentiality. It is assumed that the respondents are truthful in responses. The study portrays the average response of property development firms, which may not hold for all individual observations.