

# **FACTORS INFLUENCING THE INTENTION TO MAKE MALAYSIA A SECOND HOME: A STUDY ON JAPANESE AND INDONESIAN**

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2012**

## **ACKNOWLEDGEMENT**

From the bottom of my heart, I would like to express my sincere gratitude and appreciation to my supervisor Assoc. Prof. Dr. K. Jeyaraman who provided guidance and advice throughout the thesis preparation. I truly appreciate his expertise, time, efforts, constructive comments, and sharp insights that really help me to produce a better work and go through the stressful period.

Special thanks to Mr. Wachi, Ms. Kiyama, Ms. Asmah, Mr. Poh, and JR who assisted in the translation of the questionnaire. My gratitude also goes to all my friends and colleagues for their encouragement and moral support thorough the preparation of the thesis. Not forgetting also all the respondents who participated in the survey questionnaire of this research.

To my beloved family members, thank you for providing me with endless love and care that enable me to face the challenges encountered throughout my study. To Wan, I dedicate this to you.

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## ABSTRAK

Tempat kediaman kedua atau skim pesaraan di luar negara merupakan konsep yang amat biasa di Eropah dan Amerika Utara. Tajuk tersebut sering dikaji terutamanya oleh penyelidik di kawasan-kawasan tersebut walaupun terdapat juga kajian-kajian yang dibuat di Afrika Selatan dan China. Sejak tahun-tahun yang lepas, kerajaan Malaysia mempromosikan Program Malaysia - Rumah Keduaku (MM2H) untuk mengalu-alukan orang asing pelbagai umur untuk menjadikan Malaysia sebagai tempat kediaman kedua mereka. Akan tetapi, jumlah bilangan peserta dalam program tersebut masih dianggap rendah. Tambahan pula, maklumbalas warganegara Jepun and Indonesia terhadap program tersebut adalah berbeza walaupun kedua-dua negara tersebut terletak di kawasan berisiko tinggi. Jadi, kaji-selidik ini bertujuan untuk: (a) memeriksa factor-faktor yang mempengaruhi keinginan warganegara Jepun dan Indonesia untuk mempertimbangkan Malaysia sebagai tempat kediaman kedua mereka dan (b) memeriksa sama ada wargakenegaraan Jepun atau Indonesia mempengaruhi hubungan di antara pengubah-pengubah berdikari dan keinginan untuk mempertimbangkan Malaysia sebagai tempat kediaman kedua. Kaedah kuantitative diguna untuk menganalisa data primer yang dikutip melalui soal-kajiselidik. Keputusan analysis regresi hiraki menunjukkan bahawa status politik, suasana sosial dan kehidupan selepas bersara merupakan faktor-faktor yang mempengaruhi secara positif dan ketara keinginan untuk mempertimbangkan Malaysia sebagai tempat kediaman kedua. Sebaliknya, pengaruh daya tarikan, keselamatan dan suasana ekonomi adalah tidak ketara. Pengaruh kewarganegaraan terhadap hubungan di antara pengubah-pengubah berdikari dan berdikari adalah tidak ketara. Implikasi secara teori dan praktik serta cadangan untuk kajian pada masa depan juga dikemukakan pada akhir kertas ini. Secara kesimpulan, kerajaan Malaysia perlu memberi perhatian terhadap aspek undang-undang, politik, sosial dan kebajikan warga tua jika ingin menarik lebih ramai pemilik rumah kedua dan pelaburan luar negara ke Malaysia.

## **ABSTRACT**

Second home or overseas retirement schemes are very common concepts in Europe and North America. The subject was mainly studied by researchers in those regions although there were also some researches conducted in South Africa and China. Over the years, Malaysian government is promoting Malaysia My Second Home (MM2H) program to attract more foreigners of all ages to make Malaysia as their second home. However, the total number of participants is still considered low. Furthermore, the Japanese and Indonesians were responding differently to the program even though both are countries from high-risk zone. Therefore, the purpose of this study was to: (a) examine the factors influencing the intention of Japanese and Indonesians in considering Malaysia as their second home and (b) examine whether the nationality of Japanese or Indonesian moderate the relationship between the influencing factors and intention to consider Malaysia as a second home. Quantitative method was applied to analyze the primary data collected using survey questionnaire. The results of hierarchical regression analysis revealed that political status, social environment and retirement life were among the factors positively and significantly related to intention to consider Malaysia as second home. On the other hand, attraction, safety and security and economic environment were not significant. Additionally, moderating effect of nationality on the relationships between independent variables and intention to consider Malaysia as second home was also found to be insignificant. The theoretical and practical implications of this study as well as suggestions for future research are also provided at the end of the paper. As a conclusion, if the Malaysian government intends to attract more Japanese and Indonesian second home owners and hence increased foreign direct investment, they have to reconsider the aspects of legal, political, social rules and regulations as well as the welfare policy for the elderly.

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Introduction**

This chapter introduces the general outline of the research. It begins with the background of study followed by problem statement, research questions and research objectives attempted to answer those questions. This chapter will also indicate the significance of study. In order to increase understanding, definitions of key terms are furnished toward the end of the chapter.

### **1.2 Background of Study**

As opposed to traditional or pre-Modernism era, society today is tagged with lifestyle that is hyper-mobile where people need to have an alternative place to go up and down occasionally (Marjavaara, 2008). Second home concept or overseas retirement schemes are not uncommon to Europeans and North Americans. Traditionally, retirees from Western Europe or the United States often consider move to warmer and cheaper neighbouring countries such as Spain, Portugal and Central America (Ho & Khor, 2008).

Second home ownership did not receive wide attention academically in the past due to the argument on whether should second home owners be regarded as tourists (Müller, 2006). Nonetheless, second home ownerships had increased during the 1960s and 1970s in the developed countries especially Europe and Scandinavia due to increased wealth, income, mobility as well as the availability of longer leisure time (Müller, 2002). Following that, numerous research with regards to second home issues had been conducted in Sweden (Townshend, 2007; Marjavaara,

2008; Vágner *et al.*, 2011), Denmark (Nielsen & Kromann, 2009; Larsen, 2010; Tress, 2002), Finland (Vepsäläinen & Pitkänen, 2010), Croatia (Opačić, 2010), Czechia (Vágner *et al.*, 2011), Spain (Guisan & Aguayo, 2010; ), England and Wales (Gallent, 1997).

Similar to neighbouring countries like Thailand, the Philippines, and Australia, Malaysian government is promoting its Malaysia My Second Home (MM2H) program aggressively to attract more foreigners of all ages to stay in Malaysia as their second home. MM2H is a long-stay program initiated and supported by Malaysian Federal Government under the responsibility of The Ministry of Tourism Malaysia (MM2H website, 2011). It was launched in year 2002 and was regarded as the replacement of the pioneer “Silver Hair” Scheme. The latter was launched in year 1996 to target foreigners who wish to retire in warmer and lower costs countries. The Tourism Ministry took over MM2H program from the Home Ministry since April 2006 (The Star, 2006). The program aims to contribute to the country’s economy by attracting financially-independent foreigners to stay in Malaysia (Ho & Khor, 2008). Citizens from all countries recognized by Malaysia are eligible to apply regardless of gender, age, race or religion. Part of the criteria of MM2H program is listed as below (MM2H website, 2011):

- Social Visit Pass with Multiple Entry into Malaysia for 10 years will be given to all participants where the pass is renewable.
- Participants can invest or own businesses in Malaysia but are not allowed to work. They can only hold less than 30% of shares and are allowed to attend board meetings.
- Participants up to the age of 50 and above 50 are required to place a fixed deposit with minimum amount of 300,000 MYR and 150,000 MYR, respectively, in any local branch of international bank.



- However, participants who purchased residential property at a price above 1 million MYR are only required to place a minimum fixed deposits amount of 60,000 MYR which can only be withdrawn if they decide to abandon the program.
- Participants are allowed to purchase residential properties priced at 250,000 MYR and above. However, it is subject to state laws when it comes to the purchase of land.

Other benefits of MM2H program include (Pang, 2007):

- Participants are allowed to import their vehicles or purchase a new tax-free vehicle.
- Student pass will be provided to school children studying at international colleagues or universities.
- Participants are entitled up to 80% of housing loan
- Prior approval from Foreign Investment Committee (FIC) is not required for purchasing properties in Malaysia
- Oversea income is not subject to taxation

Over the years, MM2H have attracted participants from various countries to make Malaysia as a second home. A few years back, applicants from China and Bangladesh were among the top nationalities engaging in the program (Tan, 2008). Iranian stayed at the top since year 2008 with over 200 successful applications per annum. This program is also starting to gain popularity among the Arab countries in the recent years as Malaysia is often perceived as a value-for-money destination (Abu Hiba, 2008). Among others, Kuala Lumpur and Penang are among the most popular choices (Tan, 2008). MM2H statistics from year 2002 to February 2011 are displayed in Table 1.1 below (MM2H website, 2012).

Table 1.1

*MM2H Statistics (2002 – February 2011)*

No.	Country	Silver Hair	MM2H						Total
		1996 - 2001	2002 - 2006	2007	2008	2009	2010	2011 (Feb)	
1	China (PRC)	47	1,974	90	120	114	154	70	2,569
2	Bangladesh	0	1,429	149	68	86	74	61	1,867
3	United Kingdom	164	885	240	208	162	141	49	1,849
4	Japan	79	434	198	210	169	195	63	1,348
5	Iran	0	26	59	227	212	227	92	843
6	Singapore	118	486	58	48	61	73	15	859
7	Taiwan	99	522	31	16	36	49	8	761
8	India	24	417	46	32	35	51	10	615
9	Indonesia	45	427	25	27	53	25	24	626
10	Pakistan	7	286	31	65	103	77	9	578
11	Others	240	1,838	576	491	547	433	99	4,224
Total		823	8,724	1,503	1,512	1,578	1,499	500	16,139

Malaysia is becoming prominent in the long-stay market as recognized by media and long-stay foundations. As cited by Abu Hiba (2008) from the 2007 survey of International living.com magazine, the country was ranked the 7<sup>th</sup> global retirement destination. Not only that, Long Stay

Foundation of Japan ranked Malaysia as the top choice for long-stay program for 5 consecutive years from 2006 to 2010 in the polls conducted.

MM2H program aims to boost local economy by luring the pool of financial-independent foreigners to spend a luxurious life in Malaysia (Ho & Khor, 2008). The potential benefits include increased foreign direct investment in business and real estate properties, cash flow in fixed deposits and other spending in Malaysia. It will also help to boost tourism industry as the participants can travel as often as they want throughout the validity period of visa. The applicants might also recommend the program to the countrymen back at their home country (Yeoh, 2008).

### **1.3 Problem Statement**

Despite of all the recognitions by media and long-stay foundation, the overall number of participants in MM2H program is still considered to be very low, as evidenced from Table 1.1. The total number of participants each year remained almost stagnant since year 2007, fluctuating at around 1,500 successful applicants. As concluded by Ho and Khor (2008) in their report, the figure was below expectation and MM2H has only enjoyed moderate level of success since its implementation in 2002.

Some participants also pointed out that the program was not promoted effectively to foreigners although Malaysia has plenty to offer (Yeoh, 2008). Ho and Khor (2008) further indicated that information gap existed due to lack of coordination between and among government agencies and private enterprises.

Besides, Malaysia is also facing fierce competition from other nearby countries like Thailand, the Philippines, and Australia which offer similar long-stay packages. In order to survive in the stiff competition environment brought by neighboring countries like Thailand, the

Philippines, and Australia which offer similar second home program, a more concrete marketing plan is definitely needed.

The scope of this study is limited to both the Japanese and Indonesians due to some similarities that both countries possess. Both Japan and Indonesia can be regarded as countries located in high-risk zone prone to natural disasters such as severe earthquakes and tsunamis. Despite of the similarities, the two countries differ significantly in terms of development stage, income level, culture, climate, language, age distribution and so on. Hence, it is worthwhile to study the effect of nationality on the intention to make Malaysia a second home.

In terms of MM2H response, it is not difficult to observe from MM2H statistics (Table 1.1) that the total number of participants from both Japan (1,348) and Indonesia (626) are still very low with regards to the population in the respective country. The response of Japanese and Indonesians in MM2H participation varies even though both countries located in high-risk zone. The Japanese outnumbered by more than double as compared to the Indonesians. Therefore, it is of interest to find out the factors influencing the intention of Japanese and Indonesians in considering Malaysia as their second home as well as whether do both the nationalities differ in the mentioned intention.

#### **1.4 Research Questions**

This study attempts to provide answer to the following research questions:

1. What are the factors influencing the intention of Japanese or Indonesians in considering Malaysia as their second home?
2. Does nationality of Japanese or Indonesian moderate the relationship between the influencing factors and intention to consider Malaysia as a second home?

## **1.5 Research Objectives**

The objectives of this study are identified as:

1. To examine the factors influencing the intention of Japanese and Indonesians in considering Malaysia as their second home
2. To examine whether the nationality of Japanese or Indonesian moderate the relationship between the influencing factors and intention to consider Malaysia as a second home

## **1.6 Significance of Study**

It is important to find out the factors that contribute to the intention of foreigners to consider Malaysia as a second home before any effective government policies or marketing plan can be implemented. Therefore, this research serves as a platform to determine the significant factors contributing to the intention of Japanese or Indonesians to consider Malaysia as their second home. The study will also find out whether Japanese and Indonesians differ in their intention to consider Malaysia as their second home. With this, effective government policies and marketing plan can be proposed to cater for the needs of each group based on the results of the study.

Increased number of second home owners will indeed lead to the growth of Malaysia's economy in terms of increased foreign direct investment in businesses, real estate properties and vehicles, cash flow from fixed deposits as well as tourism activities. For example, second home owners contribute to Malaysia's economy when they invest or set-up their business in the country. According to the managing director of Borneo Vision (MM2H) Sdn. Bhd. cum the publisher of The Expat Magazine, J. Andrew Davidson at the Star Property and Home Fair 2007, each family under MM2H program brought in RM 9,800 of foreign currency into Malaysia each month on average (The Star, 2007).

Not only that, increased second home ownership also helps to boost Malaysia's tourism industry when the existing second home owners introduce Malaysia to the countrymen in their home country. According to an interview by The Star, some Japanese who reside in Malaysia are more than willing to recommend their friends in the home country to make Malaysia as a second home (Yeoh, 2008). Medical tourism is another industry expected to blossom with association to the increase in the number of second home ownership in Malaysia. Malaysian government is eagerly promoting this industry to make medical tourism one of the great reasons to make Malaysia a second home.

It is also possible to extend the results of this study to other countries which share similar characteristics in future. Besides, it is hoped that the bilateral ties between participating countries and Malaysia will grow with more foreign direct investment. Whilst serving as a ground for future research, it is hoped that the outcome of this study can lead to a profound understanding of Malaysia's second home industry.

## **1.7 Definition of Key Terms**

In order to generate better understanding among the readers, key terms in this research are defined specifically and further explained in this section.

### **1.7.1 Intention**

Intention is often a topic of interest to researchers especially in the field of psychology. One of the famous theories related to intention is the Theory of Intention proposed by Cohen and Levesque (1990). There are various definitions of intention. The very early attempt was made by relating intention to choice. Sugimoto (2000) extended the research on Theory of Intention and according

to the researcher, intentions may be regarded as choices but not all choices can be considered as intentions.

### **1.7.2 Second Home**

According to the literature research conducted by Nielsen and Kromann (2009) and Vágner *et al.*, (2011), there are various definitions for second home. Second home was defined as home that is “non-recreative or all-year dwellings, used only part-time” (Nielsen & Kromann, 2009). Shucksmith (1983) described second home as a permanent building which is only occupied occasionally for recreation purposes. Additionally, Marjavaara (2008) described second homes as “detached and non-mobile, privately-owned, single family dwellings for recreational and secondary use”.

Second homes may be termed alternatively as vacation / recreation homes, summer homes, cottages, huts, farmhouses and so on. The term “second home” is clearly referring to dwellings that are not as important as compared to the primary or permanent home (Marjavaara, 2008). Concept of second home provided by Marjavaara (2008) is applied in this study.

### **1.8 Organization of Thesis**

This thesis is organized into 5 chapters in total. As mentioned, chapter one presents the introduction and overview of the study. Chapter two highlights the literature review of previous studies related to the field of second home conducted by other researchers. This chapter also displays the theoretical framework and hypothesis associated to the independent variables, moderating variables and independent variable. Chapter three covers the research methodology used in this study, which focuses on the research design, data collection method and quantitative

data analysis using SPSS software. Chapter four furnishes the statistical data analysis results while chapter five concludes the study by presenting the research findings, results discussion, implications, limitations and recommendations for future research.



## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter reviews the literature of previous studies conducted by various researchers on second home phenomena in different part around the world. The overview of second home concept and factors influencing second home decision such as attraction, safety and security, economic environment, political status, social environment and retirement life will be presented. The underlying management theories related to this study are also identified and discussed. The development of theoretical framework and hypothesis of the study wrap up this chapter.

#### **2.2 Second Home Intention**

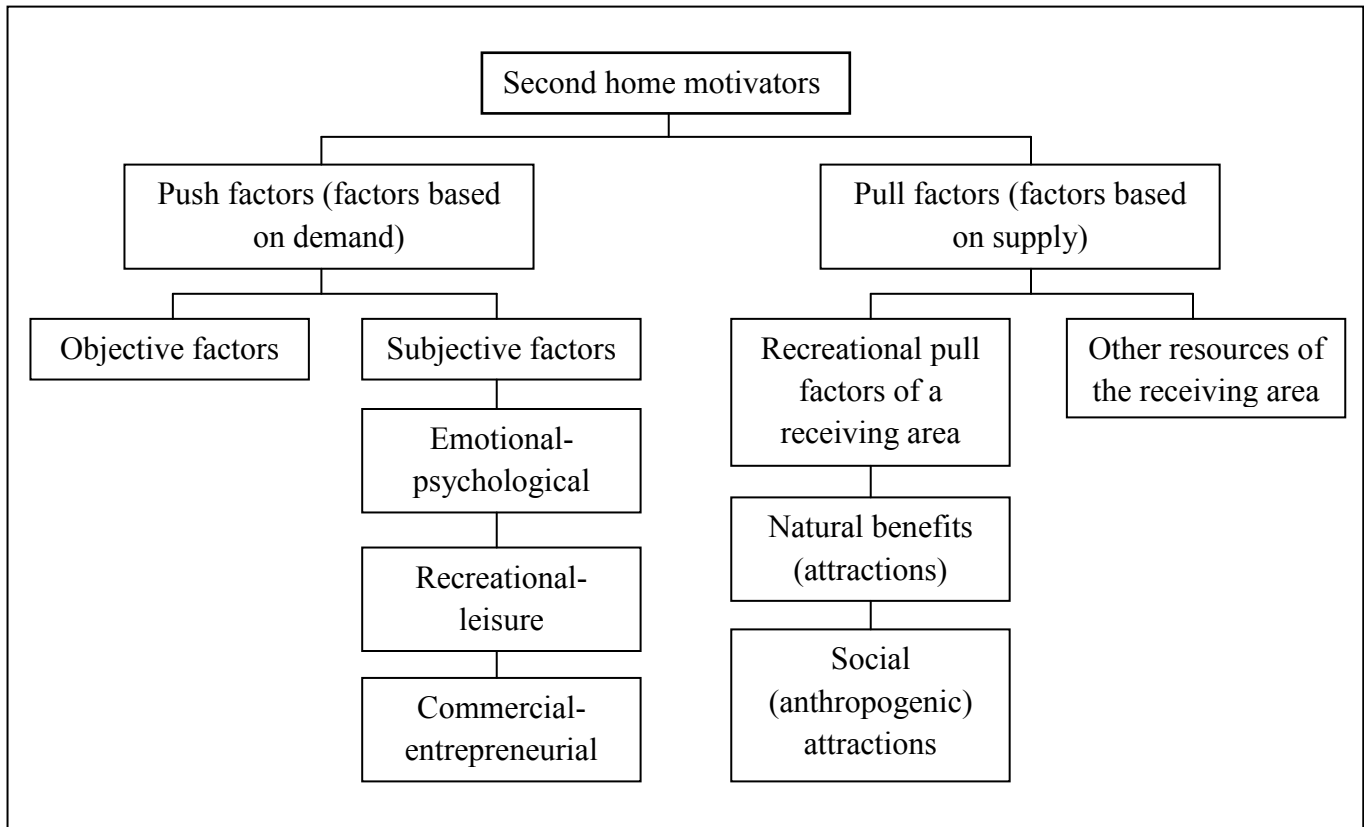
Theory of Intention proposed by Cohen and Levesque (1990) is one of the famous intention theories. Intention is a subject of interest to researchers in psychology field. Intention can be defined in various ways. The mentioned researchers attempted to relate intention to choice. However, not all choices can be considered as intentions even though intentions may be regarded as choices (Sugimoto, 2000)

According to the literature research conducted by Nielsen and Kromann (2009) and Vágner *et al.* (2011), there are various definitions for second home. Second homes may be termed alternatively as vacation / recreation homes, summer homes, cottages, huts, farmhouses, and so on. Nielsen and Kromann (2009) defined second home home that is “non-recreative or all-year dwellings, used only part-time”. On the other hand, Shucksmith (1983) described second home as

a permanent building which is only occupied occasionally for recreation purposes. Coppock (1977) divided second homes into four categories: 1) Private holiday homes for holidays; 2) Commercial homes; 3) Private holiday homes purchased for retirement purpose; and 4) Commercial holiday homes for investment. Additionally, Marjavaara (2008) described second homes as “detached and non-mobile, privately-owned, single family dwellings for recreational and secondary use” and are referring to dwellings that are not as important as compared to the primary or permanent home. The latter has been adopted as the definition of second home for this study in particular.

### **2.3 Determinants of Second Home Intention**

Over the years, researchers in second home industry had identified various factors influencing the consideration in owning a second home in somewhere else on top of the primary, permanent homes. In other words, motivators of second home ownership were studied. Opačić (2010) carried out a research in Malinska, Croatia to investigate in detail the second home ownership motivators in the area in order to have a better understanding of the impact of second home development. The researcher grouped the motivational factors of owning a second home into push factors (factors based on demand) and pull factors (factors based on supply) as in Figure 2.1.



*Figure 2.1:*

Classification of second home motivators (Opačić (2010))

The following review of literature will first provide an overview of each independent variable, followed by detailed literature review of previous researches, including the relationship between variables.

### **2.3.1 Attraction**

Attraction was widely recognized as one of the main factors influencing second home ownerships. Attraction can be generally divided into natural and man-made categories. Attractions in a country often refer to its sceneries, tranquility, tourist spots, climate, quality of landscape, made-made environment and so on.

Opačić (2010) classified attractions under recreational pull factors (factors based on supply) for second home ownerships. Items of attraction were further broken down according to geological, geomorphologic, climatic, hydrographical, vegetational, fanistic and vicinity of protected areas features. Change of living environment, tranquility, nature, and climatic attraction were among the factors studied on the second home development in Malinska. Other attraction factors such as cheaper holiday and recreational activities were also identified as the determinants of second home ownership in the area. As a whole, the study of the researcher concluded that recreational-leisure motives were predominant over commercial-entrepreneurial motives. However, the researcher acknowledged that the latter is becoming more and more prominent with the internalization and globalization of second home development.

A study related to second home ownership in Western Sweden had been conducted by Townshend (2007). Some of the objectives were to examine the literature of second home ownership development in the area, to find out the reasons for owning a second home in Sunnanå and Mellerud and to examine the economic and social impacts of second home development in Mellerud. Natural environment and outdoor activities were identified as some of the main reasons for Sunnanå to be chosen as a place for second home.

The proceeding section will discuss the outcome of respective study in greater detail, including the relationship between variables identified in this study.

### **2.3.2 Safety and Security**

Safety and security with regards to second home can be generally explained as the relative condition of being free from danger, harm, injury, risk, or personal / property loss incurred by either man-made or natural causes. Safety needs are identified as the needs one level higher than

the physiological needs. Safety and security can be measured in terms of natural disasters, personal safety, crime rate, terrorism, and so on.

By applying Maslow's Hierarchy of Needs Theory, Pearce (1982) performed a study to examine the motivation and behavior of a group of tourists in the United States, Europe, Canada, and Australia. Safety aspects made up of 4% of positive experiences and 43% of positive experiences.

Personal safety in second home area was categorized under pull factor by Opačić (2010). A study related to safety and security had also been performed by Aschauer (2010) at risky destination of Bali to examine the influence of safety and security concern on psychological factors such as values, risk propensity, holiday preferences, attitudes, perceptions and holiday preferences.

The proceeding section will discuss the outcome in further details, including the relationship between variables of interest.

### **2.3.3 Economic Environment**

Economic environment is identified as another factor influencing the intention of owning a second home elsewhere. Economic environment of a country can be measured in terms of its economic growth, GDP, housing costs, career opportunities, inflation, level of income and so on.

The importance of economic aspects can be observed through numerous previous studies conducted to examine the economic impacts of second home ownerships all over the world. Opačić (2010) classified economic constructs under commercial-entrepreneurial subjective push factors. Opportunities renting out rooms to tourists and taxes were among the economic factors influencing second home ownerships in Malinska.

Economic factors of investment and reasonable selling price of second home were among the reasons contributed to second home development in Mellerud (Townshend, 2007). In the study carried out to examine the economic and social impacts of second home in Colorado, over 40% of the respondents indicated that their second home properties were rented out either full time or part time (Venturoni *et al.*, 2005). In their case study conducted in Denmark, Nielsen and Kromann (2009) concluded that availability of housing of certain specifications was found to be very crucial in the development of second home ownerships.

Detailed discussion on each study inclusive of the relationship between variables will be discussed in the proceeding section.

#### **2.3.4 Political Status**

Political status is often one of the aspects for consideration on second home ownership in foreign countries. Vágner *et al.* (2011) classified political, institutional, and legislative under ownership factors of second home. Political status can be measured in terms of political system, tax policy and internationalization. According to the researchers, legal settings such as laws and regulations were influencing second home ownership as well as housing and tax policy. Location of second home was also influenced by laws and regulations. Müller (1999) also highlighted the similar aspects in his study.

Political and legal stability was classified under pull factors or factors based on supply in Opačić (2010)'s research in identifying the motivation models for second home ownerships in Malinska. Detailed literature review of the findings of the mentioned researches, including the relationship between variables will be discussed later in the chapter.

### 2.3.5 Social Environment

Social environment refers to the environment that provides opportunities for people to perform enjoyable activities. Social life can be measured in terms of infrastructures, social services, language, culinary array, culture and heritage, accommodation, leisure needs, lifestyle, social status or self-actualization and relationship with local residents.

Social needs and self-actualization are another two need categories included in Maslow's theory of needs. Social needs are grouped one level higher safety needs while self-actualization needs are defined as the highest level of needs in Maslow's hierarchy. By applying the mentioned theory, Pearce (1982) studied tourist motivation and behaviour by examining social needs (love) and self-actualization needs on a group of 400 tourists based on both positive and negative experiences. The findings indicated that love and self-actualization made up of 33% and 35%, respectively for positive experiences. The same needs made up of 17% and 1%, respectively for negative experiences.

Vágner *et al.* (2011) studied the second home tourism development of Czechia and Sweden by highlighting the historical-political and socio-geographical aspects. One of the research questions was to determine the factors influencing the development of second home tourism in those areas. In their study, the researchers divided the factors into ownership factors (political, social, economic, demographic and subjective) and location factors. In a study to examine the economic and social impacts of second homes in Colorado, Venturoni *et al.* (2005) conducted a survey on second home owners in which one section was administered to find out the social reasons second homes were purchased in the area of study.

Social factors of having a family and friends in second home area and close to permanent home were the among the reasons for living in Mellerud as a second home (Townshend, 2007).

On the other hand, socializing with friends and relatives, other fun factors and engaging in a hobby were identified as the some of the most influencing factors of second home decision in Malinska (Opačić, 2010). Additionally, insufficient suitable leisure environment made up almost 50% of the top reasons for not owning a second home in Malinska. Certain constructs of social environment were grouped under emotional-psychological subjective push factors while some were classified under recreational pull factors. Latter part of the chapter will discuss in detail each of the mentioned studies.

### **2.3.6 Retirement Life**

Aging of population in European and Asian countries like Japan and Korea is a phenomenon that receives more and more attention globally. Due to their relatively old age, reduced income level and lack of mobility, senior citizens often require special needs in terms of lifestyle, infrastructure, socio-economic environment and housing choices. Retirees might adjust their switch their late life dwelling and location as their health condition and wealth decline.

Opačić (2010) grouped the need for creating a home for “old age” under the subjective motivation factor of owning a second home (push factor). The findings of the study revealed that securing a living space for “old age” was one of the important factors influencing second home ownership in Malinska. With reference to the findings of a study conducted in Colorado, 11% of the respondents indicated the likelihood of making the second home a permanent residence for retirement (Venturoni *et al.*, 2005).

According to Japan Long Stay Foundation, retirees often consider having their long stay in Southeast Asia due to warmer climate, “slow life”, and lower cost of living. Gibler *et al.* (2009) performed a research in Spain to examine the late life second home choices among the German



and British migrants and unavailability of suitable housing property was ranked as the top reason of the migration to Spain, followed by health, mobility and other problems. Lee and Gibler (2004) had also conducted a study to examine the preferences for Korean seniors housing. Each study will be reviewed in a much greater detail in the proceeding section.

## **2.4 Nationality**

Although previous researches had been conducted in various regions such as Europe, North America, South Africa and Asia, the researches mainly focused solely in their respective region of interest. Literature review of previous study performed to examine specifically the effect of different nationalities was fairly limited.

One exception was presented by the research conducted by Vágner *et al.* (2011) in which the historical-political and socio-geographical aspects of second home development in both Czechia and Sweden were of interest. However, the study was performed to compare second home scenarios in two different areas rather than to delineate the effect of different nationalities on second home intention. Gibler *et al.* (2009) studied the late life second move housing choices of German and British retirees in Alicante, Spain. Likewise, the researchers did not focus on the differences in second home intention between the German and British.

One of the main objectives of this study is to find out whether Japanese and Indonesian differ in their intention to consider Malaysia as second home, despite of their similar country background of locating in high-risk zone of natural disasters. Therefore, this portion can be treated as a new contribution to existing researches in second home industry.

## **2.5 Relationship between Variables**

In a study to determine the motivation models of second home ownership in Malinska on the island of KRK in Croatia, Opačić (2010) intended to determine the motivators for owning a second home in the mentioned location as part of the researcher's effort to find out the complex impact of second home development. The main objective of this study was to investigate the main motivators for second home ownership of Malinska and the island of Krk. Motivators for second home ownership were classified into categories as shown in Figure 2.1 in the previous section. The study hypothesized that recreational-leisure factors are the primary motivators for second home ownership on the Croatia littoral. Qualitative method of on-site survey using direct interviews and research site observation were employed. A total of 105 second home owners in Malinska were asked to select and rank the first 3 factors that motivated them to purchase a second home in the area. The results indicated that over 50% of the respondents had selected change of living environment, tranquility and climatic attraction as the main factors. Social factors of "children" and socializing with friends and relatives made up of approximately 27% of all answers, followed by about 7.7% of answers on the motive of having cheaper holiday. Also, retirement life made up of 7.37% of all answers. In contrast, commercial-entrepreneurial motives of renting out rooms to tourists were less significant as represented by only 1.92% of the answers. With this, the researcher concluded that recreational-leisure factors dominated over commercial-entrepreneurial factors as motivators for second home ownership in Malinska, hence supporting the hypothesis developed in the study. However, it was acknowledged that the latter were becoming more prominent along with the global trend of second home development.

Townshend (2007) had carried out a case study in Sunnanå of Mellerud municipality in order to investigate the social and economic impacts of second home development in Western

Sweden. One of the objectives was to identify the factors motivating second home ownership in Mellerud. Structured questionnaires for interview were administered either face to face or via e-mail to 37 second home owners at Sunnanå. 41% of the respondents had indicated “close to water” as the main motive for owning a second home in Mellerud. Other attraction factors such as rural setting, nature and outdoor activities consisted of 24.3%. Economic factors of investment and property selling made up about 21.6% of all factors. On the other hand, 18.9% of respondents had selected social factors such as having friends and family and close proximity to primary home as the main factors for making Mellerud their second home. The researcher concluded that positive social and economic impacts outweighed the negative ones as a result of second home development in Sunnanå.

Despite of the debate over whether should second home owners be regarded as tourists, the factors for second home tourism development can be generally considered as similar (Opačić, 2010). Pearce (1982) studied tourist motivation and behaviour by examining safety needs, social needs (love) and self-actualization needs on a group of 200 tourists in the United States, Europe, Canada, and Australia by applying Maslow’s theory of needs. Each respondent was asked to indicate one positive and negative travel experience, respectively. All the answers were then analyzed and grouped according to Maslow’s needs hierarchy. The findings revealed that physiological, safety, love, self-esteem and self-actualization made up 27%, 4%, 33%, 1% and 35%, respectively for positive experiences. In contrast, the same needs made up 27%, 43%, 17%, 12% and 1% for negative experiences. The researcher argued that travel motives in the order of importance are self-actualization, love and sense of belonging and physiological needs. On the other hand, safety needs are a major concern of avoidance aspect.

Aschauer (2009) had performed a research to study tourists' perceptions at risky destinations by examining the psychological influence factors. The main objective of the study was to test the relevance and explanatory power of crises-resistant and crises-sensitive factors. One of the related hypothesis developed posited that stable factors such as values, risk inclination and travel preferences remain unchanged before and after the attack while sensitive factors such as attitudes and perception change significantly. Testing of this hypothesis was possible owing to the coincident attack during the survey in Bali. As for the research methodology, structured questionnaires were filled by a total of 930 tourists in risky tourist destinations of Bali (Indonesia), Sinai (Egypt) and Catalonia (Spain). Among all, 334 respondents took part in Bali, 289 in Sinai and 307 in Spain. The mentioned hypothesis was tested by performing t-test to analyze the data before and after Bali attack. The findings indicated that the hypothesis was partially supported as some stable factors had changed significantly after the attack while some sensitive factors remained unchanged. Values (stable factors) of openness towards change and conservation had shown significant change before and after the attack with the p-value of less than 0.01. On the other hand, some measures for attitudes and security indicators (crises-sensitive factors) also changed significantly with  $p < 0.01$ . Change in risk, security and political stability perception indicated that safety and security was indeed having significant impact on travel activities.

Similarly, a research was conducted by Chauhan (2007) to study the safety and security perceptions of tourists in Kashmir, India, which was considered a risky destination due to infamous terrorism activities. Primary data were collected via self-administered questionnaires from January 2005 to March 2006 where 213 useful questionnaires were returned. Respondents were asked to rate the safety and security measures using a 5-point likert scale (1 = unsafe and 5 =

very safe). Correlation and multiple regression techniques were applied to analyze the obtained data. Independent variables of the study comprised of transportation, accommodation, local, visiting tourist places & leisure activities while overall perceptions of Kashmir as a tourist destination was identified as the dependent variable of interest. The results of multiple regression analysis showed that all independent variables were positively and significantly related to the overall perceptions of Kashmir as a tourist destination. The study suggested that safety and security factors were among the significant factors affecting the image of a tourist destination.

Venturoni *et al.* (2005) had performed a research to analyze the economic and social impacts of second home development in Colorado. The study attempted to answer research questions on the effects of second home development on housing prices, number and types of jobs, community services and overall economy in four mountain resort counties. Usage patterns of second homes were also addressed. Survey questionnaires were electronically mailed home owners in the areas of study and 1,346 useful questionnaires were received. Among all, the motivators of second home ownership were identified as recreational activities (83%), closeness to ski resorts (73%), scenery and surroundings (72%), investment potential (49%), part-time rentals (32%) and full-time rentals (14%). Additionally, 11% of the respondents intended to use their second homes as a place for retirement.

Vágner *et al.* (2011) conducted a research to study the historical-political and socio-geographical aspects of second development in Czechia and Sweden. The researcher compared the evolution, present state and future trends of second home development and literature in the mentioned countries. The main objective of this study was to examine the impact of different policy on second home development in the two countries. One of the research questions was whether were political systems the important factors or were there other prevailing factors for

second home development in Czechia and Sweden. The researchers suggested that ownership factors for second home comprised of political, social, economic, demographic and subjective factors. It was also mentioned in the study that these factors were influenced by lifestyle, leisure practices, nature activities and urbanization and were very much in common regardless of historical-political and socio-economic background. Political and economic factors were less prevailed as compared to social and subjective factors. The study further indicated that the trend of second home development was moving towards society of leisure.

A study was presented by Nielsen and Kromann (2009) to examine the role of real estate agents in second home ownership in Vejen and Langeland, Denmark. Interviews were performed on 14 real estate agents. Housing of certain specification was found to be very crucial as did attraction such as access to the coast and other natural areas.

In the effort to examine housing preferences for retirement life, Gibler *et al.* (2009) had performed a research to find out the housing preferences of international migrants after they retired. The purpose of this research were: 1) to analyze whether were retired migrants choosing housing that cater for old age and 2) to check whether convenient locations with close proximity to shops and various services were preferred. The target respondents of this study were retirees from German and Great Britain who had moved to Alicante province of Spain. Self-administered questionnaires translated into German and English were used as the data collecting tool and 459 useful responses were received for further analysis. Apart from demographic data, respondents were asked to rank (1 to 6, with 1 = very important) according the importance a given list of pull factors that motivated them to move to the area of study. Top 5 most important pull factors were identified as natural amenities (2.17), housing prices (2.42), lower cost of living (2.44), medical care (2.44) and opportunities for recreational activities (2.61). It is possible to classify those