

Best Practices for Corporate Real Estate Management (CREM) in Malaysia: Value-Added CREM Strategies among Malaysian Corporations

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Abstract—This conceptual paper focuses on identifying added-value Corporate Real Estate Management (CREM) strategies that contribute the most in achieving corporate goals. The research framework is outlined by referring to a widely accepted Lindholm’s CREM model. Data collection and data analysis for qualitative research approach are adopted alongside the usage of Atlas.ti, a qualitative data analysis software. The expected outcome from this research are the best practices of CREM in Malaysian practice.

Keywords—Corporate real estate management (CREM); added-value strategies; Lindholm; Atlas.ti; Malaysia.

I. Introduction

Various industry research studies over the last ten years indicate that more than 25 percent of corporate assets are invested in real estate and that total occupancy costs of corporate real estate represents 5% to 8% of total (pre-tax) gross sales, or 40 to 50 % of net income.

Although real estate represents a significant portion of a corporation’s assets, real estate is often not actively managed in conjunction with overall corporate strategy [1] [2]. In Malaysian practice, for the year 2001, the total real estate owned by a selected 500 non-property companies amounted to RM 96.27 billion representing 20.7% of the total market capitalization (RM465 billion) of Bursa Malaysia and it constitutes about 24% of the total tangible assets of these firms [3].

Eventhough real estate is listed as the fifth resource after the traditional resources of people, technology, information and capital [4], real estate is regarded as the second most costly business resource right after salaries [5].

Real estate can provide unique business resource which gives the firm an advantage of remaining competitive in the industry [6]. As a manageable resource, it is best for business owners to utilize their real estate asset for revenue maximization.

II. The Discipline of “Best Practices”

Since, the definition of “best practice” may vary from one field to another; the practices that might be considered as “best practice” are tabulated as below:

TABLE I: TYPE OF BEST PRACTICES

Good Idea (unproven)	Not yet substantiated by data but make senses intuitively. It could have a positive impact on business performance, but requires further review/analysis. If substantiated by data, this could be a candidate for implementation in the organization.
Good Practice	Technique, methodology, procedure, or process that has been implemented and has improved business results for an organisation (satisfying some element of customers’ and stakeholders’ needs). This is substantiated by data collection at the organizations.
Proven Best Practice	A good practice that has been determined to be the best approach for many organisations, based on analysis of process performance data.
Industry Best Practice	A practice that has been determined to be the best approach for all or large parts of an organisation. This is based on both internal and external benchmarking work, including the analysis of performance data. External benchmarking is not confined to the organisation industry.

Source: Sulaiman, N. (2011) [10]

There are many identified sources from which the best practice outline can be drawn such as extensive reviews of related management literature and reviewing case studies [11]. In this research, as case studies are not available and do not fully serve the research objectives; they are replaced with other primary source of data which are interviews.

III. Corporate Real Estate Management (CREM)

Corporate real estate (CRE) is defined as the use of real estate as part of corporation operations [7]. This definition of CRE covers both owned and leased properties that are utilized in achieving corporate objectives [7].

Within this regard, the management of this type of asset is known as corporate real estate management (CREM) which can be interpreted as “the optimum use of all real estate assets utilised by a corporation in pursuit of its primary business mission” [8].

Among its contributions to a firm include property management, property acquisition and development, and financial analysis [9].

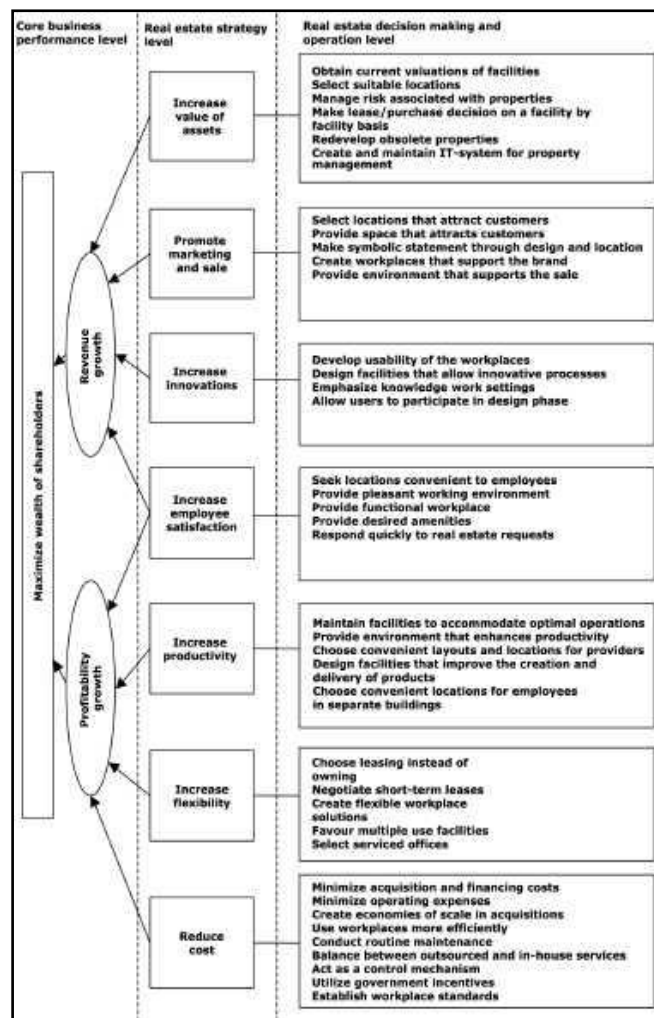
IV. Lindholm’s Value-Added CREM Model

Lindholm’s Value-Added CREM Model is an established model that identifies added-value CREM strategies. Its purpose of creation is to maximise the shareholders’ wealth which according to the model can be achieved by the growth of revenue and profitability [12].

The model provides strategies that can contribute to both revenue and profitability growth; and which decision-makings best suit the need of these strategies.

Using Lindholm’s Added Value Strategies Model, this research focuses on mapping out the value-added CREM strategies and decision-makings that assist the local corporations in achieving their corporate goals. The research finding will be transformed into a comprehensive model which can be assumed as the current best practice for CREM in Malaysia.

FIGURE I: LINDHOLM’S VALUE-ADDED CREM MODEL



Source: Lindholm, A.L. (2008) [12]

V. Purpose of Research

A. Research Problem

Corporate real estate as the second most costly business resource is always undermanaged which causes the asset to be treated as more like a business resource than a tool of wealth maximisation.

B. Research Objectives

The researchers are interested to find out which strategies cater the most to the local corporations and how they accommodate and execute these strategies into their CREM practice.

VI. Research Methodology

The methods that will be used in achieving the research objectives are by conducting semi-structured interviews, audio-recording for interviews, interview transcriptions and computer-aided qualitative data analysis software.

A. Research Scope

This research obtains its primary data from the top 100 companies based on market capitalisation on Bursa Malaysia with the exception of those that have property or construction as their core-business. The respondents comprise of the managers or people in-charge of CREM in their respective companies.

B. Qualitative – Semi-structured Interviews

Interviews are carried out with the purpose of providing in-depth insights into what is and will be happening [13].

In semi-structured interviews, the researchers will create a pre-prepared framework which covers a list of themes and questions to be asked during the interviews [14].

Since it is half-constructed, the researchers have the flexibility in asking questions depending on what they deem necessary in the situation [15].

Semi-structured interviews also act as a directed discussion of the topic of interest to extract ideas and opinions from interviewees [16].

Finally, the flexible and detailed nature of the interview allows the researchers to prompt comprehensive and thorough responses whereby the respondents are asked to clarify their answers [15].

C. Data Collection

Non-probability method is adopted in the data collection process. As the targeted group of the respondents has been pre-determined beforehand, the purposive sampling is singled out based on its suitability with the research objectives.

Responses in interviews normally are documented in the forms of note-taking and tape-recording [15]. Interviews conducted will be recorded to protect its validity and as a precaution step as not to miss any important information during the analysis.

The researchers will transcribe the audio recording of the interview and the transcripts will be returned to the respondents. This step is important as to ensure confidentiality of the respondents and validate the interpretation made by the researchers [17].

D. Typology – Atlas.ti

Atlas.ti is a computer-aided qualitative data analysis software which analyses field notes, memos, texts, codes and concepts.

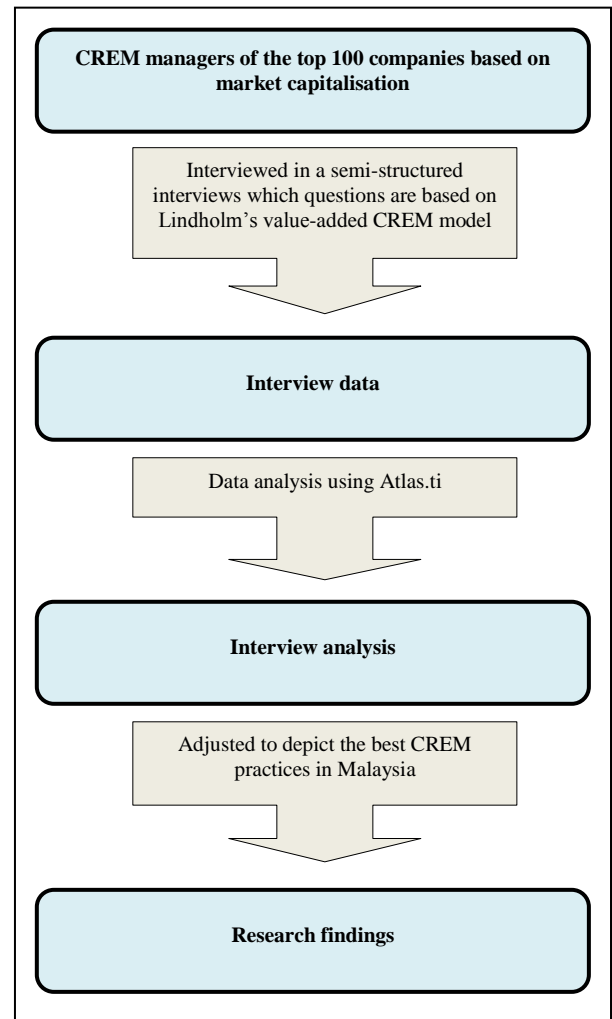
The outcome of the analysis is normally presented in a diagram. Media-related information such as audio and visual data can be easily embedded in the analysis [18].

The diagram helps the researchers to visually digest the themes and concepts of the interviews as a whole. This is the most useful feature of Atlas.ti because the grouping of typologies (repeated themes and concepts) will be utilised in completing the rest of the research framework [17].

VII. Conclusions

This conceptual paper is prepared to study the best practices for CREM in Malaysia. The researchers follow closely the previously established CREM model by Lindholm [12]. The process of the research is as shown in the figure beneath:-

FIGURE 2: RESEARCH PROCESS



Source: The Researcher (2013)

The researchers will interview the CREM managers from the top 100 companies based on market capitalisation on Bursa Malaysia. The interview will be in the form of semi-structured which pre-determined framework is based on Lindholm's Value-Added CREM model.

Data from the interview will be analysed using a qualitative data analysis software, namely Atlas.ti. The result of this analysis will produce interview analysis.

Interview analysis will be presented as the research findings after adjustment to depict the best CREM practices in Malaysia.

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