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## Family Decision-Making In Purchasing A Home: A Case Study In Kota Bharu, Kelantan

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### Abstract

Households or families play an important role in residential real estate industry. To a great extent, their preferences and needs have a significant impact on both the demand and supply of this product. Hence an understanding of the behaviour and process of decision-making in families is significant in achieving the success of marketing real estate product. This paper seeks to examine the roles played by different family members and their influence at different stages of the decision-making process in purchasing a home. The paper concluded that the roles played by family members can be correlated to stages of family decision making.

*Keywords: Decision-making process, family, preferences, behaviour.*

A family is defined as "a group of two or more persons related by blood, marriage or adoption, and residing together as a household" (Lawson *et al.* 1996). Consumer behaviour of the family is crucial to the marketers in real estate industry because it is considered as the decision-making and consumption unit to their products. Since the family decision-making plays an important role, the interaction between family members is likely to be more significant than those smaller groups, such as friends or colleagues (Solomon, 1999).

Several studies in family decision-making have examined the extent of influences exerted by family members and their influences at each stage of the decision-making process (see for examples Beatty and Talpade, 1994; Na *et al.*, 1998; Lee and Marshall, 1998; Samsinar *et al.*, 2004). A study by Davis and Rigaux (1974) suggested three (3) stages of family decision-making process; while Woodside and Motes (1979) argued that there are nine (9) stages in the process of decision-making of a family. Nevertheless, it has been argued that relatively little study has been carried out on family decision making in real estate decision. Deborah and Lee (2002) suggested a 5-stages model comprising problem recognition, product specification, information search, alternative evaluation and final choice in providing a platform of understanding of family decision making in the context of buying a home.

The question is whether the family decision-making in practice follows the conceptual structure of family decision-making outlined in the theory. What is the real decision-making process undergoing by families when they want to purchase a house? What are the key roles played by each family member? Who is the initiator? Who is the influencer, information gatherer, gatekeeper, decision maker or who is actually the purchaser?

This paper presents a study conducted via a questionnaire survey amongst the households

Kelantan. The survey intends to examine the key role that influences the decision-making at different stages. For this purpose, the model developed by Deborah and Lee (2002) is adopted as the analytical framework for this study. This five (5) stages model is considered as appropriate as it covers all the important decision-making stages. Using too many stages is perceived to be cumbersome and may stifle the interview.

Kota Bharu is chosen as a case study area in an attempt to provide an insight into the real family decision making process in purchasing a home. Yin (1994) argued that the case study provides vicarious experience, in the form of 'full and thorough knowledge of the particular'. Case study is a particular method of qualitative research (Stake, 1995). Rather than using large samples and following a rigid protocol to examine a limited number of variables, case study methods involve an in-depth, longitudinal examination of a single instance or event; a case. They provide a systematic way of looking at events, collecting data, analysing information, and reporting the results. As a result the researcher may gain a sharpened understanding of why the instance happened as it did, and what might become important to look at more extensively in future research. Stake (1995) also commented that case study facilitates 'naturalistic generalisation', and thereby builds up the body of tacit knowledge on the basis of which people act. He stated that what is required in adopting a case study approach is not that they provide generalisations but rather describe the case study in a way that captures its unique features. Stake (1995) further concluded that a case study is a bounded system that exists independently of inquiry.

Hence, a case study had been carried out in this study in order to visualise the whole process of family decision making in purchasing as well as preparing to purchase house. Kota Bharu, the state capital of

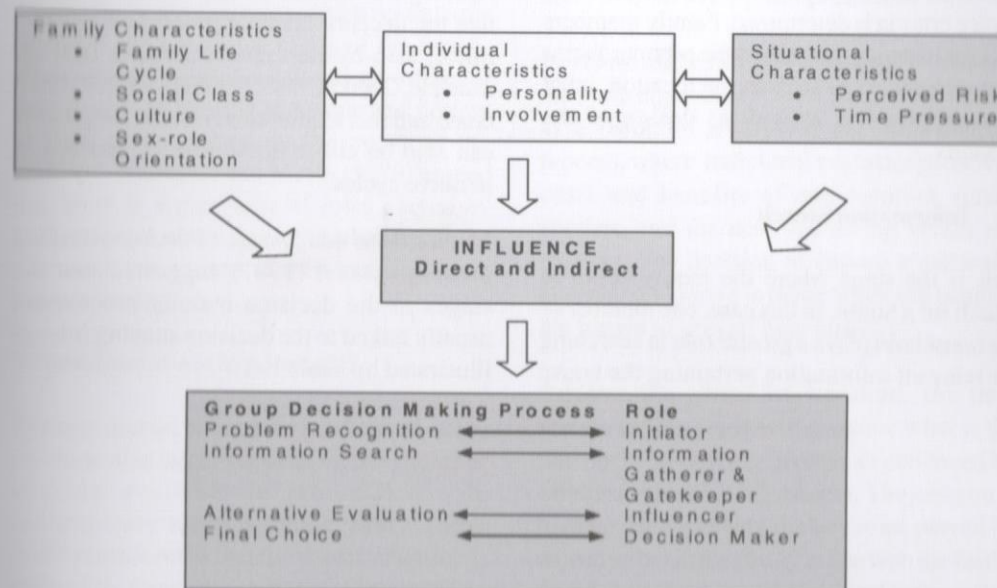
castle/fort' in Malay, is chosen as a case study for this purpose. Suffice it to claim that Kota Bharu provides several points of interest. It comprises the highest population in Kelantan of about 280,000 people which represent about 20 percent of the whole population of Kelantan (Department of Statistics, 2000). Majority of citizens in Kota Bharu are Malays, followed by Chinese, Indians, Siamese and other races. It is also a rapid growing town being the focal point for Kelantan's administration and business activities. Kelantan itself appealed as an interesting case study based on two key reasons. First, the fact that in general, the state is perceived as synonymous with "female-bread winner state" due to high percentage of women involved in business entrepreneurship compared to male. Second, Kelantan is the only state in Malaysia governed by an opposition political party, Parti Islam Semalaysia (PAS), and yet enjoys a very good relationship with the Federal Government. It is claimed that political environment and difference between the State and Federal Government is never a

concerning investment in Malaysia as determined by the Federal Government and the state government serves to facilitate an accommodate investors.

### A framework of family decision-making buying a home

There are indeed many factors that affect the family decision-making in buying a home. Deborah and Lee (2002) suggested three key factors which include family characteristic, individual characteristics as well as situational characteristics. These characteristics are related between each other and they either influence directly or indirectly to the decision-making process (see Figure 1 below). Nevertheless, the family characteristics play the most significant role among these characteristics. The family characteristics include family life cycle, social class and culture as well as sex-role orientation. These characteristics influence directly or indirectly on the group decision-making process.

Figure 1: Framework of Family Decision-making



Source: Deborah and Lee, 2002: 322.