EFFECT OF INNOVATION STRATEGIES ON PERFORMANCE OF REAL ESTATES FIRMS IN MAVOKO SUB-COUNTY, KENYA

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MAY, 2020
DECLARATION

This research project is my original work and has not been presented for a degree in any other University.

Signature: ………………………………… Date: …………………………………

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This research project has been submitted for examination with my approval as Kenyatta University’s supervisor.

Signature: ………………………………… Date: …………………………………

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DEDICATION

I dedicate this project to God Almighty my creator, my strong pillar, my source of inspiration, wisdom, knowledge and understanding. He has been the source of my strength throughout this program and on His wings only have I soared. I also dedicate this work to my loving mother Mrs. Justinah Wambua who has encouraged me all the way and whose encouragement has made sure that I give it all it takes to finish that which I have started. Thank you. My love for you all can never be quantified. God bless you.
ACKNOWLEDGEMENTS

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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>GoK</td>
<td>Government of Kenya</td>
</tr>
<tr>
<td>HFC</td>
<td>Housing Finance Corporation</td>
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<td>HPI</td>
<td>Hass Property Index</td>
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<td>KPI</td>
<td>Key Performance Indicators</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
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<td>RBV</td>
<td>Resource-based view</td>
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<td>PIRI</td>
<td>Prime International Residential Index</td>
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<td>RBT</td>
<td>Resource-Based Theory</td>
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<td>S&amp;L</td>
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<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities, and Threats</td>
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<td>SPSS</td>
<td>Statistical Product and Service Solutions</td>
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OPERATIONAL DEFINITION OF TERMS

Firm Strategy: deals with how a firm performs in its chosen sector. It is concerned with how a firm analysis its strengths and weaknesses as well as the opportunities and threats that a firm faces in its environment.

Innovation: denotes to the formation and the starter of different merchandises, manufacture methods, and organizational systems.

Innovative customer service strategy: is concerned with a plan for creating or improving the customer experience provided by the firm.

Innovation Strategy: denotes to a company’s choice on the extent to which innovation can be used in executing its strategy while attempting to achieve given performance levels.

Key Performance Indicators (KPIs): means that enable a firm to judge how well they are performing in a given environment.

Process innovation: implementing a greatly upgraded production or method of delivery or replacing it altogether.

Product differentiation: distinguishing services or products from the ones in the market with a focus on a specific target market.

Real estate: land or any other physical property as well as enhancements attached to property, together with households, structures, redesigning, barrier, and boreholes in a list of many other items.

Sub County: refers to a section of the county.

Technology strategy: is the complete proposal comprising of objective(s), doctrines and procedures involving practice of expertise and know-how in a specific business.
ABSTRACT

The two main aims that every business organization must endeavour to achieve are achieving a point of economic gain as well as improving company's performance comparative to its players. An innovative executed approach is able to have a noteworthy influence on realization of viable improvement status. The Real estate industry in Kenya is competitive and thus, having a competitive advantage is key for survival. This research sought to evaluate results of innovation strategies on the overall performance of firms that work in the real estate sector in Mavoko Sub-County. Explicitly, the research wanted to; define how Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy, and Innovative Customer Service Strategy influences performance of real estate firms in Mavoko. The research used census method since the population was small and the firms were easily accessible. For the study, the requisite primary data was collected by the use of a questionnaire as its key instrument. SPSS version 25 then aided in analysing data as it was most apposite and user-friendly for analysing attitudinal responses that are management related. Descriptive and inferential statistics were the models used in the research to do the data analysis of the data collected and presented through frequency distribution tables and figures. Results revealed that 90.3% of the entire discrepancy in the dependent variable (Performance of Real Estate Firms) could be significantly explained by combined independent variables (Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy, and Innovative Customer Service Strategy). The study therefore concluded that Process Innovation, Product Differentiation, Technology, and Innovative Customer Service Strategies had significant positive effect on performances of real estate companies in Mavoko. Therefore, the study recommended that the firms should make use of this strategies so as to increase their performance.
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Firms develop strategies that enable them achieve their basic goal of maximizing the wealth of their shareholders. Innovative strategies are protracted exploit plans that are invented to aid a company to improve and devour a competitive advantage over its competitors by responding to numerous changes in its environment (Zott & Amit, 2008). A company's performance, on the contrarily, is the outcome of accomplishments of an organization or investment for a certain duration. An association among innovation and performance of a company exists whereby having a competing advantage it is highly likely that the firm will have a worthy performance in the industry it operates in.

On the converse, a firm’s performance results from its activities or investment it makes in a given duration. The study was founded on Resource-Based View theory (Kraaijenbrink, Spender & Groen, 2010), as a foundation for innovation strategies that basically lie in applying both non-physical and physical resources within the firm’s reach. The open system theory is also critical; the firm operates in an open system which continuously interacts with its environment where competition exists (Mele, Pels & Polese, 2010).

The last decade has seen massive growth of the realtor business in Kenya for the reason that buying, selling and renting of land and building is reacting to demand that has been fashioned by the growing social group that consists of well-educate people, such as doctors, lawyers and teachers with disposable income and able to purchase homes and others service their mortgages. As a result, there have been many players into real estate firms to content this demand. Competition is hence no amazement; the firms have to improve their main competencies to deliver unique products at reasonable costs for their survival (Muli, 2013).
1.1.1 Firm Performance

It encompasses the cyclical undertakings to find out organizational goals while monitoring development on the way to achievement of the objectives, as well as creating changes to accomplish those goals more effectively and efficiently. Innovative Strategic planning is also critical to a firm's performance (Zott & Amit, 2008). It's a wide procedure to ascertain the planned trend, comprising of vision, mission, values and overall goals. Implementation of linked action plans comprising of multi-level goals, objectives, timelines and responsibilities facilitates tracking of direction. Therefore, firms gain competitive advantage over their competitors by developing improved or better products, processes or business models via implementation of various innovative strategies.

Armstrong (2009) defined firm performance as an integrated and strategic method that increases company’s effectiveness through enhancing the performance of employees as well as improving capabilities of individuals and teams. Managing performance of the employee as well as alignment of their objectives enhances effectiveness in delivery of operational and strategic goals and hence improving competitiveness of the firm. Direct financial benefits that may be associated with a firm's performance include; reduced costs in the organization, growth of sales, and reduced project overruns. Key Performance Indicators (KPIs) are important to attain these benefits and help firms to measure their performance. This allows firms to find their most vital metrics, as well as offer a standardized means of ascertaining if their objectives, goals and targets are being met. Key Performance Indicators mostly are numbers that vary from one firm to another. The most common Key Performance Indicator in this industry is average revenue received through property sales; if there is an increment in this indicator over the year, then one can comfortably argue that the business is performing well, rather headed for the right direction.
Performance of a firm is assessed through quantitative and qualitative performance indicators such as number of customers, profit, and costs (Tseng, Chiu & Chen, 2009). It remains fundamental for an organization to find performance indicators, their relationship with the organization goals and their dependent on the activities performed. Contemporary managers have recognized this and made efforts to define firm-specific goals along with their performance indicators and how these indicators are going to be evaluated (Nudurupati, Bititci, Kumar & Chan, 2011).

1.1.2 Innovation Strategies

According to Robledo (2009) innovation is the process of introduction and creation of new organizational systems, production methods as well as the products themselves. Ngah and Ibrahim (2009) stated that in corporate ventures, creating or sustaining competitive advantage requires innovation as the fundamental mechanism for the venturing firm. Indicatively, innovation is considered as a key pillar for corporate venturing. However, there exists fundamental problems that can damage corporate venturing and innovation processes. Dorf, Byers and Nelson (2008) states that over the past forty years, real estate sector has made efforts to utilize the value from the wave of innovation and technology. A firm contains relatively few useful strategies such as, production strategy, marketing strategy, supplier strategy etc.

Strategy is part of the very observable factors that affect innovation performance of a company as it is what a firm’s decision to innovate. Strategy is not a program of instructions or detailed plan but a unifying theme which directs the decisions and actions of a firm and gives coherence to the firm (Oslon & Oslon, 2007). Strategy through establishment of a competitive advantage guides management decisions towards superior performance. A real estate sector strategy is comprised of two levels that include functional strategy and business strategy (Karanja, 2009).
Firm strategy defines its scope in market and industries segments in which it operates. Business strategy defines how a firm competes in a given market or sector and functional strategy is comprised of the implementation and elaboration of business strategy in the distinct functions in the firm. Strategy is therefore seen as a waterfall that flows from the very wide and disperses to the more practical and concrete.

Back, Parboteeah and Nam (2014) argued that innovation propels growth irrespective of the larger economic condition. Researches have enumerated the significance of new ideas and innovation as stimulants of economic growth and advanced that competition due to new products is hugely considerable than altering prices of products that are in the market already. As the creative destruction phenomenon submits, successful entrepreneurs who introduce revolutionary services and products are the central forces that drive continued long-term growth of economy while destroying the power of established organizations and institutions in the short-term (Freel, 2017).

The implication is that companies need to be innovative somehow so as to grow and last. Ferreira et al. (2015) observe that effective innovative processes amounts to decline product development cost and also decrease in market time. According to Hashi and Stojčić (2013) innovation has influence on organizational performance and have significantly interested policymakers and economists for a long time. At the level of the organization, innovation process is associated strongly with the learning process of the firm and refers to its ability to implement in addition to acceptance of new ideas, generate, processes, products or services. Similar studies in the past have reported a relationship that is positive between performance of the organization and innovation (Gunday et al., 2011).
According to Thomas and Wood (2014) innovation deals with means of improving the performance and competitiveness of the organization even though this relationship lacks clear empirical support. Additionally, Camisón and Villar-López (2012) noted several studies have discussed the consequences of applying innovation to the organization and those that have done so are limited in scope. Therefore, this research was an evaluation of the effect that Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy and Innovative Customer Service Strategy on real estate firms’ performance in the Sub-County of Mavoko, Kenya.

1.1.3 Real Estate Firms in Mavoko Sub-County
Mavoko Constituency is an electoral Sub-County in Kenya and it is one of the constituencies in Machakos County. As at the 2009 census, the area covered by Mavoko Sub-county had a population of approximately 139,502 people. However, the population has significantly increased resulting in the current development in residential and commercial properties. The need for the property market in Mavoko Sub-County has in the last 10 years thrived to an all-time high. In 2010 Mavoko Sub-County recorded the highest growth in luxury house prices in the world.

Recently, the Kenyan government has announced that it is planning to build 8,000 low-cost houses to be put up in this sub-county which will be bought at between Sh1 million and Sh1.5 million (Kariuki, 2018). However, the project could offer serious competition to the housing boom enjoyed by small housing development firms, real estate investors, Saccos and bank-fronted projects dubbed ‘gated’ communities, whose units are sold at premium prices of more than Sh. 3.5 million. The implication of this is that most of this firms will have to innovate or face extinction. However, the assumption is that most of them have already innovated or have
innovation strategies that will help them survive. As a result, impact of integration of innovative strategies on the general output and performance real estate companies in Mavoko constituency was measured by this research project.

1.2 Statement of the Problem

Real estate sector of the Kenyan economy has been and still continues to be the most profitable since independence. Most properties such as buildings that were bought 10-45 years ago have increased in value by more than 1000%. In the past ten years, Kenyan real estate industry recorded tremendous improvement. This boom endured the global economic downturn and the Kenya Post Election Violence of 2008 that paralyzed other economic sectors such as agriculture and tourism. The real estate sector that houses construction sector approximately created 82,000 jobs in 2010 (Juma, 2014).

According to Gathuru (2014), Kenyan real estate market has been quite rewarding especially for foreign investors with profit margins ranging between 20% to 30% which Luesby (2012) opined that it is impossible even in places like the United States of America or European markets. Foreign real estate organizations have developed luxury properties worthy millions of dollars at the high-end market focusing on diplomats, expatriates and wealthy Kenyans. The Knight Frank's 2011 Prime International Residential Index (PIRI) that indexes change in price of top-end property markets across the world showed that luxury realtors in Kenya recorded the highest increase in profits globally. Comparatively, Nairobi's high-end real estate value increased by twenty five percent and 20% at the coast region of Kenya than other major cities such as London (12.1%), Miami (19.1%), New York (3.1%), Singapore (4.7%), Moscow (9.8%) and Shanghai (-3.4%) (Mercy, 2012).
The Hass Property Index (2013) reports saturation in the high-end real estate area and observes that this price growth might be untenable in future. Some of the major projects include Thika Greens Limited (TGL) that stands on 1,135 acres of land in Thika, $650 million golf estate that is set to have 4,000 housing units when completed. Another close-by project on 774 acres is Migaa in Kiambu County. The project that Home Afrika Ltd is developing will have 2,500 housing units and an 18-hole golf course. Land prices have skyrocketed in areas neighbouring these projects due to anticipation of demand by sellers and new amenities that have been established that are projected to transform the dormant area into a mega urban estate for high- and middle-income earners. For survival having a competitive advantage is key since Real estate sector in Kenya is very competitive. Major ones include Lloyd Masika Limited, Hass consult, Dunhill Consulting Limited among others.

However, in the last 5 years, the sector has been affected negatively by financial crisis that affected the entire world. There has been also a massive expansion of the real estate that calls for innovation and new strategies by the stakeholders in the sector for them to keep abreast with the challenges. Studies have projected that succeeding of competitive environment is the forerunner to the substantial performance of a firm (Raduan, Jegak, Haslinda & Alimin, 2009). Competitive superiority results from factors such as types of diversification, operational efficiency as well as organizational structures (King, 2007). Realizing a point of modest superiority and improving company firm's performance as compared to its players are two of the main aims that organizations should endeavour to accomplish. An innovative executed strategy leads to a noteworthy influence towards the realization of viable improvement level (Porter & Kramer, 2006).
1.3 Research Objectives
The following objectives guided the study;

1.3.1 General Objectives
This study was an assessment of the effect that innovation strategies have on performance of real estate firms in Mavoko Sub-County, Kenya.

1.3.2 Specific Objectives
The following objectives guided the study:

i. To determine the effect that Process Innovation Strategy has on the performance of real estate firms in Mavoko Sub-County, Kenya.

ii. To find the effect that Product Differentiation Strategy has on the performance of real estate firms in Mavoko Sub-County, Kenya.

iii. To assess the effect that Technology Strategy has on the performance of real estate firms in Mavoko Sub-County, Kenya.

iv. To establish the effect that Innovative Customer Service Strategy has on real estate firms performance in the Sub-County of Mavoko, Kenya.

1.4 Research Questions
This research project was guided by the research questions that follow:

i. What effect does Process Innovation Strategy has on real estate firms’ performance in the Sub-County of Mavoko, Kenya?

ii. What effect does Product Differentiation Strategy have on real estate firms performance in Mavoko Sub-County, Kenya?

iii. What effect does Technology Strategy has on the performance of real estate firms in Mavoko Sub-County, Kenya?
iv. What effect does Innovative Customer Service Strategy have on the performance of real estate firms in Mavoko Sub-County, Kenya?

1.5 Significance of the Study
The study is destined to improve the body of knowledge specifically on real estate firms in Mavoko Sub County and globally, which will make available an opportunity for further research on similar areas of study. The findings of the study will provide literature that will lead to enhancement of discussions by being a source of data from real estate firms in Mavoko on innovation and its role in influencing firms’ performance. The study will provide material to the management of real estate firms and other players on undertaking viable innovative strategies, conceivable drawbacks and how to discourse them.

1.6 Scope of the Study
Specifically, the research project was based in Mavoko Sub County, Machakos County. Mavoko Sub County has a semi-arid climate and the terrain is hilly with an estimated altitude of 1000-2100 meters above sea level. The Sub-County area in Sq. Km is approximately 843.20. List of wards in Mavoko Sub-County include Athi River, Kinanie, Muthwani and Syokimau/Mulolongo Wards. The research targeted all firms dealing with real estate and operating in the sub-county of Mavoko.

The study was also limited to the four objectives namely; To determine the influence of Process Innovation Strategy on real estate firms’ performance in the Sub-County of Mavoko, Kenya; To find influence of Product Differentiation Strategy on the performance of real estate firms within Sub-County of Mavoko, Kenya; Assessing the impact of Technology Strategy on real estate firms’ performance in the Sub-County of Mavoko, Kenya; as well as To find out the influence that Innovative Customer Service Strategy has on real estate firms’ performance in in the Sub-County of Mavoko, Kenya.
1.7 Limitations of the Study
The limiting factors anticipated by the study include; organization policies that restrict giving out of information. The policies require high confidentiality especially on information that involve budget operations and management of finances as well as strategic plan of the company. These led to some respondents refusing to give responses and others failed to give detailed information in the responses. The researcher mitigated this by assuring all the respondents that research ethics and confidentiality of information will be highly observed. Secondly, since the study utilized purposive sampling in selection of the respondents, it was possible that some respondents who had information that could help the study may not have been selected. To mitigate this the researcher selected the respondents carefully so as to ensure adequate representation.

1.8 Organization of the Study
The research project is structured into five chapters. Chapter one highlights the introduction, problem statement, objectives, research questions, significance, the scope, limitations, and assumptions of the Study. Chapter two comprised of literature as well as theoretical review, literature summary, the gap in research study and the conceptual framework. The third chapter looked at the methodology employed in the study. The focus was on the design, the study population, the technique used for sampling, procedures and methods used in data collection, analysis of data as well as findings presentation. Chapter four presented analysed data and discussed the research findings. Chapter five presents summary of the findings, the conclusions and recommendations arrived at by the study.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction
This chapter discusses the literature related to innovation strategies as found by other researchers. It also looked at strategy development processes which include reconstruction of market boundaries, focus on the big picture and not the numbers, reaching beyond the existing demand and getting the sequence right.

2.2 Theoretical Foundation
The study was anchored by two theories of innovation which are the innovation Diffusion Theory and Cross-Cultural Theory which are studied and their relevance to the study under research shown.

2.2.1 Diffusion of Innovation Theory
This theory explains the mode and rate at which new technology and innovations gets absorbed and practiced in different cultures (Kaminski, 2011). The theory was popularized by Everett Rogers, an expert in the field of rural sociology, in his book Diffusion of Innovation. In the book, he defined that diffusion as procedure of communicating innovation through given media over a duration between members belonging to a common system. According to Dearing (2009) the theory espouses four key features that encourage spreading of a new idea: time, innovation, a social system and mode of communication. Diffusion of Innovations is manifested through different ways in many different cultures as well as sectors and is usually dependent upon innovation-decision process and the type of adopters (Al-Jabri & Sohail, 2012).

The notion of discontinuous or radical innovation (Bessant, 2008) proposes that an innovation varies from what existed before it, and as such, significant innovation is essential for the system that adopts it as well as creating new meaning for the innovating firm. This theory fully supports the variable innovation strategies as this kind of foundation covers economic, technical, and representational dimensions of innovation. Many real estate firms seem radical in a way, because they are either made of a radical change of a firm, require significant changes to be made by
individuals in their lives or offer significant new opportunities to individuals. At times though, the change may be radical theoretically than practically. In most cases innovation offers change opportunities that are in reality are very slow in maturity as they are implemented.

2.2.2 The Systems Theory
Ludwig Von Bertalanffy, a biologist came up with the theory by comparing an organization with a living organism and as such it is made up of multiple parts that form a unit (Colapinto & Porlezza, 2012). According to Drucker (2008), the system theory defines an organization in terms of the pattern of relationships among the various parts that constitute the organization. System theory postulate that all elements of an organization are interdependent and that an alteration on one part will have an impact on another part which ultimately will affect the output of the system. According to this theory, organizations operate as an open system and that they continuously interact with their environment and therefore they must keep changing for them to adapt to the dynamism of their operating environment for survival (Carayannis & Campbell, 2012).

This theory supports firm performance as is argued by Arnaud and Schminke (2007) that in the system theory perspective every element in an organization has a potential to influence performance depending on the level of coordination. Arnaud and Schminke further explain that internally the contest of organizational management is about setting rules and stands based on cooperation while externally it is about fostering relationships and interest aggregation. Whitchurch and Constantine (2009), contends that the system theory in the realm of management science provides a framework for studying firm structures of both personal and inter-group relationships. According to them, the system theory helps in understanding the interrelationships and role dynamics of various parts towards achieving firm performance.
2.3 Empirical Review

2.3.1 Process Innovation Strategy and Performance

Process innovation embraces quality function deployment and business process reengineering (Calantone, Harmancioglu & Droge, 2010). A supplier who efficiently works on productivity gains regularly can expect to come up with products that provide similar or even better performance at a lower cost with time. Such reduction in cost will flow down to the customers as lowered prices. Process innovation is fundamental for both core product supply and in the support part. Both components require meeting and maintaining of quality standards.

Managing process innovation especially in the case of services is quite a challenging activity (Gallouj & Savona, 2009). Developing and implementing the process of innovation needs energy to get past change resistance. A chain of imitative, incremental, late innovations might bring about a cumulative undesirable effect to the innovating firm. However, this strategy looks as if less dynamic as compared to proactive innovator strategy even though none of them is automatically and always better. Reactive innovators tend to support the creative genius less and are more supportive of systematic progress in a logical fashion (Kasten, 2009).

Reactive innovators in some way need to dedicate most of their attention and time to the competition as compared proactive innovators. Since the reactive innovator lays more emphasis on adopting others’ inventions, there is an outright need to stay up-to-date on trending inventions, their market reception, and the determinants for late innovators to introduce their innovations in the most opportune time. Moreover, to be imitative in innovation one needs to understand in details the service or product that they are imitating and not just having an awareness (Freeman, 2013).
2.3.2 Product Differentiation Strategy and Performance

It entails giving value to customers by offering products that are unique or making customers perceive them as unique in their characteristics other than their prices. The firm achieves this through aggressive marketing as well as investing in product R&D (Hassanien & Dale, 2012). Product differentiation is achieved in several ways. Responsive customer service, unusual features, perceived prestige and status, technological leadership and rapid product innovations, different tastes, and performance and engineering design are some of the ways used in product differentiation strategy (Moultrie & Young, 2009).

A firm that uses differentiation strategy should focus on developing and investing in distinguishable products that customers can perceive rather than cost reduction. The most critical success factor in differentiation strategy implementation is developing and maintaining creativeness, innovativeness and firm learning (Kim & Atuahene-Gima, 2010). Successful differentiation is founded on carrying out a study to identify the behaviour and needs of the buyers so as to establish what they regard as valuable and important. The features that a majority of the customers desire are then used to build a product that meets preferences of the buyer. Competitive advantage is brought about by coming with a product that significantly differs from competitors’ products.

Differentiation efforts in most cases end up rising production costs. Achieving profitable differentiation is done by counterweighing the lower margins of profit through increasing sales volume or by maintaining differentiation cost under the premium price that is commanded by the differentiating characteristics or (McNally, Cavusgil & Calantone, 2010). Differentiation is aims to create products or a service at the broad market that customers perceive as unique across the industry. The product can then be sold at a premium price by the firm. The uniqueness is
achieved with brand image, design, technology, network, features, customers' service or dealers. Differentiation earns the firm an above-average returns as the subsequent brand loyalty lowers customers' price sensitivity. Resultant costs are usually handed down to the customers (Stankevice & Jucevicius, 2010).

2.3.3 Technology Strategy and Performance
ICT has been observed to have potential and capability to help in achievement of innovative strategy (Stanko & Calantone, 2011). The rate at which firms are installing computer systems including hardware and software as well as making use of the Internet for communication and information sourcing is evidence of the increased awareness in the real estate sector. The gains that firms get from information and communication technology usage include overall attainment of increased returns and efficiency.

E-commerce is premised to bring about a new commercial revolution by providing a direct and inexpensive means of exchanging information as well as to buying or selling services and products (Afuah, 2014). This marketplace revolution has triggered a real estate sector revolution for development of a system of payment that serves the needs of the electronic marketplace. Consequently, e-commerce possible advantages have been widely advised. (Porter, 2007).

Porter emphasized empowerment of real estate capabilities by use of technology. Within real estate, technological advancement in creates new opportunities that result in service quality improvement while responding to changing competitive conditions and volatile economic environment (Mitchelmore & Rowley, 2010). At the firm level, in addition to adoption of technology in integrating delivery networks for building close relationships with clients, real estate businesses also acquire technology to improve analysis of information that entail product
usage, customer segmentation, transaction behavior of the customer, demographics, that subsequently increase the market share and profitability.

2.3.4 Innovative Customer Service Strategy and Performance
Functional quality focuses on how the product gets to the client. This entails behavioral and psychological aspects that include performance of task by employees, how the service is done, accessibility to the provider and what employees say. Thus, unlike functional quality that is quite difficult to evaluate, technical quality is easy to evaluate objectively (Raymond & St-Pierre, 2010). The model further accepts that customers have a firm image, which functions as a filter and as a quality impact in itself. The quality perceived by customers is the end product of evaluating the firm or the product and comparing between what was experienced and what was expected, while considering the influence that the image has on the organization. Nowadays quality is one of the most vital elements service firms employ in their strategic management. Providing customers with high-quality products helps the firm secure their satisfaction as well as loyalty and in returns ensures long-term success and long-term survival of the firm (Nayak, Noida & Agarwal, 2011).

Customer service is usually an important aspect of a firm’s consumer value proposition. Variant models that seek to assess and measure the determinants of quality of service have been created. SERVQUAL is founded on the view that a gap exists amidst the expectations of consumers in relation to quality of service delivered and their real performance evaluation of the specific service provider. After the the introduction of SERVQUAL instrument by Grönroos (cited in Kindström and Kowalkowski, 2014), many scholars have made use of, extended and come up with a 22-item scale to study quality of services in various sectors of the service industry (Hardwick, Anderson & Cruickshank, 2013).
2.4 Summary of literature and Research Gaps
Physical property product is among the least "tradable" of products, as it is unmovable physically, although it can be purchased or sold both internationally as well as domestically. This research project assessed the effect of innovation strategies on real estate firms’ performance in Mavoko sub-county. Literature was reviewed with an intention of expounding more on the research problem and research area. The theories on which this study is based on, have also been discussed in this chapter. Conceptual framework has been diagrammatically highlighted so as to illustrate the link that exist between the predictor and predictors.

A study by Maina (2016) sought to establish the effect that innovative strategies that have been adopted by Kenyan insurance firms have on their output. The author found that there is a strong positive correlation between the general firm’s output and the firm innovation strategies. The study was however focused on insurance firms operating in Nairobi and the author made a recommendation that a replica study needed to be done in non-insurance firms so as to improve on the results and policy change recommendations arising to facilitate the making of more adequate conclusions.

Kariuki (2014) performed a study to determine the effect that strategic innovation has on mobile telecommunication organization’s’ performance. The findings of the research revealed that strategic innovation positively affected organizational performance. Adoption of superior strategies relating to products, services, marketing processes and human resources led to superior organizational performance. However, this study used different variables in products, services, marketing processes and human resources. Besides, it was done in a different sector and as such, a research gap exists in the real estate sector.
Nandwa (2016) performed a research to determine the effects that innovation strategies have on the insurance companies in Eldoret Town in terms of financial output. The study specifically wanted to determine how product innovation strategy affects firm’s sales performance, establish how process innovation strategy affects sales performance of firms, assessment of how promotion innovation strategy affects the firm’s sales performance and the effect of an organization’s pricing innovation strategy to the firm’s financial performance.

The results showed a significant relationship with product performance (p<0.05). There is no significant relationship between process innovations and the innovative output of the organization (p>0.05). The study also found out that there exists a statistically significant relationship (p<0.05) between the Promotion innovative measures and the market performance measures and that a significant relationship existed (p<0.05) between the pricing innovative measures and financial performance measures. However, Nandwa’s study was only based in Eldoret Town, and in a different sector from the one used in this study. Besides, the author found no significant relationship (p>0.05) between the process innovations and the innovative performance measures. Therefore, a confirmatory study was carried out, particularly to find out if process innovation influences firm performance.
2.5 Conceptual Framework

The study drew its guidelines from the conceptual framework below.

![Conceptual framework diagram]

**Independent variables**

- Process Innovation Strategy:
  - Modification of existing processes
  - Adding new improved processes

- Differentiation Strategies:
  - Engineering Design
  - Rapid Product Innovations
  - Perceived Prestige

- Technology Strategy:
  - Technological Capabilities
  - Technological Competencies

- Customer Service Strategy:
  - Reliability
  - Quality

**Dependent variable**

- Performance of real estate firms:
  - Customer Base
  - Market Share
  - Customer Satisfaction
  - General growth rate
  - Level of profitability
  - Asset growth

**Figure 2.1: Conceptual framework**

**Source:** Researcher (2018)

A conceptual framework is a diagrammatical representation of the link that exist between the predictor and the predictand variables (Mugenda & Mugenda, 2012). The predictand variable was real estate firms’ performance and the predictors comprised of Process Innovation Strategy, Differentiation Strategies, Technology Strategy, and Customer Service Strategy.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction
The chapter describes research procedures applied that include design, population, method of sampling, study sample size, procedures and tools for collecting data, validity and reliability, analysis and presentation of data findings as well as ethics in research.

3.2 Research Design
This research project used exploratory research design. Exploratory research design allows researchers to collect, summarize, analyse and present the findings (Orodho, 2009). This research project used the design because it is designed for data collection and reporting on strategy implementation determinants without any variable manipulations.

3.3 The Target Population of the Study
Population is the total of all that agrees with a certain order (Mugenda, 2008) However, this definition is based on an assumption that the population used is not homogenous. The study targeted all the 32 registered real estate firms operating in Mavoko Sub County of Machakos County.

3.4 Sample Size and Sampling Procedure
This was a census of all the 32 registered real estate firms operating in Mavoko Sub County of Machakos County. However, due to time and cost constraints, purposive sampling procedures was applied whereby the respondents’ number in each firm was obtained by purposively picking 1 top management (Owners and CEOs) and two middle management employees (Supervisors and other employees with information that is beneficial to the study) to make it a base sample size of 96 respondents (i.e., 32 firms multiplied by 3 respondents in each firm). According to Etikan, Musa and Alkassim (2016), the term "purposive sampling" is used in a situation where
the researcher knows something about the respondents already and makes a deliberate effort to select some of them as they are likely to give the most relevant data.

3.5 Research Instruments and Data Collection Method
This research project applied structured questionnaires to collect data. Revilla, Saris, and Krosnick (2014) define a questionnaire as questions or statements that are used to assess attitudes, opinions, beliefs, biographical information and other categories of information. The study used questionnaires because they are cheaper and quicker to administer compared to other instruments and methods and the respondents can fill them anonymously, and also the researcher can distribute to a larger sample (Bryman, 2008).

According to Hargie and Tourish (2009), the first stage of collecting data involves meeting top management of the organisation to secure their commitment to implement the findings. Therefore, the researcher met with the top management of the firms to clarify the commitment needed from them and the significance of the study especially to the firms. In the second stage, the respondents were briefed by the researcher before beginning data collection. The purpose and scope of carrying out the study was communicated during the process. Importantly, confidentiality of the respondents’ information was guaranteed. Furthermore, there was a letter of introduction attached to the questionnaires to lay more emphasis on the purpose and scope of the study. The aim of this exercise was to build confidence of the respondents in the researcher. The researcher then gave the questionnaires to the respondents to fill in the third phase which were then picked later for analysis.

3.6 Data Analysis and Presentation
The survey data collected using questionnaires was subjected to editing and formatting before organizing it for coding and entry into the Statistical Package for Social Sciences (SPSS Version
25) Software. According to Cohen et al. (2013), missing data may increase the risk of bias and minimize generalizability of the results. Therefore, data entered in SPSS was verified and missing data was deleted. The statistical results that were produced from the data were presented in charts and tables for easier presentation, interpretation and discussion. Based on the statistical findings the researcher was able to draw conclusions from the responses.

3.6.1 Diagnostic Tests on the Assumptions underlying the Multivariate Analysis

Assumptions underlying the multivariate analysis which included reliability, normality, outliers, heteroscedasticity, autocorrelation and multicollinearity were conducted. On reliability Cronbach Alpha was used to test collected dataset. Cronbach Alpha checks if various responses are correlated and the higher the coefficient of correlation, the higher the reliability. A 0.6 and above but less than 1 Cronbach’s alpha is acceptable but below is not acceptable (Bolarinwa, 2015). Ghasemi and Zahediasl (2012) observe that a test of normality is done by inspecting the output of the Normal P-P plot generated from the data. A normality check was done by generating a Normal P-P plot of the data using the SPSS software version 25.

Montgomery, Peck and Vining (2015) explain that sometimes in linear regression analysis, some data points have unequal effects on the slope of the linear regression equation. The authors add that this data points that diverge away from the overall pattern are called outliers and can be observed using a box plot. The researcher sought to check for the presence of heteroscedasticity on the dependent variable (real estate firms’ performance). Presence of heteroscedasticity was checked using a scatter diagram that was generated from SPSS software. Heteroscedasticity is present in the data if the scatter dots form a systematic pattern that is either exploding or converging from the origin (Shen, Cui & Wang, 2014).
Presence of autocorrelation between the variables was checked using Durbin-Watson statistic. According to Chen (2016), a negative autocorrelation exists if Durbin-Watson coefficient is below 1.5 while a positive autocorrelation exists when Durbin-Watson coefficient is above 2.5. Therefore, a value in the range of 1.5 to 2.5 indicates that there is no autocorrelation between the variables. On multicollinearity, Allison (2015) opined that VIFs of independent variables should not exceed 10 as VIFs exceeding 10 are signs of serious multicollinearity requiring correction.

3.6.2 Model Estimation
The study used Multiple Linear Regression output in estimation of the relationship between the predictor and predictand variables, and offer a means of assessing the nature and degree of the relationship between them with objectivity. Further, Analysis of Variance (ANOVA) was done so as to check the significance of the optimal model. The decision rule for F-statistic is to accept the model if p-value was smaller or equal to the critical value of 0.05 level of significance or to reject the model if p-value was greater than the critical value of 0.05 level of significance as advised by (Garson, 2012).

The study was guided by a model of the form:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Where:

- \( Y \) = Real Estate Firms’ Performance (the dependent variable)
- \( \beta_0 \) = The Constant, the value of \( Y \) when all \( X \) values are zero.
- \( \beta_i \) = The regression coefficients (\( i = 1, 2, 3 \) and 4). The regression coefficients indicate the relative importance of each of the independent variables in the prediction of the dependent variable.
- \( X_i \) = The independent variables (\( i = 1, 2, 3 \) and 4), explained the variation in real estate firms performance. In this case:
\( X_1 = \) Process Innovation Strategy
\( X_2 = \) Product Differentiation Strategy
\( X_3 = \) Technology Strategy
\( X_4 = \) Innovative Customer Service Strategy

\( \epsilon = \) the error term (To account for all other Variables not considered in the study),

assumed to be normally distributed with mean zero and constant variance.

### 3.7 Ethical considerations

Permission from the relevant authorities was sought by the researcher before proceeding with data collection. Permission was granted from Kenyatta University MBA office as stipulated by policy through an introductory letter. The study ensured research ethics are followed strictly and all respondents’ rights were observed as well as upheld. The validity as well as the reliability of the questionnaires was also done so as improve the consistency of the questionnaire and also ensure that it has both face and content validity.
CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction
This research project assessed the effect that innovation strategies had on real estate firms’ performance in the Sub-County of Mavoko, Kenya. In the chapter data analysis is presented for different constructs and variables. Further, the findings were also presented and discussed.

4.2 Reliability Analysis
Bolarinwa (2015) defined reliability as the stability, repeatability or internal consistency of a questionnaire. Cronbach’s Reliability test was adopted by the study to check for reliability, taking into account a reliability coefficient of 0.7 or higher as satisfactory (Castillo, 2009).

Table 4.1: Reliability Analysis of the Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s Alpha</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process Innovation Strategy</td>
<td>.901</td>
<td>5</td>
</tr>
<tr>
<td>Product Differentiation Strategy</td>
<td>.929</td>
<td>5</td>
</tr>
<tr>
<td>Technology Strategy</td>
<td>.916</td>
<td>6</td>
</tr>
<tr>
<td>Innovative Customer Service Strategy</td>
<td>.883</td>
<td>5</td>
</tr>
<tr>
<td>Performance of Real Estate Firms</td>
<td>.891</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

Table 4.1 shows that all the variables were reliable at Cronbach’s Alphas of .901, .929, .916, .883 and .891 for Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy, Innovative Customer Service Strategy, and Performance of Real Estate Firms respectively, which were higher than the threshold of 0.7. This showed that the data collected was highly consistent and was therefore reliable.
4.3 Response rate

Table 4.2 shows the response rate of the study.

Table 4.2: Response Rate

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Sample Size</th>
<th>Questionnaires Collected</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management employees</td>
<td>32</td>
<td>27</td>
<td>84.4%</td>
</tr>
<tr>
<td>Middle management employees</td>
<td>64</td>
<td>59</td>
<td>92.2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>96</strong></td>
<td><strong>86</strong></td>
<td><strong>89.6%</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

A sample of 96 respondents was used for the study as shown in Table 4.2. The study managed to collect 90 questionnaires. However, after checking for consistency and cleaning the data as well as removing the outliers, the study remained with 86 duly filled questionnaires which represented a response rate of 89.6% of the sampled 96 respondents. Some of the respondents that never returned their questionnaires gave various excuses amongst which were lack of time to fill them, organizational policy which doesn't allow people to carry out surveys and misplacement of questionnaires. Other requested respondents claimed that such information was private and that they were not sure if the information will strictly be used for academic purposes.

While various scholars do not agree on a response rate level that is acceptable for data analysis, Baruch and Holtom (2008) poised that surveys encounter a response rate that hardly surpasses 50%. They continued to suggest that a rate of response that exceeds 50% is acceptable and forms a good basis for analysis of data. Oso and Ifijeh (2016) supports this argument that for a social study, responses bearing over 60% response rate are sufficient for making adequate research conclusions. The researcher therefore considered that the 89.6% response rate achieved was
adequate since it was above 50%, and that this would provide sufficient information for analysis and drawing of conclusions of the study would be satisfactory.

4.4 Respondents Profile
Before presentation of the study findings, it was important to analyze the respondents’ profiles in order to ascertain whether data was obtained from relevant groups.

4.4.1 Gender of the respondents
The study presented respondents’ distribution in terms of their gender.

![Figure 4.1: Distribution of Respondents by Gender](source: Survey Data (2019))

From the findings presented in Figure 4.1, the majority (51.8%) were male respondents while 48.2% were female respondents. Given that most of the responses in the research questions relied on opinions and perceptions, the gender distribution accommodated perceptions and opinions of either gender.

4.4.2 Age of the respondents
The study carried out an analysis to find the respondents’ age representation. The findings were summarized in Figure 4.2.
From the figure, a majority (37.8%) were 31 to 40 years old, 35.1% were above 40 years old 14.9% were 25 to 30 years old while 12.2% were 18 to 25 years old. From the findings, it is evident that all working age categories were adequately represented and as such, the findings can be generalized.

4.4.3 **Number of years working in real estate sector in the Sub County of Mavoko**

The respondents were asked to state the duration they had worked in real estate sector in years. The results were summarised in Figure 4.3.
From the figure, 20.3% had worked in real estate industry in Mavoko Sub County for over 10 years, 43.0% for 6 to 10 years, 30.4% for 1 to 5 years while 6.3% had worked for up to one year. Therefore, the data collected from this respondent was highly consistent given that they had the knowledge and experience requisite for responding to the research constructs.

### 4.4.4 Level of Education

Respondents’ education level was sought by the study.

Figure 4.4 shows that 45.0% had a bachelor’s degree education level, 38.8% had a diploma level of education, while 16.3% had masters level of education qualification. This shows that all
respondents had a level of educational qualification to enable them understand and respond to the constructs in the questionnaire.

4.4.5 Number of workers in the firm

The study generated a chart representing the number of workers in the firms used for the study.

![Figure 4.5: Distribution of Respondents by Number of workers in the firm](chart)

**Source: Survey Data (2019)**

The results summarized in Figure 4.5, a majority (42.0%) said that their firm had 11 to 15 workers, 30.9% said their firm had 5 to 10 workers 16.0% said their firm had 16 to 30 workers and 11.1% said their firm had 31 and above workers.
4.4.6 Innovative Strategies Implemented by the Firm to Improve Performance
The study generated a pie chart to represent types of innovative strategies that had been implemented by the firms so as to improve their performance.

![Figure 4.6: Innovative strategies implemented by the firms](image)

Source: Survey Data (2019)

From Figure 4.6, 28.4% said their firm had implemented technology as a type of innovative strategy, 23.5% said their firm implemented value addition as a type of innovative strategy, 30.9% said their firm had implemented market segmentation as a type of innovative strategy, 13.6% said their firm had implemented differentiation as a type of innovative strategy, while 3.7% said their firm had implemented focus strategy as a type of innovative strategy to enable the firm improve its performance.

4.5 Descriptive Statistics
According to Sekaran (2006) descriptive statistics are critical in research for the reason that they permit data presentation in a way that it is meaningful and consequently allow data to be interpreted easily. The study generated descriptive statistics tables using SPSS software which were summarised, presented and discussed in the following sub-sections.
4.5.1 Descriptive Statistics for Process Innovation Strategy

The study generated a descriptive statistics table of Process Innovation Strategy and the findings were summarised in Table 4.3.

Table 4.3: Descriptive Statistics for Process Innovation Strategy

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The firm has introduced new technology that has substantially changed the way the main product is produced</td>
<td>0.0%</td>
<td>16.3%</td>
<td>30.2%</td>
<td>33.7%</td>
<td>19.8%</td>
</tr>
<tr>
<td>The firm has hired key personnel to facilitate smooth running of its processes</td>
<td>2.3%</td>
<td>12.8%</td>
<td>19.8%</td>
<td>39.5%</td>
<td>25.6%</td>
</tr>
<tr>
<td>Our firm offers formal as well as on job training to its employees to deliver better on its mandate to its customers</td>
<td>8.1%</td>
<td>23.3%</td>
<td>22.1%</td>
<td>32.6%</td>
<td>14.0%</td>
</tr>
<tr>
<td>The management encourages innovation in all firm’s processes and rewards the best innovative employees</td>
<td>4.7%</td>
<td>16.3%</td>
<td>26.7%</td>
<td>31.4%</td>
<td>20.9%</td>
</tr>
<tr>
<td>Our firm’s ability to have better processes has enabled us stay ahead of the competition</td>
<td>3.5%</td>
<td>19.8%</td>
<td>20.9%</td>
<td>32.6%</td>
<td>23.3%</td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

From the findings, 33.7% agreed that the firm has introduced new technology that has substantially changed the way the main product is produced, 39.5% agreed that the firm has hired key personnel to facilitate smooth running of its processes, 32.6% agreed that their firm offers formal as well as on job training to its employees to deliver better on its mandate to its customers, 31.4% agreed that the management encourages innovation in all firm’s processes and rewards the best innovative employees, and 32.6% agreed that their firm’s ability to have better processes has enabled us stay ahead of the competition.
4.5.2 Descriptive Statistics of Product Differentiation Strategy

The study generated a descriptive statistics table of Product Differentiation Strategy using SPSS software and the findings were summarised in Table 4.4.

Table 4.4: Descriptive Statistics of Product Differentiation Strategy

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our firm has a wide variety of products</td>
<td>7.0%</td>
<td>10.5%</td>
<td>18.6%</td>
<td>37.2%</td>
<td>26.7%</td>
</tr>
<tr>
<td>We empower our customers by providing them with a wide variety of products to choose from</td>
<td>2.3%</td>
<td>10.5%</td>
<td>19.8%</td>
<td>40.7%</td>
<td>26.7%</td>
</tr>
<tr>
<td>Increase in number of products offered has led to increase in customer base</td>
<td>7.0%</td>
<td>8.1%</td>
<td>18.6%</td>
<td>25.6%</td>
<td>40.7%</td>
</tr>
<tr>
<td>Our firm modifies existing products to fit market demand so as to attract new customers as well as entice the existing ones</td>
<td>3.5%</td>
<td>16.3%</td>
<td>11.6%</td>
<td>41.9%</td>
<td>26.7%</td>
</tr>
<tr>
<td>Our firm’s ability to develop new products has enabled us stay ahead of the competition</td>
<td>3.5%</td>
<td>9.3%</td>
<td>19.8%</td>
<td>30.2%</td>
<td>37.2%</td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

Table 4.4 shows that, 37.2% agreed that their firm has a wide variety of products, 40.7% agreed that their firm empowers customers by providing them with diverse products to choose from, 40.7% strongly agreed that increase in number of products offered has led to increase in customer base, 41.9% agreed that their firm modifies existing products to fit market demand so as to attract new customers as well as entice the existing ones, while 37.2% agreed that their firm’s ability to develop new products has enabled us stay ahead of the competition.
4.5.2.1 Frequency of a firm launching a new product
The study sought to find out the frequency with which a firm launched a new product. The results of the analysis were summarised in Figure 4.7.

![Figure 4.7: Frequency of a firm launching a new product](image)

*Source: Survey Data (2019)*

The presented in Figure 4.7 indicate that 41.3% said their firms launched a new product annually, 33.8% said every 1 to 2 years, while 25.0% said their firms launched a new product every 2+ years.

4.5.3 Descriptive Statistics for Technology Strategy
The study used SPSS software to generate a descriptive statistics table of Technology Strategy and the results were summarised in Table 4.5.

**Table 4.5: Descriptive Statistics for Technology Strategy**

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our firm has various technologically enabled products</td>
<td>3.5%</td>
<td>5.8%</td>
<td>36.0%</td>
<td>38.4%</td>
<td>16.3%</td>
</tr>
<tr>
<td>Digital supported products have reduced the average cost of transaction</td>
<td>2.3%</td>
<td>16.3%</td>
<td>29.1%</td>
<td>36.0%</td>
<td>16.3%</td>
</tr>
<tr>
<td>Technological products offer our customers considerable convenience</td>
<td>3.5%</td>
<td>12.8%</td>
<td>30.2%</td>
<td>27.9%</td>
<td>25.6%</td>
</tr>
</tbody>
</table>
Technology has improved our customer satisfaction level
Our firm commits resources to sustain and manage technological products
Our customer base has increased as a result of more digital products

Source: Survey Data (2019)

From the Table 4.5, 38.4% agreed that their firm has various technologically enabled products, 36.0% agreed that digital supported products have reduced the average cost of transaction, 30.2% remained neutral on the statement that technological products offer their customers considerable convenience, 36.0% agreed that technology has improved their customer satisfaction level, 30.2% agreed that their firm commits resources to sustain and manage technological products, and 41.9% agreed that their customer base has increased as a result of more digital products.

4.5.4 Descriptive Statistics of Innovative Customer Service Strategy
Using SPSS software, the study generated a descriptive statistics table of Innovative Customer Service Strategy and the findings were summarised as shown in Table 4.6.

Table 4.6: Descriptive Statistics of Innovative Customer Service Strategy

<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our firm’s customer service is very reliable</td>
<td>32.6%</td>
<td>38.4%</td>
<td>16.3%</td>
<td>12.8%</td>
<td>0.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The customers get instant response to their demands</td>
<td>22.1%</td>
<td>43.0%</td>
<td>23.3%</td>
<td>9.3%</td>
<td>2.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our firm has quality customer relationship</td>
<td>25.6%</td>
<td>45.3%</td>
<td>17.4%</td>
<td>9.3%</td>
<td>2.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The management has in places means to quicken service delivery</td>
<td>10.5%</td>
<td>38.4%</td>
<td>36.0%</td>
<td>8.1%</td>
<td>7.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The management ensures that customers are in touch with the firm all the time

Source: Survey Data (2019)

The results summarised in Table 4.6, 38.4% agreed that their firm’s customer service is very reliable, 43.0% agreed that the customers get instant response to their demands, 45.3% agreed that their firm has quality customer relationship, 38.4% agreed that the management has in places means to quicken service delivery, and 33.7% agreed that the management ensures that customers are in touch with the firm all the time.

4.5.5 Descriptive Statistics of Real Estate Firms’ Performance

The study generated a descriptive statistics table of Performance of Real Estate Firms from the data and presented the findings in Table 4.7.

Table 4.7: Descriptive Statistics of Real Estate Firms’ Performance

<table>
<thead>
<tr>
<th></th>
<th>Very Poor</th>
<th>Poor</th>
<th>Average</th>
<th>Good</th>
<th>Very Good</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Base</td>
<td>2.3%</td>
<td>5.8%</td>
<td>33.7%</td>
<td>45.3%</td>
<td>12.8%</td>
</tr>
<tr>
<td>Market Share</td>
<td>1.2%</td>
<td>11.6%</td>
<td>23.3%</td>
<td>37.2%</td>
<td>26.7%</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.0%</td>
<td>8.1%</td>
<td>25.6%</td>
<td>47.7%</td>
<td>18.6%</td>
</tr>
<tr>
<td>General growth rate</td>
<td>0.0%</td>
<td>8.1%</td>
<td>36.0%</td>
<td>32.6%</td>
<td>23.3%</td>
</tr>
<tr>
<td>Level of profitability</td>
<td>0.0%</td>
<td>4.7%</td>
<td>27.9%</td>
<td>47.7%</td>
<td>19.8%</td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

From the Table 4.7, 45.3% said their customer base was good, 37.2% said their market share was good, 47.7% said their customer satisfaction was good, 36.0% said their general growth rate was average, and 47.7% said their level of profitability was good.

4.6 Inferential Statistics

4.6.1 Diagnostic Tests
Diagnostic tests are done by researchers certify that the data meets all the set standards and so as to reduce the risk of biasness which may minimize generalizability of the results. Further, diagnostic tests ensures that the results generated from the data understudy are not spurious.

4.6.1.1 Normality Check of the dataset
Normality checks if a dataset is well-modelled by a normal distribution (Faraway, 2016). Ghasemi and Zahediasl (2012) observe that a test of normality is done by inspecting the output of the Normal P-P plot generated from the data. A normality check was done by generating a Normal P-P plot of the data using the SPSS software version 25.

![Normal P-P Plot of Regression Standardized Residual](image)

**Dependent Variable: Performance of Real Estate Firms**

*Figure 4.8: Normal P-P Plot of the Dataset*

*Source: Survey Data (2019)*
From the findings presented in Figure 4.8, the scatter plots fell in the best fit line and this led the study to conclude that the dataset was normally distributed.

4.6.1.2 Checking for Outliers on the Dependent Variable (Performance of Real Estate Firms)
According to Montgomery, Peck and Vining (2015), sometimes in linear regression analysis, some data points have unequal effects on the slope of the linear regression equation. The authors add that this data points that diverge away from the overall pattern are called outliers and can be observed using a box plot. Therefore, a box plot was generated from the SPSS program and presented in Figure 4.9.

![Box plot of Performance of Real Estate Firms](image.png)

**Figure 4.9: Outliers on Performance of Real Estate Firms (the dependent variable)**

*Source: Survey Data (2019)*

The figure is observed to have no outliers present as there are no scatter dots below and above the box plot.
4.6.1.3 Checking for Heteroskedasticity in the dependent variable (Real Estate Firms Performance)

The researcher checked for the presence of heteroscedasticity on the dependent variable (Real Estate Firms Performance). A scatter diagram was generated from SPSS software and presented in Figure 4.10.

![Figure 4.10: Heteroskedasticity on Real Estate Firms Performance (the dependent variable)](image)

*Source: Survey Data (2019)*

From the Figure 4.10, the dependent variable (Real Estate Firms Performance) was observed to have no presence of heteroscedasticity as the scatter dots did not form any systematic pattern that is either exploding or converging from the origin (Shen, Cui & Wang, 2014).
4.6.1.4 Autocorrelation Test
The researcher carried out an analysis to determine whether the variables were autocorrelated.

Table 4.8: Autocorrelation Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2.166&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

b. Dependent Variable: Performance of Real Estate Firms

Source: Survey Data (2019)

Table 4.8 findings indicate that no autocorrelation was found between the variables as the Durbin-Watson statistic of 2.166 indicated. According to Chen (2016), a negative autocorrelation exists if Durbin-Watson coefficient is below 1.5 while a positive autocorrelation exists when Durbin-Watson coefficient is above 2.5.

4.6.1.5 Checking for Multicollinearity between the Dependent and Independent Variables
The researcher sought to establish the existence of multicollinearity between the variables. According to Allison (2015), the general rule of thumb is that VIFs exceeding 10 are signs of serious multicollinearity requiring correction.

Table 4.9: Multicollinearity Check between the dependent and independent variables

<table>
<thead>
<tr>
<th>Coefficients&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of Real Estate Firms
**Source: Survey Data (2019)**

From Table 4.9, multicollinearity did not exist between the variables as none of them had a VIF exceeding 10.

### 4.6.2 Correlation between the variables

A correlation matrix the variables was generated by researcher from the SPSS data file. The results were summarised in Table 4.10.

**Table 4.1: Correlation between the variables**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Firms</td>
<td>Pearson</td>
<td>Correlation</td>
<td>Sig. (2-tailed)</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td>1</td>
<td>.697**</td>
<td>1</td>
<td>.921**</td>
<td></td>
</tr>
<tr>
<td>Process Innovation</td>
<td>Pearson</td>
<td>Correlation</td>
<td>Sig. (2-tailed)</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Strategy</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Product Differentiation</td>
<td>Pearson</td>
<td>Correlation</td>
<td>Sig. (2-tailed)</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Strategy</td>
<td>.732**</td>
<td>.740**</td>
<td>.667**</td>
<td>.719**</td>
<td></td>
</tr>
<tr>
<td>Technology Strategy</td>
<td>Pearson</td>
<td>Correlation</td>
<td>Sig. (2-tailed)</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td></td>
<td>.895**</td>
<td>.728**</td>
<td>.860**</td>
<td>.719**</td>
<td></td>
</tr>
<tr>
<td>Innovative Customer</td>
<td>Pearson</td>
<td>Correlation</td>
<td>Sig. (2-tailed)</td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Service Strategy</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

**Source: Survey Data (2019)**

Table 4.10 shows that all the independent variables had a strong positive and statistically significant (p < .05) correlation with the dependent variable (Performance of Real Estate Firms).
4.6.3 Regression Analysis

A regression analysis between the Independent Variables (Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy, and Innovative Customer Service Strategy) and the Dependent Variable (Real Estate Firms Performance) was carried out and the findings were presented in Table 4.11, Table 4.12 and Table 4.13.

Table 4.11: Model Summary of Dependent and the Independent Variables

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.950⁴</td>
<td>.903</td>
<td>.898</td>
<td>.26930</td>
</tr>
</tbody>
</table>


Source: Survey Data (2019)

Table 4.11 shows that $R^2$ was .903 meaning that all independent variables (Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy, and Innovative Customer Service Strategy) contributes 90.3% to the total variance of Real Estate Firms Performance (the dependent variable).

Table 4.12: Anova Table of Independent Variables and the Dependent Variable (Firm Performance)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>54.664</td>
<td>4</td>
<td>13.666</td>
<td>188.442</td>
<td>.000⁵</td>
</tr>
<tr>
<td>Residual</td>
<td>5.874</td>
<td>81</td>
<td>.073</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>60.538</td>
<td>85</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Real Estate Firms Performance


Source: Survey Data (2019)
The Anova Table 4.12 shows that the Combined Independent Variables (Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy, and Innovative Customer Service Strategy) were statistically significant \( (p < .05) \) to the Dependent Variable (Performance of Real Estate Firms).

Table 4.13: Coefficient Table of Independent Variables and the Dependent Variable (Performance of Firms)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.355</td>
<td>.135</td>
<td>2.636</td>
</tr>
<tr>
<td></td>
<td>Process Innovation Strategy</td>
<td>-.125</td>
<td>.054</td>
<td>-1.39</td>
</tr>
<tr>
<td></td>
<td>Product Differentiation Strategy</td>
<td>.509</td>
<td>.060</td>
<td>.610</td>
</tr>
<tr>
<td></td>
<td>Technology Strategy</td>
<td>.177</td>
<td>.054</td>
<td>.185</td>
</tr>
<tr>
<td></td>
<td>Innovative Customer Service Strategy</td>
<td>.320</td>
<td>.070</td>
<td>.338</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of Real Estate Firms

Source: Survey Data (2019)

Table 4.13 indicates that all independent variables (Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy, and Innovative Customer Service Strategy) contributed significantly \( (p < .05) \) to the optimal model shown below;

\[
\text{Performance of Real Estate Firms (Y)} = .355 - .125X_1 + .509X_2 + .177X_3 + .320X_4
\]

However, Process Innovation Strategy had a negative coefficient implying that an increase in Process Innovation Strategy decreases Performance of Real Estate Firms. This finding contradicts that of Massa and Testa (2008) who observed that process innovation is related
positively to organisation growth and that of Varis and Littunen (2010) who found that firm performance was directly affected by process innovation. Murat Ar and Baki (2011) further noted that process innovation significantly and positively affected organisations performance. However, all these studies were carried out in different sectors of the economy and different geographical locations from the one used in this study (real estate firms in Mavoko Sub-County, Kenya).

Product Differentiation Strategy was found to have a significant, positive and strongest effect on Real Estate Firms’ Performance (the dependent variable). In a similar study, Löfsten (2014) noted that product innovation dimensions such as efficacy and efficiency were strongly and positively related to performance. The findings were similar to those of Artz, Norman, Hatfield and Cardinal (2010) whose findings revealed that product innovation strategy affected performance of the organisation significantly. Artz et al. (2010) observed that exceptional profits were generated by product innovation especially when introduced products face indirect or little competition that leads to higher product margins in the long run. In a similar finding, Bowen, Rostami and Steel (2010) and Calantone, Harmancioglu and Droge (2010) admitted that product innovation affected revenue growth positively.

From Table 4.13, Technology Strategy was observed to have a positive and significant influence on the dependent variable (Performance of Real Estate Firms). In a similar study by Karanja (2009), the author observes that companies that strongly adopt innovation strategies that are technology-enabled are the ones that have better chances of competing and also create higher shareholder value.

The findings further indicated that Innovative Customer Service Strategy had a positive significant impact on the dependent variable (Performance of Real Estate Firms). In a similar
study, Karabulut (2015) noted that the internal business processes dimension leads managers to develop excellent internal business processes to sustain customer satisfaction after they determine factors achieving customer satisfaction. The learning and growth perspective define structure, critical factors, internal business processes, and customer processes to improve the growth of the firm in the long term. These findings were consistent with the argument of Padma, Rajendran and Sai Lokachari (2010), who maintained that improved service quality endows companies with social and commercial significance.
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
The study sought to assess the effect that innovation strategies have on real estate firms’ performance in the Sub-County of Mavoko, Kenya. Summary of the findings, conclusions and recommendations of this study are presented in this chapter.

5.2 Summary
Having a competitive advantage is key for survival as real estate industry in Kenya is very competitive. In the last 5 years, the sector has also been affected negatively by financial crisis that affected the entire world. Further, there has been a massive expansion and competition of the real estates that calls for innovation and new strategies by the stakeholders in the sector for them to keep abreast with the challenges. This research project assessed the impact that innovation strategies has on real estate firms’ performance in Mavoko Sub-County, Kenya. Specifically, the established the influence of Process Innovation Strategy on performance of real estate firms in Mavoko Sub-County, Kenya; established the influence of Product Differentiation Strategy on performance of real estate firms in Mavoko Sub-County, Kenya; assessed the impact of Technology Strategy on performance of real estate firms in Mavoko Sub-County, Kenya; and establish the influence of Innovative Customer Service Strategy on real estate firms performance in Mavoko Sub-County, Kenya.

A sample of 96 respondents was adopted by the research project from which the study managed to collect 90 questionnaires. However, after checking for consistency and cleaning the data as well as removing the outliers, the study was left with 86 duly filled questionnaires which represented a response rate of 89.6% of the sampled 96 respondents. Reliability test results revealed that all the variables were reliable. The study further found no presence of
autocorrelation, heteroskedasticity, as well as multicollinearity in the dataset. This was all done to ensure that the findings obtained were not spurious.

In the first objective, the study determined the effect that Process Innovation Strategy has on the performance of real estate firms in Mavoko Sub-County, Kenya. Descriptive statistics showed that most respondents agreed with the statements on the effect that Process Innovation Strategy has on real estate firms’ performance in the Sub-County of Mavoko, Kenya. Further, correlation analysis between the dependent variable (performance of real estate firms) and Process Innovation Strategy showed that a positive strong correlation existed between the dependent variable (real estate firms’ performance) and Process Innovation Strategy and that the correlation was statistically significant. Regression analysis between the dependent variable (Performance of the firms) and Process Innovation Strategy revealed that the total variability in the dependent variable (Performance of the firms) could be significantly explained by Process Innovation Strategy.

In the second objective, the study established impact of Product Differentiation Strategy on real estate firms performance in Mavoko Sub-County, Kenya. The descriptive statistics findings showed that a majority of the responses tended towards agreeing with the statements on the effect that Product Differentiation Strategy has on real estate firms’ performance in the Sub-County of Mavoko, Kenya. Additionally, correlation analysis between the dependent variable (performance of real estate firms) and Product Differentiation Strategy showed that a positive strong correlation existed was between the dependent variable (performance of real estate firms) and Product Differentiation Strategy and that the coefficient of correlation was statistically significant. The researcher did a regression between Product Differentiation Strategy and Real
Estate Firms’ Performance and found out that the total variability in the dependent variable (Real Estate Firms Performance) is significantly affected by Product Differentiation Strategy.

In the third objective, the researcher assessed the effect that Technology Strategy has on the real estate firms performance in the Sub-County of Mavoko, Kenya. Study results revealed that most respondents were in agreement with statements about the effect that Technology Strategy has on real estate firms’ performance in the Sub-County of Mavoko, Kenya. Also, correlation analysis between the dependent variable (performance of real estate firms) and Technology Strategy showed a positive strong correlation between the dependent variable (performance of real estate firms) and Technology Strategy and that the correlation was statistically significant. Performance of Real Estate Firms and Technology Strategy were regressed and the results showed that the total variability in the dependent variable (Real Estate Firms Performance) was significantly influenced by Technology Strategy.

In the fourth objective, the researcher sought to find out the effect that Innovative Customer Service Strategy has on real estate firms performance in the Sub-County of Mavoko, Kenya. The findings showed that a majority agreed that Innovative Customer Service Strategy has an effect on real estate firms performance in the Sub-County of Mavoko, Kenya. Moreover, correlation analysis between the dependent variable (performance of real estate firms) and Innovative Customer Service Strategy revealed that a positive strong correlation existed between the dependent variable (real estate firms’ performance) and Innovative Customer Service Strategy and that the correlation was statistically significant. Regression output between Innovative Customer Service Strategy and Real Estate Firms Performance showed that the total variance of Performance of Real Estate Firms could significantly be explained by Innovative Customer Service Strategy.
5.3 Conclusions
In the first objective, the research project sought the effects of Process Innovation Strategy on real estate firms’ performance in the Sub-County of Mavoko, Kenya. From the study findings, both correlation and regression analysis revealed that Process Innovation Strategy significantly affected real estate firms’ performance in the Sub-County of Mavoko, Kenya. The study therefore concluded that Process Innovation Strategy affected real estate firms’ performance in the Sub-County of Mavoko, Kenya. In a comparative study on how product and process innovation affects performance, Wolff and Pett (2004) found that changes in product are related positively to profitability and growth of firm. Van Auken, Madrid-Guijarro and Garcia-Perez-de-Lema (2008) study of performance and innovation of manufacturing SMEs in Spain noted that there was positive relation between innovation process and performance. Fagerberg and Verspagen (2009) emphasized that process innovation can have a more hazy effect due to its cost-cutting nature as compared to introducing new products.

In the second objective, the study established the effect of Product Differentiation Strategy on performance of real estate firms in Mavoko Sub-County, Kenya. The study concluded that Product Differentiation Strategy affected real estate firms’ performance in the Sub-County of Mavoko, Kenya positively as the study results, especially correlation and regression which showed that Product Differentiation Strategy effect on the performance of real estate firms was positive and statistically significant. Therefore, an increase in Product Differentiation Strategy had an effective increase on real estate firms’ performance in the Sub-County of Mavoko, Kenya. Similar researches indicate an association between financial gain and product innovation (Cozza, Malerba, Mancusi, Perani & Vezzulli, 2012) and revenue growth (De Faria & Mendonça, 2011). Other similar studies have shown that firm performance is positively affected by product innovation (Bowen, Rostami & Steel, 2010; and Calantone, Harmancioglu & Droge,
Boachie-Mensah and Acquah (2015) indicated that product innovation was positively and significantly linked with performance of the firm. Hernandez-Espallardo and Ballester (2009) also found that product innovation had a significant positive effects on performance of the organisation.

In the third objective, the researcher assessed the effect that Technology Strategy has on the real estate firms performance in Mavoko Sub-County, Kenya. The study concluded that Technology Strategy was positively and significantly related to real estate firms’ performance in the Sub-County of Mavoko, Kenya as was indicated in the correlation and regression results. In a similar study, Atandi and Bwisa (2013) noted that where technology was adopted as a process innovation potential, a connection existed between firm performance and new technology. Consistent with this study finding Anderson, Potočnik and Zhou (2014) who also noted that organisation performance and new technology had a significant association.

In the fourth objective, the researcher sought to find out the effect that Innovative Customer Service Strategy has on real estate firms’ performance in the Sub-County of Mavoko, Kenya. From the correlation and regression findings, the study made a conclusion that Innovative Customer Service Strategy positively and significantly affected real estate firms’ performance in the Sub-County of Mavoko, Kenya. The study results were consistent with the statement by Wicks and Roethlein (2009) that an organization that consistently satisfies its customers, enjoy higher retention levels and greater profitability due to increase customer loyalty. Agbor (2011) noted that satisfaction service quality and of customers have been shown to improve the general organizational profitability.
5.4 Policy Recommendations
The general objective of the study was to assess the effect that innovation strategies have on real estate firms’ performance in the Sub-County of Mavoko, Kenya. From the regression analysis, 90.3% of the total variance in the dependent variable (Performance of Real Estate Firms) can be significantly explained by combined independent variables (Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy, and Innovative Customer Service Strategy). This shows that only 10.7% can be explained by other factors. This indicates that if the firms utilised Process Innovation, Product Differentiation, Technology, and Innovative Customer Service Strategies in their day to day operations, their performances would be ensured up to 90.3%. Therefore, the study recommends that the firms should make use of this strategies so as to enhance their performance.

5.5 Recommendations for further research
This study generally sought to assess the effect that innovation strategies have on real estate firms performance in Mavoko Sub-County, Kenya. Therefore, a study may be done with a different case study or geographical location outside the realm of this study. Moreover, the study used Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy, and Innovative Customer Service Strategy variables. Subsequently, a research may be done with different variables or same variables so as to validate the findings of this study. Besides, Process Innovation Strategy showed a negative coefficient in regression analysis meaning that the more it value increases the lower the real estate firms’ performance. A confirmatory study can therefore be carried out particularly in this area.
REFERENCES


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Kariuki, J. N. (2014). This study sought to find out the effect of strategic innovation on the performance of mobile telecommunication firms in Kenya. *(Doctoral dissertation, University of Nairobi).*


APPENDICES

Appendix I: Letter of Introduction

Dear Respondent

REF: REQUEST FOR RESEARCH DATA

I am a student at Kenyatta University carrying out a research study on “THE EFFECT OF INNOVATION STRATEGIES ON THE PERFORMANCE OF REAL ESTATE FIRMS IN MAVOKO SUB-COUNTY IN MACHAKOS COUNTY, KENYA.” Kindly, complete and return the duly completed questionnaire to the Researcher. Your cooperation will be highly appreciated. The information given will be treated with utmost confidentiality and will be used for research purposes only.

Thank you in advance

........................................

Wambua Peter Maingi

Reg. No: D53/OL/25303/2011

Email: peterwambua687@gmail.com

Mobile: 0727962148
Appendix II: Questionnaire to Respondents

The main objective of this study is to assess the effect of innovation strategies on the performance of real estate firms in Mavoko sub-county, Kenya.

SECTION I: DEMOGRAPHIC INFORMATION

You are requested to fill out your personal information in the spaces below. Please tick only one response.

1. Indicate your gender: Male [   ] Female [   ]

2. What is your age?
   - Below 25 yrs [   ] 25-30 yrs [   ] 31-40 yrs [   ] Above 40 yrs [   ]

3. Number of years working in real estate industry in Mavoko Sub County
   - Up to 1 year [   ] 1-5 years [   ] 6-10 years [   ] Over 10 years [   ]

4. Level of Education
   - Certificate holder [   ] Diploma holder [   ] Degree holder [   ] Masters Holder [   ] PhD Holder [   ]

5. How many workers are there in your firm?
   - Below 5 [   ] 5-10 [   ] 10-15 [   ] 15-30 [   ] 31 and Above [   ]

6. What innovative strategies does the firm implement in order to improve the performance?
   - Technology [   ] Value addition [   ] Market segmentation [   ] Differentiation [   ] Focus Strategy [   ] Any other, please specify__________

SECTION II: PROCESS INNOVATION STRATEGY

7. The table below indicates various statements on the influence of Process Innovation Strategy on the performance of real estate firms in Mavoko Sub-County, Kenya. You are required to express your level of agreement by ticking [✓] in appropriate columns named;
   - SD = Strongly Disagree (1), D = Disagree (2), N = Neutral (3), A = Agree (4), SA = Strongly Agree (5)
The firm has introduced new technology that has substantially changed the way the main product is produced
The firm has hired key personnel to facilitate smooth running of its processes
Our firm offers formal as well as on job training to its employees to deliver better on its mandate to its customers
The management encourages innovation in all firm’s processes and rewards the best innovative employees
Our firm’s ability to have better processes has enabled us stay ahead of the competition

**SECTION III: PRODUCT DIFFERENTIATION STRATEGY**

8. The table below indicates various statements on the influence of Product Differentiation Strategy on performance of real estate firms in Mavoko Sub-County, Kenya. You are required to express your level of agreement by ticking [√] in appropriate columns named;

\[
\begin{align*}
SD &= \text{Strongly Disagree (1)}, \\
D &= \text{Disagree (2)}, \\
N &= \text{Neutral (3)}, \\
A &= \text{Agree (4)}, \\
SA &= \text{Strongly Agree (5)}
\end{align*}
\]


<table>
<thead>
<tr>
<th>The firm has a wide variety of products</th>
<th>SD (1)</th>
<th>D (2)</th>
<th>N (3)</th>
<th>A (4)</th>
<th>SA (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>We empower our customers by providing them with a wide variety of products to choose from</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in number of products offered has led to increase in customer base</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our firm modifies existing products to fit market demand so as to attract new customers as well as entice the existing ones</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our firm’s ability to develop new products has enabled us stay ahead of the competition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9. How frequently does your firm launch a new product?

   - Annually [ ]
   - Every 1-2 years [ ]
   - Every 2+ years [ ]
   - Every 5+ years [ ]
SECTION IV: TECHNOLOGY STRATEGY

10. The table below indicates various statements on the influence of Technology Strategy on performance of real estate firms in Mavoko Sub-County, Kenya. You are required to express your level of agreement by ticking [$\checkmark$] in appropriate columns named;

SD = Strongly Disagree (1),  D = Disagree (2),  N = Neutral (3),
A = Agree (4),  SA = Strongly Agree (5)

<table>
<thead>
<tr>
<th></th>
<th>SD (1)</th>
<th>D (2)</th>
<th>N (3)</th>
<th>A (4)</th>
<th>SA (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our firm has various technologically enabled products</td>
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<tr>
<td>Digital supported products have reduced the average cost of transaction</td>
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<tr>
<td>Technological products offers our customers considerable convenience</td>
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<td></td>
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<tr>
<td>Technology has improved our customer satisfaction level</td>
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<td></td>
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<tr>
<td>Our firm commits resources to sustain and manage technological products</td>
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<tr>
<td>Our customer base has increased as a result of more digital products</td>
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</tbody>
</table>

SECTION V: INNOVATIVE CUSTOMER SERVICE STRATEGY

11. The table below indicates various statements on the influence of Innovative Customer Service Strategy on performance of real estate firms in Mavoko Sub-County, Kenya. You are required to express your level of agreement by ticking [$\checkmark$] in appropriate columns named;

SD = Strongly Disagree (1),  D = Disagree (2),  N = Neutral (3),
A = Agree (4),  SA = Strongly Agree (5)

<table>
<thead>
<tr>
<th></th>
<th>VP (1)</th>
<th>P (2)</th>
<th>A (3)</th>
<th>G (4)</th>
<th>VG (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our firm’s customer service is very reliable</td>
<td></td>
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<tr>
<td>The customers get instant response to their demands</td>
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<tr>
<td>Our firm has quality customer relationship</td>
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<td></td>
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<tr>
<td>The management has in places means to quicken service delivery</td>
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<tr>
<td>The management ensures that customers are in touch with the firm all the time</td>
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</tr>
</tbody>
</table>
SECTION VI: PERFORMANCE OF REAL ESTATE FIRMS

12. How do you rate your firm on the following constructs on Performance of Real Estate Firms in Mavoko Sub-County, Kenya?

   VP = Very Poor (1),     P = Poor (2),     A = Average (3),     G = Good (4),     VG = Very Good (5)

<table>
<thead>
<tr>
<th>Construct</th>
<th>VP (1)</th>
<th>P (2)</th>
<th>A (3)</th>
<th>G (4)</th>
<th>VG (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Base</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Market Share</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General growth rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level of profitability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

THANKS FOR TAKING TIME TO FILL THIS QUESTIONNAIRE
Appendix III: University Approval Letter

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ke
Website: www.ku.ac.ke

Internal Memo

FROM: Dean, Graduate School

TO: Wambua Peter Maingi
C/o Business Administration Dept.

DATE: 8th November, 2018

REF: D53/OL/25303/2011

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 7th November, 2018 approved your Research Project Proposal for the M.B.A Degree Entitled, “Effects of innovation strategies on performance of real estate’s firms in Nyanza Sub-County, Kenya”.

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University’s Website under Graduate School webpage downloads.

Thank you.

HARRIET ISABOKE
FOR: DEAN, GRADUATE SCHOOL

Chairman, Business Administration Department.

Supervisor: Dr. Stephen Muathe, PhD
C/o Department of Business Administration
Kenyatta University
Appendix IV: Research Authorization Letter

Ref: No. NACOSTI/P/19/49896/27817

Date: 31st January, 2019

Peter Maingi Wambua
Kenyatta University
P.O Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “Effect of innovation strategies on performance of real estates firms in Mavoko Sub-County, Kenya” I am pleased to inform you that you have been authorized to undertake research in Machakos County for the period ending 31st January, 2020.

You are advised to report to the County Commissioner and the County Director of Education, Machakos County before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a copy of the final research report to the Commission within one year of completion. The soft copy of the same should be submitted through the Online Research Information System.

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Machakos County.

The County Director of Education
Machakos County.
THIS IS TO CERTIFY THAT: Permit No.: NACOSTI/P/19/49896/27817
MR. PETER MAINGI WAMBUA Date Of Issue: 31st January, 2019
of KENYATTA UNIVERSITY, 31561-600 Fee Received: Ksh 1000
NAIROBI, has been permitted to conduct research in Machakos County on the topic: EFFECT OF INNOVATION
STRATEGIES ON PERFORMANCE OF REAL ESTATES FIRMS IN MAVOKO SUB-COUNTY, KENYA for the period ending:
31st January, 2020

Applicant's Signature

National Commission for Science, Technology & Innovation

Director General
Appendix VI: List of Registered Real Estate Firms

1. Sharp Real Estate
2. Landmark Top Solutions
3. Stego Classic Modern Services
4. Wazury Real Estate
5. Marketing Masters
6. Estate Hub Limited
7. Geoscape Global
8. Henry Management Limited
9. Highmack Enterprises
10. Kagen Properties and Investment
11. Nairobi Real Estates Limited
12. Gold Ridge Ltd
13. Superior Homes Kenya PLC
14. Geoprime Properties Limited
15. Diverse Real Estate Agency
16. Simkar Group Ltd
17. Star-peak Investment Limited
18. Durian Property Consult Ltd
19. Neptune Holdings (EA) Ltd
20. Tysons Limited
21. Danco LTD
22. Homefinders Properties Ltd
23. Dynamic Assignment Solutions
24. Kenya Homes Properties
25. Diamond Properties Kenya Ltd
26. Dominion Realtors
27. Greenplots Properties Limited
28. Fortcom Holdings Limited
29. Lukenya Hills Park
30. Crystal Valuers LTD
31. Trisums Investments Company LTD
32. Karibu Homes