

**CORPORATE GROWTH STRATEGIES AND PERFORMANCE OF SELECTED REAL
ESTATE FIRMS IN NAIROBI CITY COUNTY, KENYA**

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DECLARATION

This research project is entirely my own and has not been submitted for a degree or any other award at another university. No section of this project may be reproduced without the permission of the author and/or Kenyatta University.

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The research project has been submitted to the University with my approval as University Supervisor.

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DEDICATION

This project is a dedication to my mother, who models, appreciates and supports every mile that I make in life.

AKNOWLEDGEMENT

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ABBREVIATION AND ACRONYMS

| | |
|----------------|--|
| ANOVA | Analysis of Variance |
| GDP | Gross Domestic Product |
| NACOSTI | National Commission for Science, Technology & Innovation |
| RBV | Resource-Based View |
| RICS | Royal Institution of Chartered Surveyors |
| SACCOs | Savings and Credit cooperative societies |
| SPSS | Statistical Package for Social Sciences |
| SMEs | Small Medium Enterprises |
| VRIN | Valuable Rare Inimitable Non substitutable |

OPERATIONAL DEFINITION OF TERMS

| | |
|--|--|
| Corporate growth strategies: | These are actions encompassing innovation management, strategic alliances, and diversification that real estate firms pursue to improve their performance. |
| Real estate firm: | This is a company that specializes in the development, selling, renting and management of residential and or commercial buildings. |
| Innovation management strategies: | These are the efforts of the firm to adopt and steer new product offerings, rate of adoption of technological capabilities, investments in research and development, and agility of new offerings. |
| Strategic alliances: | These are collaboration to increase the number of partners, have a strategic fit, and variety of the partnership endeavours to be effective in firm performance. |
| Diversification strategies: | These are approaches to enter new markets and different units through, geographic expansion, and balancing risk-return profile of projects and adopting new business lines. |
| Firm performance: | Swiftness of a company to demonstrate efficacy and effectiveness by driving revenue growth, occupancy rate, average rental yield, and operations of the real estate. |

ABSTRACT

Real estate and properties are emerging everywhere these days. In Nairobi, one will not walk more than 10 kilometres before finding a construction site or a developed residential estate and commercial property. Although this trend is ongoing, the economy has yet to recover, and the war between Russia and Ukraine only worsening the situation. Inflation rates continue to rise, and the Kenyan currency continues to depreciate, reducing aspiring real estate owners' demand for real estate and subsequently leading to a decline in the performance of real estate firms. To improve their performance, real estate firms formulate and implement growth strategies. The study focused on assessing how corporate growth strategies impact the performance of selected real estate firms in Nairobi City County, Kenya. The research study was interested in the relationship of innovation management and performance, strategic alliances and performance and finally diversification strategies and performance of these selected real estate firms. The study's relevance was underpinned on: Resource-based view theory, contingency theory, and Porter's five forces. The research employed a descriptive design, concentrating on selected real estate firms in Nairobi City. It targeted individuals in finance, sales, marketing, and operations roles. Semi-structured questionnaires were distributed to managerial staff in the chosen firms to gather relevant data. The research instruments were availed to respondents through drop-and-pick method. Before data collection phase, the researcher piloted the study on Cytonn real estate firm on thirteen of its managerial staffs in the different departments to ensure validity and reliability. A simple random stratified sampling was adopted to select a sample size of 124 managers across 37 randomly selected real estate firms within the target population. The researcher conducted an in-depth analysis using statistical packages of social science after coding and cleaning data collected using the questionnaire. Multiple regression was employed to assess the influence of growth strategies on the performance of real estate firms. Analysis of variance substantiated the relevance of the regression model that the researcher chose and determined the existence of a significant variation caused by the independent variables. Pearson's correlation matrix was utilised to determine the relationship between the variables in the study. Findings were represented in tables for easier presentation and understanding. Descriptive statistics revealed that leveraging cutting-edge technology had the highest mean score (3.96), indicating its crucial role in enhancing operational efficiency. Strategic alliances geared towards specific goals scored the highest mean (3.42), underscoring the importance of goal-oriented partnerships. Geographic diversification emerged as a key strategy with a mean score of 3.62, highlighting its significance in spreading risk and accessing new markets. A significant positive relationship was found between all growth strategy variables and real-estate firms' performance as evidenced by significant levels of 0.16 for innovation management strategies, 0.032 for strategic alliances, and 0.00 for the diversification strategies.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Most businesses go through business life cycle stages; introduction, growth, shakeout, maturity, and decline (Kubai, Karanja, & Kihara, 2021). Throughout these distinct phases, they continuously strive to improve their performance through cutting costs, increasing their sales while also offering their customers quality, unique, and competitively priced products. According to the RICS, a significant percentage of investors and developers of real estate worldwide have reported their projects to have been affected by inadequate local and national infrastructure and lack of innovation in the cooling and heating systems (Bukirwa, 2017). About 80 percent of these investors and developers reported that infrastructure deficiencies have been the main obstacle to their projects (Ruto, 2018). Further, as much as 63 percent of the investors and developers also named the lack of innovation in the cooling and heating systems as a major stumbling block. The inadequate local and national infrastructure problems and lack of innovation in the cooling and heating systems are particularly reported in those real estate projects of a bigger size, long development timeline and smaller return on investment (Maingi, 2020). As an example, the RICS reported that the investors and developers of real estate in America and Europe have been registering a larger percentage of their large real estate projects to have suffered from the inadequate local and national infrastructure and lack of innovation in the cooling and heating systems compared to other areas of the world.

The global real estate market was valued at approximately \$3.7 trillion in 2021 and is projected to grow at a CAGR of around 5.2% from 2022 to 2030 (Statista, 2024). Institutional investors play a dominant role, particularly in commercial and residential real estate, with investment volumes exceeding \$1.3 trillion annually in major markets such as the United States, Europe, and Asia-Pacific (Mung'uri, 2021). The increasing demand for housing is evident in major metropolitan regions worldwide, particularly in rapidly urbanizing cities such as New York, London, Shanghai, and Dubai. Key drivers include the expansion of the middle class, urban migration, industrialization, and rising disposable incomes. With nearly 70% of the global population expected to live in urban areas by 2050 (United Nations, 2018), governments and real estate developers are continuously seeking innovative solutions to address housing shortages,

infrastructure needs, and sustainability challenges. Also, at a global level, the investors and developers in Europe have been registering an even higher percentages of their large real estate projects in the continent to have been affected by the infrastructure deficiencies compared to the ones in America. Between 2002 and 2014 across 105 countries, countries facing higher income risks at the start of the period were associated with lower real estate performances in terms of returns and higher volatility (Maingi, 2020). This finding underlines the global economic difference as a significant uncertainty impacting performance over the world, as it continues to become popular.

Regionally, real estate firms in Africa face numerous challenges that affect their overall performance. The first challenge is the economic and political instability in the African countries, that compromises real estate growth (Mung'uri, 2021). This is because the real estate sector heavily relies on political climate and the overall economic performance of a particular country. As such, any instability, be it politically or economically, negatively affects industry players. For instance, many cities in Africa such as Nairobi, Lagos and Dares salaam are experiencing rapid urbanization and high population growth, a move that has seen many local and international firms coming up to utilize the available resources in the industry (Kireru, Ombui, & Omwenga, 2016). In South Africa, Norbert (2014) projects that the real estate sector could expand to approximately US\$180 billion by 2020, contributing around 5–6 percent to the country's GDP. Additionally, during this period, the market size is expected to grow at an annual compound rate of 11.2 percent (Statista, 2024). The retail, hospitality, and commercial real estate sectors are also experiencing significant expansion, helping to provide essential infrastructure to support South Africa's growing demands.

In Seychelles, foreign investors have acquired real estate assets worth over US\$2 billion (Statista, 2024). In response to a more informed consumer base and the globalization of the real estate market, developers have adapted to new challenges, particularly the issue of land scarcity. Consequently, they are facing difficulties in meeting the rising demand for housing while simultaneously managing multiple projects across various cities (Kasongo & Misango, 2019). Due to this scramble for resources, some real estate firms have ended up facing various challenges in their endeavour to become commercially viable. Most of these firms that operate in the African

market tend to use outdated technologies in their operations. This affects their service delivery as well as client's satisfaction. On the other hand, large firms employ modern technologies in their operations, such as computer-aided design and building information modelling. As such, small firms need to devise proper ways of tapping the available advanced technologies in the market so as to enhance their performance and competencies.

Locally, real estate particularly contributes to Kenya's GDP. For instance, as of 2021 its contribution towards the GDP of the country was at 10 percent as reported by the KNBS (Mung'uri, 2021). The home ownership percentage rate in Kenya is at 23.1 percent which is significantly low as compared to the US which is currently at 65.3 percent. This shows a potential market that is yet to be served (Ruto, 2018). The government of Kenya in 2017 went further to introduce the affordable housing projects intended to boost home ownership uptake among the population with over 500,000 units (Wanjiru, Muathe, & Kinyua, 2019). With the 2023 Kenya Finance bill requiring a contribution of 3 percent to the National housing fund by all salaried employees, the real estate market in Kenya presents significant growth opportunities for real estate companies.

Population also keeps changing in Nairobi, with the major growth being recorded in the urban areas. This means that upcoming real estates are also relocating from the rural areas and targeting Nairobi and its environs (Maithya, 2020). Financial challenges are also significant obstacles faced by real estate firms in the city. Majority of these firms have started adopting new strategies of private equity investing and listed real estate funds, mostly referred to as real estate investment trusts (REITs). The use of REITs is yet to be registered and is posing a challenge in terms of commitment of resources to real estate investments and as a tool for developing infrastructure. According to Wheelen *et al.* (2017), this provides firms with challenges of choosing between continuing with the traditional ways of fundraising and project development. As such there has been an increase in real estate being developed around the country. Real estate and construction firms are on the rise. The strategies formulated are to be aggressive and defensive at the same time to ensure that the firm creates a barrier to new entrants and ensure it endures stiff competition from rival real estate firms.

1.1.1 Corporate growth strategies

Parnell (2013) defines corporate growth strategies refer to deliberate actions taken by businesses to expand their operations, increase market share, and enhance profitability over time. These strategies are essential for sustaining competitiveness and ensuring long-term success in dynamic business environments. Kutllovci, Shala, and Troni (2012) assert that businesses primarily formulate growth strategies to drive expansion, maximize profitability, and strengthen market positioning. Sukati *et al.* (2012) suggest that growth can be achieved either internally or externally. Growth strategies enable firms to leverage their resources and dynamic capabilities to expand sustainably while adapting to external environmental factors.

Performance, a key outcome of corporate growth strategies, has been conceptualized by various scholars in relation to business expansion and strategic decision-making. Richard *et al.* (2009) define organizational performance as encompassing financial and non-financial indicators, including profitability, market share, and operational efficiency. Venkatraman and Ramanujam (1986) emphasize the multidimensional nature of performance, incorporating financial performance, business performance, and organizational effectiveness. In the context of this study, performance is evaluated through the impact of innovation management, strategic alliances, and diversification strategies on firms' market presence and financial growth. Several corporate growth strategies exist, including product development, market expansion, penetration strategies, diversification, vertical and horizontal integration, strategic alliances, and mergers and acquisitions (Wheelen & Hunger, 2010). This study specifically focuses on three variables: innovation management, strategic alliances, and diversification strategy.

Innovation management strategies involve creating products or services that align with evolving consumer preferences. By investing in research and development (R&D) and strategically launching new products, firms can differentiate themselves and achieve sustainable growth (Mwangi, 2014; 2019). Schumpeter (1934) was among the first scholars to conceptualize innovation as a driver of economic performance, highlighting its role in creative destruction and business renewal. Teece (2010) further refined this view, asserting that firms with strong dynamic capabilities can leverage innovation for competitive advantage. Maithya (2020) supports this perspective, emphasizing that firms must continuously develop products and services that adapt to

shifting consumer needs. The effectiveness of innovation management is assessed through metrics such as R&D investments, new product introductions, and technological capabilities.

Strategic alliances enable firms to collaborate in pursuit of shared growth objectives (Kinyuira, 2014). Through partnerships, firms can capitalize on each other's strengths, pool resources, and gain market access (Kasongo & Misango, 2019). Dyer *et al.* (2001) conceptualized strategic alliances as cooperative arrangements that enhance firm performance by facilitating knowledge sharing, reducing costs, and increasing market reach. Kiragu (2014) categorizes strategic alliances into horizontal integration (mergers with competitors), joint ventures (collaborative business ventures), and vertical integration (acquisition of suppliers or distribution channels). Rothaermel (2017) argues that trust-building, goal alignment, and effective communication are fundamental to successful alliances. The effectiveness of strategic alliances is measured by the number of partnerships, the variety of alliances, and strategic fit, all of which determine a firm's access to critical resources and market opportunities.

Diversification strategies involve expanding into new markets with either related or unrelated offerings. Mwilu and Njuguna (2020) note that diversification requires resource allocation across different business units. Ansoff (1957) introduced diversification as a growth strategy, categorizing it into market penetration, market development, product development, and diversification. Okoth (2020) highlights that diversification minimizes the risks associated with dependence on a single product line or market. However, Barney (1991) contends that diversification must align with a firm's unique resources and capabilities to create a sustainable competitive advantage. Parnell (2013) emphasizes that diversification enhances a firm's resilience against operational risks and contributes to revenue expansion. Measures of diversification include geographic expansion, risk-return profiles, and the introduction of new business lines.

1.1.2 Firm performance

Firm performance is defined as the effectiveness demonstrated by organizations in trying to achieve their strategic objectives and create value for its stakeholders (Rothaermel, 2017). Okoth (2020) insists that firm performance to be more of financial metrics. This dimension of firm performance assesses the firm's profitability and financial position are signified by measures such

as revenue growth, profit margins and investments return. Storbacka, Martin, and Powers (2008) define that a firm's competitiveness and marketplace performance. It includes measures such as market share, customer satisfaction, brand recognition, customer loyalty, and sales growth relative to competitors. Firm performance should be examined also by focusing on firm's internal processes and operations (Muchele, 2019). It includes measures such as productivity, cost efficiency, quality of products or services, production lead times, and inventory turnover.

Strategic performance assesses the company's ability to achieve its strategic objectives and execute its strategic plans successfully. It includes measures such as the attainment of strategic goals, alignment between strategy and execution, and responsiveness to changes in the environment its operating in. Organizations do not have the liberty to stand still and do nothing to improve their performance, to survive they need to grow (Rothaermel, 2017). As organizations move along their business life cycle and continue to increase their output, they reach a point where they have completely saturated their market share (Parnell, 2013). The organization is left to come up with ways in which it can acquire more market share and attract new customers to achieve superior performance. For real estate firms to achieve superior performance, they need to have checked off both industry influences and the firm effects (Bukirwa, 2017). Organizations tend to influence both firm and industry effects by implementing strategies that are aimed at improving their performance. Organizations know that they are observing improved performance through growth in their sales, lower costs of development and high retention of their customers. Firm performance measures in this study are revenue growth, occupancy rate, and average rental yield.

1.1.3 Real estate firms in Kenya

The real estate sector is a major contributor to the Kenyan economy, with a report by Statista estimating its contribution to GDP growth at 5.2 percent as of Q1 2023 (Ogunbiyi & Oladokun, 2023). In Nairobi City County, 60 real estate firms are registered with the Kenya Property Developers Association, as listed in Appendix I. This sector operates under the laws of supply and demand, with property prices fluctuating based on these factors. The lack of bespoke software solutions creates operational performance challenges, particularly as firms attempt to digitize their capabilities to enhance competitiveness (Kubai, Karanja, & Kihara, 2021). Given the unique operational structures of real estate firms, off-the-shelf technology solutions fail to meet their

specific needs, requiring contractors and project managers to incur additional costs in developing custom software. These challenges result in inefficiencies, increased capital expenditure for technological modifications, and operational disruptions during technology adoption.

The concept of performance in real estate is often measured through financial and operational metrics. Richard *et al.* (2009) conceptualize organizational performance as a multidimensional construct that includes financial profitability, operational efficiency, and market competitiveness. In 2015, the real estate sector was the best-performing investment space in Nairobi, outperforming equities and bonds with performance indices of 27.3 percent and 12.5 percent, respectively (Ogunbiyi & Oladokun, 2023). This was evident in the preference of multinational corporations for Nairobi as a regional office location, with an estimated 72,000 square meters of office space in Nairobi's CBD occupied by various firms in that year. The 2015 Cytonn Nairobi Metropolitan Area Commercial Office Report highlighted that demand for commercial office space was driven by SMEs in the IT, medical, and consumer goods industries (Mwangi, 2019). The average rental yield for office spaces stood at 8.2 percent, with occupancy rates at 90.6 percent (Muchele, 2019), demonstrating high financial and operational performance within the commercial real estate segment.

Residential property performance has also been a key indicator of sectoral growth. A 2015 report by Hass Consult indicated continued price appreciation, attributed to infrastructural improvements and increased economic activities (Ogunbiyi & Oladokun, 2023). The price index increased by 1.4 percent, while the rental index rose by 0.7 percent in Q1 compared to Q4 2014. The report further suggested that rental demand was growing faster than house prices, with high demand for rental properties observed in Westlands, Kilimani, and Kileleshwa, where the average residential property price stood at USD 2,200 per square meter, yielding an average rental return of 6.2 percent compared to 5.8 percent in Nairobi's CBD (Mweshi & Sakyi, 2020). These trends indicate that return on investment (ROI) is a critical measure of performance in the real estate sector, reflecting investor confidence and market demand.

Land prices in Nairobi's satellite towns have also reflected growing real estate activity. For instance, in areas such as Ruiru and Ngong, the price of a quarter-acre plot reached approximately

USD 50,000 (Ogunbiyi & Oladokun, 2023). This appreciation in land value highlights the role of capital gains as a performance metric in real estate investment. The sector is further supported by housing demand, with the World Bank estimating a housing deficit of 2 million units in Kenya (Ogunbiyi & Oladokun, 2023). This demand underscores the need for affordable housing, prompting government interventions through the Bottom-up Economic Transformation Agenda 2023 and the introduction of a housing levy to promote homeownership (Mweshi & Sakyi, 2020). However, economic constraints such as inflation and interest rates pose challenges to the sector's performance. The Central Bank of Kenya reported an annual inflation rate of 8.52 percent in August 2023, up from 7.66 percent in December 2022 (Ogunbiyi & Oladokun, 2023). Rising inflation affects consumers' purchasing power, particularly for middle-income earners, making real estate investments less attractive. Additionally, the increase in the Central Bank's base lending rate to 10.5 percent from 8.75 percent in 2022 has raised the cost of borrowing, limiting real estate firms' access to affordable capital for property development (Statista, 2024). These macroeconomic factors directly impact financial performance metrics such as revenue growth, profit margins, and return on equity (ROE) within the industry.

1.2 Statement of the problem

The real estate sector has taken significant blows since Covid-19. However, there has been a notable rise in the value of building plans approved by Nairobi City County for construction, increasing from 100 billion Kenya shillings to 162.5 billion Kenya shillings (Ogunbiyi & Oladokun, 2023). Knight Frank estimates that the importation and consumption of building materials (iron and steel, cement clinkers, non-ferrous metal, and structural metals) have reduced by 17.8 percent, 38.4 percent, 14 percent and 47.4 percent, respectively in 2022 (Ogunbiyi & Oladokun, 2023). Both the residential, office and retail markets have been affected. The residential market amid increase in default mortgage loans by 44.17 percent has slowed down, with interest rates on mortgages going up to 12.3 percent and mortgage loan sizes being reduced to 9 million from 9.2 million as reported by Business Daily (Mwilu & Njuguna, 2020). This has impacted the purchasing power of potential homeowners and the attractiveness of the market to them. The office market has witnessed a decline in their occupancy rate of 3.9 percent (Maithya, 2021). This is due to the oversupply of these properties and the introduction of co-working and remote working in companies in an aftermath of the Covid-19 pandemic. This depicts that what most of the real estate

markets deal in have been affected negatively. Therefore, real estate firms are struggling to identify methods to improve their performance.

Despite the numerous studies conducted on organizational performance and corporate growth strategies in Kenya across a wide variety of industries, none has endeavoured to examine the effect of the three corporate growth strategies: innovation management, diversification, and strategic alliances on real estate firms' performance in Kenya. This presents both knowledge and contextual gaps relevant to the study. Maithya (2021) did research on outputs of telecommunication companies and determined that growth strategies contributed to 46.5 percent of the performance telecommunication firms, and recognized empirical gaps. The current study will bridge the gap by focusing on corporate strategies on organization performance of selected real estate firms.

Owili (2022) utilized agency theory and growth of a firm theory as empirical foundations for the study's literature review. Under growth of a firm theory, it focused only on the manager's capability and failed to recognize the importance of other valuable, rare, inimitable, and non-substitutable resources at firms' disposal. Studies have not been able to look at how these strategies rely upon the resource-based theory (RBV). The study also bases its study on Porter's five forces, and the contingency theory. This study intends to explore the corporate growth strategies that the real estate firms have formulated and implemented with the aim of growing their businesses and boosting organizational performance with reference to their internal resources, dynamic capabilities, and external environment.

1.3 Objectives of the study

The general objective and specific objectives are discussed here.

1.3.1 General objective

The study's general objective is to examine the effect of corporate growth strategies on the performance of selected real estate firms in Nairobi city county, Kenya.

1.3.2 Specific objectives

This study aimed to address the research problem through the following specific objectives.

- i. To assess effect of innovation management on performance of selected real estate firms in Nairobi city county, Kenya.
- ii. To determine effect of strategic alliances on performance of selected real estate firms in Nairobi city county, Kenya.
- iii. To examine effect of diversification strategy on performance of selected real estate firms in Nairobi city county, Kenya.

1.4 Research Hypothesis

The researcher theorised the following hypothesis when exploring the research's objectives.

- i. **H₀₁**: Market expansion strategy has no significant effect on the performance of Real estate firms.
- ii. **H₀₂**: Innovation management has no significant effect on the performance of Real estate firms.
- iii. **H₀₃**: Partnership growth has no significant effect on the performance of real estate firms.
- iv. **H₀₄**: Diversification strategy has no significant effect on the performance of real estate firms.

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1.5 Significance of the study

Real estate firm managers will benefit from this study, by gaining insights on how to better execute growth strategies that improve the performance of their firms. It provides them with an understanding of the interrelationship between the various components of growth strategies and their performance. It better equips them with valuable knowledge in terms of which strategies to execute depending on the goal that their organization wants to achieve. The study also contributes to the scholarly works that even informs policies. The study also provides up and coming real estate and property tech startups to have a look at the players in the real estate market, the growth strategies that they execute and how to better leverage their solutions to efficiently enter the highly competitive and expansive market. Furthermore, the study is instrumental for scholars and researchers interested in researching and studying growth strategies effect on real estate firms' performance. This study functions as a base to start discussions around the factors intervening the relationship between study variables.

1.6 Scope of the study

The study was done among selected real estate firms in Nairobi city county, Kenya. The time scope consideration was between 2014 and 2023, since it is during this time that real estate firms were faced with highlighted challenges. The study focused on innovation management, strategic alliances, and diversification strategies. The target population is made up of key managerial staff including finance leads, sales and marketing leads and operations leads from the 37 selected real estate firms as they were better positioned to respond to the questions at a strategic level.

1.7 Limitations of the study

Anticipated challenges by the researcher included the respondents being unwilling and reluctant in providing information that might highlight any inefficiency on their part. The researcher mitigated this by securing from the university a research introductory letter to explain to them the nature of the research and that the responses collected were made confidential. Since Nairobi is vast and the selected real estate firms are in different areas, the researcher anticipated that there could be a challenge in dropping and picking of the questionnaires. The researcher mitigated this by hiring a research assistant to assist with the collection of questionnaires. The research also anticipated that the research instruments could miss out on crucial information relevant to the study

because of time and resource constraints. The researcher mitigated this by incorporating open ended questions into the questionnaire to give the respondent room to share further insights.

1.8 Organization of the study

The study covers five chapters. Chapter one provides an overview of key variables, problem statement, as well as general and specific objectives of the study, research questions, scope, limitations, and significance. Chapter two includes literature review, theories that underpin the study, and conceptual framework. Research methodology, target population, sampling design, methods of data collection and analysis are considered in chapter three. Chapter four presents research findings and their analysis. Chapter five concludes with a summary of the research findings and future research recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Literature review covers relevant theories, a review of empirical literature and conceptual framework. It also addresses research gaps identified in empirical literature reviewed.

2.2 Theoretical literature review

The research was centred around RBV, Michael Porter's competitive forces and contingency theory. The theories are fundamental in explaining how organizations leverage their existing valuable resources, with the inclination towards innovation and technological advancements, considering the forces that exist in their environment to attract and retain customers, catalysing sales, reducing production costs, and attaining growth.

2.2.1 Resource-based view theory

In 1959, although not explicitly identified as RBV at the time, Penrose Edith in her book, "The Theory of the Growth of the Firm" laid the groundwork for the resource-based perspective. It emphasized the significance of a firms' resources, capabilities, and managerial expertise in fostering growth and competitive advantage. In 1984, Birger Wernerfelt published a paper called "A RBV of the Firm," which is widely considered a significant contribution to RBV. The RBV focuses on effectively utilizing strategic resources within an organization. It is founded on the premise that an organization's performance is largely determined by its resources and its capacity to effectively utilize them.

The RBV sees an organization's resources as unique and vital in gaining a competitive edge, regardless of external threats. Resources can be tangible or intangible and are connected to an organization's capabilities. The strategic resources that fit within the valuable, rare, inimitable, non-substitutable criteria are crucial for gaining a sustainable competitive advantage. Valuable resources improve an organization's performance, rare resources give the organization an advantage over competitors, and inimitable resources are difficult and costly for competitors to replicate. Over time, the theory has evolved, with an emphasis on the potential of the company to

transform strategic resources and adapt to industry environment to gain competitive advantage (Mwangi, 2019). The theory highlights distinctive resources and the capabilities of firms are key drivers of competitive advantage, attracting considerable interest from researchers in multiple fields. Scholars have engaged in rigorous analyses, exchanges of ideas, and intellectual debates to deepen their understanding of this influential theoretical framework. The consensus has been gradually building around the notion that a firm's unique resources whether as tangible assets, intangible capabilities, or knowledge assets, play a pivotal role in shaping its sustainable competitive advantage. Nevertheless, Rothaermel (2017) reflects the dynamic nature of academic inquiry and the continuous pursuit of knowledge, as researchers aim to refine and evolve the RBV theory to address emerging challenges and industry dynamics. Through ongoing consensus-building efforts and rigorous scholarly exchanges, the Resource-Based View (RBV) theory continues to enhance our understanding of how firms leverage their unique resources and capabilities to thrive in a competitive business environment.

Organizations need to identify and utilize the resources available to them and develop dynamic capabilities. Real estate firms, specifically, need to recognize their strategic resources and focus on enhancing their capabilities to achieve a stronger competitive advantage. The RBV theory is significant in understanding how resources and capabilities led to the organizational performance. It is particularly relevant to innovation management strategies and firm performance within the real estate sector, as it explains how real estate firms can utilize unique resources and assets to gain a competitive edge. Overall, the RBV provides a theoretical framework for understanding how innovation management strategies drive real estate sector performance. This is also the main theory as it guides the understanding of performance of the real estate sector. Performance is relative to how the firm can utilize its unique resources and assets to outdo its competitors.

2.2.2 Porter's five theory

The Porters' model developed in the 1970s by Michael Porter to help organizations in assessing their operating environment encompasses various factors such as bargaining power of buyers, threat posed by new competitors, competition from existing rivals, bargaining power of suppliers and the potential substitution of products. Industries that generate substantial profits are often prone to attracting new competitors. The likelihood of encountering threats from new entrants is

influenced by several factors including economies of scale, product differentiation, customer loyalty, timing of entry, regulatory obstacles, and financial resources required.

The bargaining power of customers is influenced by several factors. These include the price sensitivity of buyers, their ability to switch to substitutes, and the size of the buyer base compared to the number of suppliers (Sifuna, 2014). On the other hand, suppliers with strong bargaining power can negotiate higher prices for raw materials. This power stems from elements like the suppliers that are available, the potential for forward integration, the ability of firms to substitute suppliers, and product differentiation. The presence of substitutes can also impact a firm's ability to generate high profits, especially if the substitutes are closely related and buyers are inclined to substitute (Kitua, 2014). Additionally, competition from existing firms within the industry can present significant challenges. The level of competition faced by a firm is influenced by factors like the diversity of competitors, core competencies, and product differentiation.

The framework is valuable in analysing strategic alliances within the real estate industry. It examines the external environment, the firm's strategies for gaining a competitive edge, and its offensive, defensive, and aggressive actions to enhance performance (Muchele, 2019). Employing these five forces is crucial for organizations to develop effective strategies that enable them to stay ahead through strategic partnerships. This model highlights the essential elements needed to achieve the firm's objectives. Managers in real estate must not only understand their desired outcomes but also comprehend how their strategies align with and are influenced by the competitive forces in the market. They need to evaluate their organisation's specific strengths and weaknesses in order to shift them into opportunities.

2.2.3 Contingency theory

Originated in mid-20th century, with the seminal work of scholars such as Joan Woodward, Jay Lorsch, Fred Fiedler, G.M. Stalker, Tom Burns, and Paul Lawrence (Bonardi, 2011). It assumes that the direction a firm take is based on both internal and external situations that are affecting it. Organizations that can develop strategies that are consistent with their organization's mission, considering their external environment and effectively utilizing its resources are better capable of achieving sustainable competitive advantage and growth. This This theory suggests that a

company's success is influenced by its strategic decisions as well as the external forces within its operating environment. (Barney & Hesterly, 2010). Organizations are to recognize both their strengths and weaknesses in relation to the opportunities and threats inherent to the external environment they operate in. Hofer (1990) establishes this theory by bringing together Ansoff's growth matrix, a business product life cycle, and the environmental factors, grouping them according to their perceived significance and concludes that a contingency approach is needed to help organizations make favourable strategic choices and improve their productivity.

The contingency theory is a significant element in the researcher's study as it brings together the perspective of the RBV and Porter's forces view (Hofer, 1990). It is a middle ground to studying the strategic choices an organization makes to achieve its desired performance based on its resources, its unique capabilities, its external environment (Bonardi, 2011). Real estate firms ought to evaluate the effectiveness of the strategic choices they are making and understand that not all strategies are viable and that they ought to consider both internal and external environments before implementing strategies.

The theory suggests that effectiveness of organizational strategies, including diversification, depends on the alignment between the strategy and the external environment as well as internal organizational factors. When applied to diversification strategy, contingency theory emphasizes the importance of considering various contextual factors to determine the appropriateness and success of diversification initiatives. Therefore, the theory was used to conceptualize diversification strategies and as it applies to performance of real estate firms.

2.3 Empirical literature review

This segment explores multiple sources connected to the research objectives, highlighting areas of debate and consensus among scholars.

2.3.1 Innovation management and performance

Wanjiru, Muathe, and Kinyua (2019) in their study on large manufacturing firms in Nairobi, Kenya, found that product innovation is crucial for determining the performance of firms. Organizations need to continuously develop unique products that meet customer preferences and keep up with market competition. The study focused on product development, market development, and diversification as components of corporate growth strategies. Both descriptive and exploratory survey designs were used in the study. It was noted that firms need corporate growth strategies to better understand their environment and earn competitive advantage. The role of the external operating environment as a moderating variable was also considered and the study found that it had a positive impact on the relationship between the variables of the study. The research also highlighted unpredictable customer behaviour as a threat to firm performance. In conclusion, the researcher recommends conducting further research in sectors other than manufacturing and studying other factors that may affect organizational performance besides product development, market development, and diversification.

Mwangi (2021) researched how different growth strategies affect Agrochemical companies' performance in Nakuru. It focused on market development, penetration, and product development strategies. Product development was considered a crucial independent variable that influences organizational performance. This strategy includes product modification, introduction of new products, and differentiation. Innovation entails the implementation of new products, processes, and service delivery methods. By redesigning these aspects, companies can enhance their products, increase productivity, reduce production costs, and create products that stand out from competitors. The study found that, many firms have introduced new products using technology. The study recommended further research in other countries and industries.

A study by Maithya (2021) on telecommunications companies in Kenya, identified product development as a component of product innovation, along with process innovation and the introduction of new products. According to Mwangi (2019), the terms "product development" and "product innovation" have the same meaning. The study aimed to explore the growth strategies and company performance, specifically looking at diversification, market penetration, and product development. The findings revealed a significant positive correlation between growth strategies and performance. It also highlighted the importance of product development in attracting and

retaining customers. It emphasized the need for telecommunication companies to adopt new approaches in offering their products, recommending this strategy to enhance their operational processes and technical efficiency. It also noted that only 46.5 percent of changes in performance could be attributed to product and market development. Consequently, the study suggested future research on a range of indicators beyond those chosen by the researcher. This study focuses on innovation management, expanding the research scope to include areas beyond new products. It also considers the role of process modification and research development as indicators of effective innovation management.

2.3.2 Strategic alliances and performance

Mwilu and Njuguna (2020) examined how SACCOs use acquisition as a strategy to enhance their performance. They analysed different aspects of partnerships, which involve two organizations working together to provide products to customers. In this study, partnership growth includes joint ventures, horizontal integration, and vertical integration. Horizontal integration occurs when an organization acquires another business in the same industry, enabling it to grow quickly and increase market share. Vertical integration involves an organization taking control of various distribution stages and activities related to its product. Joint ventures are strategic alliances where organizations collaborate with suppliers to reduce costs. The study determined that acquisition strategies influenced the performance of SACCOs positively, but only a few organizations had fully embraced this strategy. It emphasised the importance of firms making more aggressive investments into these strategies, as the benefits outweighed the costs of implementation.

In a study conducted by Gachigo *et al.* (2022), it is suggested that financial organizations in Kenya that have limited capital should consider merging their businesses together rather than becoming publicly listed. This approach is seen as a sustainable long-term strategy, as it allows organizations to reduce production costs instead of spending a significant amount of money on becoming publicly listed. Collaborating with other organizations for growth has the benefit of reducing production costs and increasing sales. The study recognizes that many firms have not yet formed mergers, despite the potential synergistic benefits, and recommends further research on expanded variables and indicators. This study focuses on strategic alliances, such as the number and variety of partners and strategic fit, to assess how growth strategies impact the performance of real estates.

Ndung'u and Mutinda (2022) investigated impact of corporate growth strategies on performance of a select number of SACCOs. It specifically examined diversification, market expansion, and acquisition strategies as independent variables. The research was grounded in the RBV, dynamic capabilities, and corporate branding theories. Primary data was gathered and analysed using questionnaires. The researcher employed inferential and descriptive statistics for analysis. The research revealed that majority of the SACCOs had implemented market expansion strategies by increasing their branch locations, finding new customers, and incorporating technology. It also concluded that firms had adopted diversification strategies by having various products for their clients. The study acknowledged that partnerships and strategic alliances were considered as expansion strategies by companies. It further revealed a 0.791 correlation between market expansion strategies and performance. Nevertheless, it failed to include technology innovation as a variable or indicator in its conceptual framework, despite finding that most SACCOs had implemented technology innovation and partnerships as part of their market expansion strategy.

Wanjiku (2016) investigated the link between strategic partnerships and banks' performance. The researcher found that 54.7 percent of variation in banks' performance was linked to partnerships that were strategic. Banks formed strategic alliances to share their revenue-generating resources and costs to expand their market. The researcher acknowledged that the study was confined to commercial banks and cautioned against generalizing the findings to other financial institutions and sectors. The study recommends further research on strategic alliances and performance of organizations in different sectors. This study examines how strategic alliances affect performance of real estates.

2.3.3 Diversification strategies and performance

Tangus and Omar (2017) conducted a study to examine how market expansion strategies affected commercial banks' performance in Mombasa. The research also used descriptive research design. It found a strong correlation of 95 percent between performance and market expansion strategies. The study focused on diversification strategies, specifically market leader, challenger and niche, and their influence on commercial banks' performance. Increasing sales and reducing production costs were identified as factors for continued growth (Storbacka, 2008). The study delved into the

market leader strategy and discovered that commercial banks opened branches in other locations to increase sales by serving more customers. It also found that product engineering played a crucial role in market challenger strategy. The study concluded that commercial banks should incorporate market expansion strategies, including product customization, expanding into new locations, and competitive pricing, to enhance their performance. It also acknowledged the need for more research on market expansion strategies and firm performance due to the complexity of the external environment. The authors identified product engineering as a crucial aspect of diversification, prompting further evaluation of both diversification and innovation management strategies, considering the importance of innovation management in achieving growth.

Mwania (2017) assessed growth strategies and commercial banks' performance. The research was based on transaction cost theory and RBV. The study employed primary and secondary data and a cross-sectional study approach. The study concluded that commercial banks implemented various growth strategies to improve performance, including product development, market penetration and expansion, and diversification. Market expansions were particularly prevalent, with a beta correlation coefficient of 0.404. Market intelligence was commonly incorporated into diversification strategies. Banks had clear market expansion strategies spanning from one to five years. To achieve performance goals, diversification strategy was identified as a key growth strategy for banks. The study also recommended further research to mitigate sampling bias and explore long-term sustainable expansion strategies and their impact on bank performance. Taking strategic alliances into account, this study aimed to address the question of long-term sustainable goals by examining how real estate firms incorporate strategies that offer unique products at competitive prices while ensuring long-term growth sustainability.

Diversification strategies enable firms to seize market opportunities and acquire new customers (Wanjiru, Muathe, & Kinyua, 2019). The research revealed that diversification strategy was the least utilized among firms, with a mean of 3.59. The study recommended adopting diversification strategy to expand into new markets and attract more customers. While single-business organizations may have specialization and competitive advantages, they face the risk of significant downturns in the event of market threats. The environment organizations operate in is dynamic and is complex, they are filled with opportunities and threats; challenges both seen and unforeseen;

as such it is prudent for organizations not to lay all their eggs in one basket. They cannot fully depend on one product line to sustain the business. It is a means through which they can manage the risks associated with the industries they operate in. Mwangi D (2019) establishes a significant positive relationship between diversification and performance. The researcher also emphasises that diversification is a crucial strategy to attaining market expansion and enhances the risk mitigation strategies of an organization.

Ogallah's (2021) study on market growth strategies and insurance companies' performance at the time of COVID-19 pandemic found that diversification strategy had positive effect insurance firms. The research utilised cross-sectional research design. Descriptive statistics was used to analyse data collected. The study recommended the adoption of diversification strategies to address potential threats. It concluded by acknowledging the limitations of scope and context and proposing further research on the effects of diversification strategy.

2.3 Summary of the empirical literature review

Below is a summary of empirical sources that have been reviewed in this section.

Table 2.1: Empirical literature summary

| Author (Year) | Topic of Study | Key Findings | Research Gaps | Current Study Focus |
|---------------|---|---|--|--|
| Maingi (2020) | Innovation strategies on the performance of real estates. | The study found that product differentiation, process innovation and innovative customer service had positive | The research was restricted to innovation's influence on performance and its scope was limited to Mavoko sub county real estate firms. | This study not only examined how innovation impacted the performance of firms, but also explored the effects of strategic alliances and diversification strategies. The research's focus was |

| | | | | |
|----------------------|--|---|---|---|
| | | influence on performance of real estate firms. | | specifically on real estates located in Nairobi County. |
| Mwania (2017) | Growth strategies and performance of commercial banks. | Commercial banks have implemented various growth strategies to enhance their performance, with many of them focusing on market expansion. | The study failed to properly conceptualize the indicators and operationalize its variables. | This study defined the factors being studied and create a plan for measuring these factors by establishing a conceptual framework with specific indicators. |
| Tangus & Omar (2017) | Impact of market expansion strategies on commercial banks' performance in Mombasa. | A significant positive correlation of 95 percent between market expansion strategies and performance. | The study selected revenue, sales, and market share as measures of performance - the dependent variable, which is essentially the same since sales lead to revenue. Therefore, inadequate indicators of the | This study incorporated both revenue growth, occupancy rate and rent yield as indicators of the dependent variable. |

| | | | | |
|----------------------------|---|--|--|--|
| | | | dependent variable. | |
| Mwilu & Njuguna (2020) | Impact of growth strategies on chosen SACCOs performance. | The growth strategies variables significantly influenced SACCOs performance. | The study failed to incorporate innovation management as a component of growth strategy. | The study included innovation management, diversification, and strategic alliances as key components in growth strategies. |
| Mwangi (2021) | Effect of growth strategies on five-star hotels' performance | There exists a significant positive relationship between diversification and the performance of organizations | The study used questionnaire that failed to incorporate open-ended questions. | The study made use of both close and open-ended questions to get relevant information out of the respondents |
| Ndung'u and Mutinda (2022) | Corporate growth strategies and financial performance of deposit-taking savings and credit co-operative societies | The study found that corporate growth strategies, including diversification, strategic alliances, and innovation, positively impact the financial performance of | The study did not explore the long-term sustainability of these growth strategies or the potential moderating effects of external economic factors on financial performance. | The current study considers an empirical approach that incorporate different factors. |

| | | | | |
|------------------------------|--|--|--|---|
| | | deposit-taking SACCOs in Nairobi City County. | | |
| Gachigo <i>et al.</i> (2022) | Mergers and acquisition strategies and commercial banks' performance in Kenya. | Mergers and acquisition strategies are vital for helping firms facing financial constraints to boost their performance | The study population considered the banks that had been registered with the Central banks and had undergone a merger or acquisition. | This study conducted random sampling across the total population to avoid bias and ensure the sample accurately reflects the characteristics of the population. |

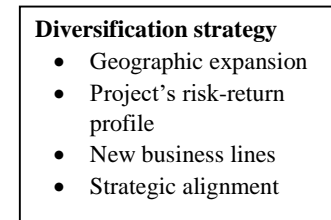
Source: (Researcher, 2024)

2.5 Conceptual framework

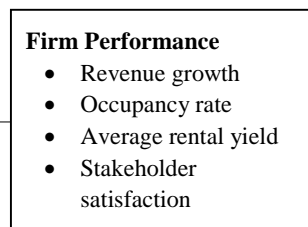
The figure below presents a conceptual framework of the relationship between the research's variables.

Fig. 2.1: Conceptual framework

Independent variables



Dependent variable



Source: (Researcher, 2024)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology covers approaches utilised, encompassing research design, methods of data collection, target population, data analytical tools, ethical considerations and sampling approach.

3.2 Research design

The researcher implemented a descriptive research design, as the type of data collected was quantitative and necessitated its use to ensure accurate and factual descriptions. The adoption of this design caused the researcher to meticulously outline the correlation that exists between the growth strategies adopted by real estate firms and their corresponding performance. According to Dannels (2018), a research design serves the purpose of elucidating how, when, and where the data will be collected, in addition to explaining how the accumulated data will be analysed, consequently yielding valuable and pertinent information. Descriptive research design was considered suitable because it effectively captured the details and characteristics of the research problem, consequently enhancing the study's overall reliability.

3.3 The target population

A target population refers to a collection of entities, items, or elements that possess observable traits. The study's target population were 60 real estate organisations located in Nairobi that were officially listed and registered with the KPDA as of September 5th, 2023, (refer to Appendix I). The study focused on three key managerial staff member positions in each firm: heads of operations management, heads of finance, and heads of sales and marketing. These individuals were selected due to their immense knowledge and extensive experience within their respective roles and contribution towards the operation of their respective firms. Moreover, the strategic management they had employed and the impact of the growth strategies they had implemented was considered.

Commented [CA3]: Revisit

Table 3.1: Population under study

| Real estate firms | Managerial staffs | Target population | Percentage (%) |
|-------------------------------|-----------------------------|--------------------------|-----------------------|
| 60 | Head of Finance | 60 | 33.33 |
| | Head of Sales and marketing | 60 | 33.33 |
| | Head of Operations | 60 | 33.33 |
| Population under study | | 180 | 100 |

3.4 Sampling size and sampling design

The size of this study's sample was 124 managers across 37 randomly selected real estate firms based on the formula by Yamane of:

$$n = \frac{N}{1 + Ne^2}$$

where:

n = sample,

N = population

e = level of precision at 0.05.

Therefore:

$$\begin{aligned} n &= \frac{180}{1 + 180(0.05)^2} \\ &= 124.1379 \\ &\approx 124 \end{aligned}$$

Simple random stratified sampling was used to choose finance, sales, marketing, and operations leads as the study's respondents given their roles in the strategic management of their real estate firms.

3.5 Data collection instrument

This research relied on primary data which was aligned with the nature of the research to be conducted, the researcher made use of semi-structured questionnaires. This structure allowed for the questionnaire to have both quantitative and qualitative questions, giving respondents the opportunity to provide detailed responses while still maintaining some level of structure. With the qualitative questions in semi-structured questionnaires, the respondents expressed their thoughts, opinions, and experiences in their own words (Mweshi & Sakyi, 2020). The questionnaires were administered to managerial and operational leads in the sampled real estate firms. The questions utilized a 5-point rating scale, where responses ranged from 1 to 5, where 1 represented strong disagreement and 5 indicated strong agreement.

3.6 Data collection procedure

The collection process commenced with creation of questionnaires as the research tool. During this phase, the researcher ensured that the questionnaire (the research tool) included sufficient measures of the variables of study. Primary data that was used by the researcher was gathered using a semi-structured questionnaire (see appendix II). This method of data collection proved to be particularly advantageous considering the study's chosen research design. It guaranteed that the process is both cost-effective and time-efficient (Mugenda & Mugenda, 2003). Regarding questionnaire administration, the researcher took advantage of the drop-and-pick method. Additionally, the required authorisation letters and research license were obtained from Kenyatta University and NACOSTI by the researcher. Lastly, communication was established with potential participants to explain their involvement in the study and provided them with information about the study's content.

3.7 Pilot study

A pilot study was directed towards determining validity and reliability of data collection tools. It was conducted in Cytonn real estate among 13 managerial staff from various levels of management and departments. 13 respondents constituted about 10 percent of the expected sample size, an allowable number according to Dannels (2018). The researcher was influenced by pilot study

findings to make modifications that ensured data collection instruments were reliable and valid. The participants of the pilot study were not incorporated in the main study.

3.7.1 Validity

Validity, as defined by Mwaura (2013), refers to the extent to which a sample test data set captures the full range of content that a test is supposed to measure. The researcher explored two forms of validity: content and construct. To address content validity, the researcher sought input and guidance from the research project supervisor in the department and made necessary modifications and revisions to the research instruments in order to achieve validity. To address construct validity, the researcher narrowed down the questions to focus solely on the variables of the study and worked towards accurately operationalizing them.

3.7.2 Reliability

Abowitz and Toole (2010) suggest that when a single observer is responsible for the data, reliability is difficult to achieve because there is no protection against observer's subjectivity impact. The researcher utilized Cronbach's Alpha, derived from SPSS, to measure the internal reliability of research variables. Results on the 13 staff members in managerial levels at Cytonn real estate helped in determining the reliability coefficient of the research instruments and their capacity to yield consistent findings under similar circumstances. These 13 staff members were the number for a pilot study. The researcher aimed to achieve a coefficient of at least 0.7. The table below presents reliability findings.

Table 3.3: Reliability Test

| Scale | Cronbach's Alpha | Number of items |
|----------------------------|------------------|-----------------|
| Innovation management | 0.764 | 4 |
| Strategic alliances | 0.722 | 5 |
| Diversification strategies | 0.756 | 4 |
| Organizational performance | 0.717 | 4 |

Source: Research data (2024)

Table 3.3 shows the results of reliability test that was conducted. Innovation management had the highest Cronbach value of 0.764. Diversification strategies ($\alpha= 0.756$), strategic alliances ($\alpha=$

0.722), and organizational performance ($\alpha= 0.717$) also had higher Cronbach values, in that order. The outcomes proved an overall acceptable reliability as they exceeded the recommended threshold of ($\alpha= 0.70$).

3.8 Data analysis procedure

The collected data got anonymized, thoroughly reviewed, and modified before the analysis phase. Content analysis on qualitative data aided in interpretation. Quantitative data was analysed using SPSS, applying descriptive statistics and inferential statistics. The outcomes illustrated through standard deviations, means, correlation coefficients, and coefficient of determination. To explore the relationship between growth strategies and real estate performance, the researcher employed both simple linear and multiple regression analyses following the recommendation of Mweshi and Sakyi (2020). The regression model expression used was as follows:

$$Y= \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon$$

Where: Y – firm performance of selected real estate in Nairobi

$\beta_0 - \beta_3$ - regression coefficients

X_1 – innovation management strategies

X_2 – strategic alliances

X_3 – diversification strategies

ϵ - error term, considers all the probable factors that would likely affect performance of real estate firms though not captured in the model.

The data was displayed using statistical and graphical techniques informed by tabulating them. The researcher evaluated the fitness of the model through the coefficient of determination. Pearson's correlation matrix was utilized to establish the link among the study variables. Moreover, ANOVA was used to assess extent of variation in the dependent because of the independent variable.

3.9 Ethical considerations

The researcher took measures to protect sensitive information provided by participants, keeping it confidential. The participants were guaranteed that their responses would remain anonymous, and consent forms were provided and signed. Participation in the study was voluntary, ensuring that participants only took part if they wanted to be part of the study. The researcher ensured that participants knew that they could withdraw at any point. The researcher obtained authorisation and permission from Kenyatta University Graduate School and NACOSTI before beginning data collection.

CHAPTER FOUR RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

Chapter four covers data collected and analysed for presentation about corporate growth strategies influencing the real estate firms' performance in Kenya. This section focuses on discussing the response rate, the demographic information and summary statistics.

4.2 Analysis of response rate

The intention of the research was to reach 124 respondents including key managerial staff such as operations leads, finance leads, and sales and marketing leads. They were found to be capable of addressing the questions on the tool based on their experience with real estate firms. The research tools were dropped and picked and complemented with the use of Microsoft forms to 124 targeted respondents. The results are as tabulated in Table 4.1.

Table 4.1: Response rate

| Response rate | Frequency | Percent (%) |
|---------------------------|------------------|--------------------|
| Returned questionnaires | 109 | 87.90 |
| Unreturned questionnaires | 15 | 12.10 |
| Total | 124 | 100 |

Source: Survey Data (2024)

109 respondents (87.90%) participated in the study. Fifteen respondent (12.10%) of them did not complete the data collection tool administered to them and thus, were excluded from the study. The response rate was deemed acceptable to be considered for further analysis of the data. This is based on Sekaran and Bougie (2019) proposal that 60 percent response rate qualified to be considered for further study, which is good enough. According to Ndung'u and Mutinda (2022), above 70 percent response rate qualifies as a very good one.

4.3 Demographic information

The research demography data collected encompassed respondent's gender, experience level, and the education level that they have dealt in real estate firms.

4.3.1 Gender

The study examined the various genders involved in the research. The outcomes are indicated below

Table 4.2: Gender

| | | Frequency | Percent |
|-------|--------|-----------|---------|
| Valid | Male | 67 | 61.47 |
| | Female | 42 | 38.53 |
| | Total | 109 | 100.0 |

Source: Survey Data (2024)

The results indicate the predominant respondent group, as shown in Table 4.2 above, with males constituting 61.47 percent and females, 38.53 percent. This demonstrates a balanced inclusion of the genders, ensuring the absence of gender bias associated with gender-specific characteristics or behaviours and that the overall population is well represented by the study sample. These data including 38.53 percent of female population in the study ensuring a well-balanced study sample.

4.3.2 Experience level

The category analyses the experience levels of respondents in the current study. The analysis explores the frequency, percentage, and cumulative percentage of each experience category as presented below.

Table 4.3: Experience of respondents

| Experience | Frequency | Percent |
|----------------------|-----------|---------|
| Below 3 years | 13 | 11.9 |
| Between 3 - 5 years | 45 | 41.3 |
| Between 5 - 10 years | 39 | 35.8 |

| | | |
|----------------|------------|--------------|
| Above 10 years | 12 | 11.9 |
| Total | 109 | 100.0 |

Source: Survey Data (2024)

Majority of respondents fell within the experience range of 3 - 5 years, constituting 41.3%. They likely have a solid understanding of corporate strategies and their practical implementation, making them valuable contributors to the study. This is followed by those between 5-10 years, with a percentage of 35.8%. The group below 3 years and above 10 years were at 11.9% and 11%, respectively. Therefore, a considerable number of the respondents had a comprehensive understanding of corporate strategies and their long-term effects on real estate firms' performance.

4.3.3 Educational levels

The educational levels of the research participants were also examined in respect to this study. The results are in table 4. 4.

Table 4.4: Educational levels

| | Frequency | Percentage |
|-------------------|------------------|-------------------|
| Diploma | 27 | 24.8 |
| Bachelor's degree | 49 | 45 |
| Master's degree | 32 | 29.3 |
| PhD | 1 | 0.9 |
| Total | 109 | 100.0 |

Source: Survey Data (2024)

As indicated, all respondents have some level of tertiary education from diploma to PhD level. This indicates that many individuals operational and administrative leads in the real-estate sector have expertise sector training and as such have practical knowledge crucial for operational roles and can substantially enhance the effective implementation of strategic alliances. A notable

number of respondents possess bachelor's (45%) and master's degrees (29.3%). This indicates the presence of advanced knowledge and strategic thinking capabilities within the sector. Ogunbuyi and Oladokun (2023) concur and expound on these findings by indicating that employees with master's and bachelor's degree demonstrate a deep understanding of market trends, customer preferences, and economic factors can make more informed decisions. This includes knowing when to buy, sell, or lease properties based on market fluctuations and local conditions. The presence of diploma holders (24.8%) indicates that many respondents have intermediate qualifications, providing a balance between practical skills and theoretical knowledge. This diversity in education levels indicates a mix of practical and strategic expertise, contributing to the varied understanding of the research variables.

4.4 Descriptive statistics

The three independent variables within corporate growth strategies: innovation management strategies, strategic alliances, and diversification strategies, and as relates to the selected real estate firm's performance in Nairobi City County, which served as the dependent variable were observed through descriptive analysis. This section presents descriptive findings for these variables and as aligned to the study objectives. The responses across different indicators for each variable were summarized using standard deviation and mean. A Likert scale was adopted ranging 1 to 5, with 1 as strongly disagree, 2 representing disagree, 3 denoting uncertain, 4 signifying agree, and 5 indicating strongly agree.

4.4.1 Innovation management strategy

Table 4.6 below indicates that the mean and standard deviations of various measured constructs of innovation management strategies.

Table 4.6: Descriptive statistics of innovation management strategy

| Descriptions | N | Mean | Std. Deviation |
|---|-----|--------|----------------|
| Our firm has a research and development department that focuses on finding new product offerings and process innovations to increase efficiency | 109 | 2.7185 | 0.99027 |

| | | | |
|---|------------|---------------|----------------|
| Our firm continually works to invests in developing unique property concepts and has a range of different products | 109 | 3.5505 | 1.01839 |
| Our firm leverages cutting-edge technology to enhance the efficiency of real estate operations and services and improve product offerings | 109 | 3.9566 | 1.37796 |
| Our firm continually monitors the market trends, customer preferences, and competitive landscape to tap opportunities for innovation. | 109 | 3.0214 | 1.38839 |
| Aggregate mean score and standard deviation | 109 | 3.3118 | 1.19375 |

Source: Survey Data (2024)

The overall mean score of 3.3118 indicates a general positive agreement that innovation management strategy affects firm performance. The statement "the firm leveraging on cutting-edge technology to enhance the efficiency" recorded a mean of 3.9566. This high mean score implies that many firms recognize importance of technology in enhancing efficiency and product offerings. However, the high standard deviation suggests variability in how firms implement and perceive the effectiveness of this strategy. The second highest mean of 3.5505 indicates a strong emphasis on developing unique property concepts. This suggests that firms are actively seeking to differentiate themselves through innovation in their product offerings. With a mean slightly above the neutral point of 3.0214, there is a moderate agreement among firms that monitoring customer preferences and market trends is essential for staying competitive and identifying new opportunities. The high standard deviation indicates diverse approaches and effectiveness in this practice among firms. The statement on research and development (R&D) focus has the lowest mean of 2.7185, suggesting that having a dedicated R&D department is less common among the firms. The lower mean score indicates that fewer firms prioritize formal R&D efforts.

Kasongo and Misango (2019) agree that firms that successfully adopt cutting-edge technology can achieve significant operational improvements and competitive advantages. Correspondingly, the findings by Akingbade (2020) reiterates that investments in unique property concepts can help

firms attract a broader customer base and command premium prices. Bukirwa (2017) confirms the emphasis by Kasongo and Misango (2019) that a robust R&D department can drive continuous innovation, leading to long-term improvements in efficiency and product development.

The content analysis of the participants revealed several themes regarding innovation management strategies such as competitive advantage, efficiency and productivity, revenue growth, employee engagement. Participants frequently mentioned that innovation management provides a competitive edge. Real estate firms should be committed to introducing new products and improving processes, to stand out and attract more customers. A significant number of respondents highlighted that innovation management leads to operational efficiency. This includes process improvements, cost reduction, and increased productivity, which collectively enhance overall firm performance. Respondents often linked innovation management to financial outcomes, such as revenue growth and improved profitability. A respondent indicated, "Innovation management directly contributes to our financial performance by opening new revenue streams." On engagement, some respondents indicated, "Innovation initiatives have boosted employee morale and engagement" and "Encouraging innovation in the workplace makes employees feel valued and motivated." Thus, the respondents noted that innovation management strategies positively affect employee engagement. A culture of innovation enables firms to motivate employees and make them feel more involved in the organization's success.

4.4.2 Strategic alliances strategy

The table below has the means and standard deviations of all measurements of strategic alliances.

Table 4.7: descriptive Statistics of strategic alliances strategy

| Descriptions | N | Mean | Std. Deviation |
|---|----------|-------------|-----------------------|
| Our firm has established multiple partnerships with other firms and landowners | 109 | 3.1352 | 0.93995 |
| Our firm actively has established and actively seeks partners from different complimentary industries and sectors | 109 | 3.2291 | 0.95589 |

| | | | |
|--|------------|---------------|----------------|
| Our firm has established and actively seeks partnerships that are geared towards achieving specific goals | 109 | 3.4192 | 0.85620 |
| Our firm has clear roles, responsibilities, and expectations to ensure effective collaboration and mitigate risks. | 109 | 3.3372 | 1.15381 |
| Aggregate mean score and standard deviation | 109 | 3.2802 | 0.97646 |

Source: Survey Data, (2024)

The mean score aggregate of 3.2802 implies there is a consensus that strategic alliances affect firm performance. The highest mean score of 3.4192 indicated a strong emphasis on strategic partnerships aimed at achieving specific goals. This suggests that firms are deliberate and goal-oriented in forming alliances. The relatively low standard deviation indicates consistent agreement among respondents. This was followed by the statement on clear roles and responsibilities in partnerships at a mean of 3.3372. Respondents agree that their firms have well-defined roles and responsibilities within partnerships, a clarity that helps in effective collaboration and risk mitigation. The third mean score of 3.2291 reflected on the proactive approach of firms to forming alliances with complementary industries and sectors. This matches the contribution of the resource-based view explaining that today real estate firms are seeking complementary partners that provide access to new resources, expertise, and markets, enhancing overall firm performance. Lastly, the lowest mean of 3.1352 indicated that firms have established multiple partnerships with other firms and landowners. Standard deviation of 0.93995 indicates presence of a degree in variation of the scope and characteristic of these partnerships. From the reviewed literature, it became apparent that strategic goal-oriented partnerships can enhance focus and effectiveness, leading to improved performance outcomes. As real estate firms form multiple partnerships, they enhance resource sharing, increase project opportunities, and improve their market presence.

Content analysis reveals themes of access to resources, market expansion, cost reduction, and improved operational efficiency. Many participants noted that strategic alliances enable firms to access valuable resources and capabilities. These resources could include financial capital, technology, or specialized expertise that contribute to improved performance. For instance, one

indicated, "Partnerships have allowed us to leverage capabilities that enhance our service offerings." Respondents frequently mentioned that strategic alliances facilitate market expansion. Collaborating with other firms helps in entering new markets and reaching a broader customer base, which enhances overall performance. Another respondent reiterated, "Through strategic partnerships, we have been able to penetrate new market segments." Joint ventures and partnerships distribute the financial and operational risks among the involved parties, making large-scale projects more feasible and less risky, reducing costs. On improved operational efficiency, the study determined that firms could streamline processes, eliminate redundancies, and enhance overall operational effectiveness. One demonstrated, "Alliances have streamlined our operations and improved efficiency." While alliances are beneficial, managing them can be complex and challenging as proposed by Maingi (2020). Wanjiru, Muathe, and Kinyua (2019) maintained that strategic alliances sometimes lead to conflicts and require significant coordination as reiterated by Kasongo and Misango (2019).

4.4.3 Diversification strategies

Table 4.8 has the number of respondents (N), mean scores, and standard deviations for the measurements of diversification.

Table 4.8: descriptive Statistics of diversification strategies

| descriptions | N | Mean | Std. Deviation |
|--|----------|-------------|-----------------------|
| Our firm has projects in markets beyond Nairobi and outside Kenya | 109 | 3.6193 | 1.32115 |
| Our firm has projects with different investment horizons and a mix of both high return-high risk, and low risk-low return projects | 109 | 2.9734 | 1.12026 |
| Our firm has entered new business lines that does not involve development of real estate | 109 | 3.2625 | 1.51517 |

| | | | |
|--|------------|---------------|----------------|
| Our firm recognizes synergies between existing and new business lines to maximize operational efficiencies and economies of scale. | 109 | 3.1992 | 0.89796 |
| Aggregate mean Score and standard deviation | 109 | 3.2636 | 1.21364 |

Source: Survey Data (2024)

The aggregate mean score on the variable diversification strategies is 3.2636, which shows a moderate acceptability of the adoption of the approaches. An overall mean score of 3.6193 implies a consensus among respondents that their firms have diversified into markets beyond Nairobi and outside Kenya, which is the highest in this category. The relatively high standard deviation (1.32115) suggests significant variability in the responses, indicating differing levels of agreement among firms regarding their present in these markets. Followed by a mean of 3.2625, whereby respondents are generally in agreement that their firms have diversified into new business lines outside real estate development. The mean score of 3.1992 indicates that respondents somewhat agree that their firms recognize and leverage synergies between different business lines. The lower standard deviation (0.89796) in comparison to the rest of the statements suggests a significant consensus among respondents on this aspect of diversification. The lowest mean score realized was 2.9734, which indicates a neutral to slightly positive agreement that firms have diversified their investment horizons and risk profiles. A standard deviation of 1.12026 implies moderate variation in responses, suggesting some firms are more diversified in this respect than others.

The aggregate score suggests that diversification strategies are perceived to have an inviolable positive impact on real estates' performance, with varying degrees of implementation and impact across different firms. here is a general agreement that firms are expanding beyond local markets, although the extent of this diversification varies significantly. Firms are somewhat diversified in terms of investment horizons and risk profiles, with neutral to slightly positive agreement among respondents. Also from the results, many firms have ventured into new business lines outside real estate development, but the extent of this diversification varies widely. Firms tend to recognize synergies between different business lines to some extent, which is relatively consistent among respondents. In the work of Kang and Na (2020), they emphasize the importance of synergies and

a symbiotic relationship by diversifying with different business lines, within the chain. As much as these findings agree with the current study, Wanjiru, Muathe, and Kinyua (2019) and Akingbade (2020) indicate that there is a need for a balance among multiple ventures requires significant coordination and expertise.

The thematic analysis reveals that diversification strategies have a profound impact on real estates' performance in Nairobi. The major themes identified include risk mitigation, revenue growth and financial stability, market expansion and customer base broadening, innovation and competitive advantage, and operational efficiency and resource utilization. There were comments such as "Diversification has helped us spread risks across different market segments," and "By diversifying our portfolio, we have reduced the impact of market fluctuations." Many participants noted that diversification strategies help mitigate risks. By spreading investments across different areas, firms can reduce their exposure to market volatility and economic downturns. The theme was revenue growth was portrayed, with one of the respondents indicating that "Multiple income streams from diversified ventures have stabilized our financial performance." The creation of multiple income streams makes real-estate firms to enhance their financial resilience and sustain growth. However, respondents also noted the challenges and complexities involved in managing diversification strategies. Overall, these insights highlight the importance of diversification in enhancing firm performance while also emphasizing the need for effective management to navigate associated challenges.

4.4.4 Performance of real-estate firms

This section analyses descriptive data on real estates' performance in Nairobi. The respondents showed consensus regarding the performance of real estate firms on a 5-point rating system. The table below presents the outcomes.

Table 4.9: Statistics on performance of real-estate firms

| Statements on performance | N | Mean | Std. Deviation |
|----------------------------|-----|--------|----------------|
| Our firm's revenue growth | 109 | 3.6330 | 1.01433 |
| Our firm's occupancy rates | 109 | 2.8716 | 1.64258 |

| | | | |
|--|------------|---------------|----------------|
| Our firm's average rental yield | 109 | 3.5374 | 1.93627 |
| Our firm's stakeholder satisfaction | 109 | 3.1354 | 1.55342 |
| Aggregate mean Score and standard deviation | 109 | 3.2944 | 1.53665 |

Source: Survey Data, (2024)

The results indicates that the real estates' performance in Nairobi was affected to a moderate extent demonstrated by the mean of 3.2944. A low standard deviation of 1.53665 indicates that many participants had a consensus regarding their performance. Moreover, the outcomes imply that the firm's revenue growth achieved the highest mean score of 3.6330, accompanied with a standard deviation of 1.01433. The firm's average rental yield had a mean of 3.5374. On the other hand, the firm's stakeholder satisfaction also had a considerable mean of 3.1354, slightly below the mean. The lowest mean of 2.8716 was shown by the results on the firm's occupancy rates. The outcomes on all the aspects on real estates' performance in Nairobi show a general agreement among the study's participants, and as emphasized by the consistent low standard deviations.

4.5 Inferential statistics

Correlation and regression analyses served as the primary inferential methods applied to assess how corporate growth strategies impact real estate firms' performance. The dependent variable and independent variables relationship was evaluated based on coefficients significance, with a 95% confidence level.

4.5.1 Correlation analysis

This analysis examined the relationships between innovation management strategies, strategic alliances, diversification strategies, and firm performance. The Pearson correlation coefficient measured the direction and strength of the linear relationship among the independent variable and dependent variable.

Table 4.10: Correlation analysis results

| | | Innovation management strategies | Strategic alliances | Diversification strategies | Firm performance |
|--|-----------------|---|--------------------------------|---------------------------------------|-----------------------------|
| Innovation management strategies | Pearson | 1 | | | |
| | Correlation | | | | |
| | Sig. (2-tailed) | | | | |
| | N | 109 | | | |
| Strategic alliances | Pearson | .533** | 1 | | |
| | Correlation | | | | |
| | Sig. (2-tailed) | .000 | | | |
| | N | 109 | 109 | | |
| Diversification strategies | Pearson | .588 | .352 | 1 | |
| | Correlation | | | | |
| | Sig. (2-tailed) | .000 | .006 | | |
| | N | 109 | 109 | 109 | |
| Firm performance | Pearson | .386** | .698** | .303 | 1 |
| | Correlation | | | | |
| | Sig. (2-tailed) | .000 | .003 | .000 | |
| | N | 109 | 109 | 109 | 109 |

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

Source: Survey Data, (2024)

The strongest positive correlation was that of strategic alliances and firm performance, having a high correlation coefficient of 0.698. Suggesting that real estate firms that engaged in strategic alliances tend to perform significantly better. The association is significant at a 0.01 level, showing a strong and reliable relationship. There was a moderate positive correlation between innovation management strategies and diversification strategies of 0.588, indicating that firms with good innovation management are also likely to pursue diversification. A moderate positive correlation

also existed between innovation management strategies and strategic alliances, with more probability of real estate firms with effective innovation management strategies engaging strategic alliances. Other significant and positive correlations were realized between innovation management strategies and firm performance with a coefficient of 0.386, and strategic alliances and diversification strategies with a coefficient of 0.352. The moderate to strong positive and significant relationships among the variables suggest that improving these strategies can positively impact firm performance, with strategic alliances being particularly influential.

4.5.2 Regression analysis

To test hypothesis, the study utilized the causal steps approach as proposed by Dannels (2018) to analyse corporate growth strategies impact on real estates’ performance. The performance of these real-estate firms was regressed on innovation management strategies, strategic alliances, and diversification strategies, with results presented in Tables 4.11, 4.12, and 4.13.

Table 4.11: Model summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|--|----------|-----------------|--------------------------|-----------------------------------|
| 1 | .743a | .552 | .584 | .79471 |
| a. Predictors: (Constant), Innovation management strategies, Strategic alliances, Diversification strategies | | | | |

Source: Survey Data, (2024)

From the summary outcomes of the model, coefficient of determination is 0.743, reflecting a strong positive relationship between study variables being investigated. With an Adjusted R Square value of 0.584 suggesting that around 58.4% of variation in the dependent variable is because of the predictors (Innovation management strategies, Strategic alliances, Diversification strategies). This indicates a relatively strong model fit. The model summary indicates that the predictors (innovation management strategies, strategic alliances, and diversification strategies) account for 55.2% ($R^2 = 0.552$) of the variance in real estate businesses’ performance. An R-square of 55.2% is a substantial amount that explains the variations in real estate firms because of corporate

strategies variables. As such as, 44.8% of real estates' performance could be attributed to the predictors or factors not featured in the current study. These variables not considered in the study could be maximized to increase real-estate firms' performance in Nairobi. The model's adjusted R^2 of 0.384 which considers the number of predictors, suggests a good fit and implies that study variables significantly influence performance. The table below presents analysis of variance.

Table 4.12 ANOVA

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|-------|
| 1 | Regression | 51.431 | 4 | 12.351 | 23.422 | .000b |
| | Residual | 38.551 | 105 | .632 | | |
| | Total | 89.982 | 109 | | | |

Variable:

a. Dependent: Real estate performance

b. Predictors: (Constant), Innovation management strategies, Strategic alliances, Diversification strategies

Source: Survey Data, (2024)

The ANOVA results demonstrate that the overall regression model linking innovation management strategies, strategic alliances, and diversification strategies with firm performance is significant ($p\text{-value} = 0.000 < 0.05$), confirming model's significance. F-statistic through the model is 23.422, which exceeds the F-critical of 3.95 ($23.422 > 3.95$). That way, the model was confirmed to be fit and significantly explains the performance of real estates in Nairobi as determined by the study variables. Correspondingly, this determination on the fitness of the model was also explained by p-value ($p\text{-value of } 0.000 < 0.05$). The results for regression coefficients are shown below.

Table 4.13: Regression coefficients

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|----------------------------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .515 | .204 | | 2.590 | .011 |
| | Innovation management strategies | .452 | .061 | .205 | 1.119 | .016 |
| | Strategic alliances | .491 | .099 | .118 | 1.203 | .032 |
| | Diversification strategies | .323 | .059 | .211 | 7.447 | .000 |

a. Dependent Variable: Real estate performance

Source: (Research data, 2024)

As revealed in the above table, when all predictors are zero, firm performance is expected to be 0.515 units. This shows that will other factors held constant, the real estates' performance in Nairobi would be at 51.5 percent. Furthermore, the study revealed how innovation management strategies, strategic alliances, and diversification strategies had the coefficients of 0.452, 0.491, and 0.323, respectively. This implies, with all other factors held constant, the performance of real-estate firms as determined by innovation management strategies will be 45.2 percent. A unit increase in the real-estate firms' performance as determined by a unit increase of strategic alliances with all constants held constant would be 0.491. Lastly, the performance of real estate in Nairobi with all other constants held constant would be 32.3 percent. Therefore, the study outcomes demonstrated that corporate growth strategies were significant in determining the real estate performance in Nairobi. All the predictors were positively and statistically significant ($p < 0.05$) in this order innovation management strategies ($p=0.016$), strategic alliances ($p = 0.032$), and diversification strategies ($p = 0.000$). Therefore, the effect of each of the study variables on real-estate firms' performance are reliable in this model.

The multiple regression model used to understand the relationship between the study's variables as generated from SPSS was as follows: $Y = 0.515 + 0.452X_1 + 0.491X_2 + 0.323X_3$; where Y was the dependent variable (Firm performance), X1 was innovation management strategies, X2 was strategic alliances, and X3 was diversification strategies. The Y estimate value when all independent variables are zero was 0.515, that is, without innovation management strategies, strategic alliances, and diversification strategies. The outcomes revealed by this study is coherent with those of Mwilu and Njuguna (2020) who determined that SACCOs' performance was influenced by corporate growth strategies.

4.6 Hypothesis testing

The study utilized multivariate regression coefficients for hypothesis testing, evaluating the hypotheses at a 5 percent significance level.

H01: Innovation management strategies do not have significant effect on the performance of real estate firms.

The hypothesis test examined the correlation between innovation management (predictor variable) and performance (dependent variable). The coefficient for innovation management strategies was $\beta = 0.452$, a p-value of 0.016, indicating a significant positive correlation at the 5% significance level. These results indicate that innovation management strategies did significantly affect real estate firms' performance in Nairobi. These results are inline and consistent to the research of Maingi (2020), who found that innovation management strategies positively influenced real estate firms in Mavoko subcounty.

H02: Strategic alliances have no significant effect on the performance of real estate firms.

The coefficient for strategic alliances was $\beta = 0.491$, a p-value of 0.032, indicating a statistically significant correlation at the 5 percent level. These results suggest that strategic alliances had a significant positive correlation with real estate performance in Nairobi. Particularly, use of strategic alliances was a result of a 0.357unit increase in real estate performance. Thus, null hypothesis H02 was rejected, indicating that strategic alliances significantly predict firm

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performance in this context. This aligns with Ruto's (2018) findings that featured strategic alliances on non-life-insurance companies' performance.

H03: Diversification strategies do not have a significant effect on the performance of real estate firms.

The hypothesis test involved regressing diversification strategies (predictor variable) on real estate firms' performance (dependent variable). The coefficient for diversification strategies was $\beta = 0.323$, a p-value of 0.000, hence a statistical significance at the 5 percent level. These results show that diversification had a significant positive effect on real estate performance in Nairobi. The findings imply that diversification strategies use increases firm performance scores by 0.323. Consequently, the null hypothesis H03 was rejected, confirming that diversification strategies significantly predict firm performance. This conclusion is inline and consistent with research by Ogallah (2021), which demonstrated a strong positive impact of diversification strategies on firm performance among insurance companies during the COVID-19 pandemic.

CHAPTER FIVE

CONCLUSIONS, SUMMARY, AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summaries of research outcomes. It discusses inferences drawn from research objectives, along with a summary and recommendations based on the research, including further research recommendations.

5.2 Summary

The research targeted to assess how innovation management strategies, diversification strategies, and strategic alliances influence real estate performance in Nairobi. Several outcomes were determined in response to the research questions that were asked.

5.2.1 The effect of innovation management strategies on firm performance

The researcher sought to evaluate how innovation management strategies impact real-estate firms' performance in Nairobi. The results revealed these strategies had significant positive effect on performance, as reflected by the significance level of 0.16. The descriptive statistics have validated the study's expectations affirming that innovation management strategies are core in determining real-estate firms' performance as shown by the aggregate score of 3.3118. Real estate firms in Nairobi City County place significant importance on adopting advanced technologies to stay competitive. The emphasis on technology indicates a forward-looking approach among firms, but greater investment in research and development could further enhance innovation capabilities.

5.2.2 The effect of strategic alliances on firm performance

Objective two assessed strategic alliances and real-estate firms' performance in Nairobi. A p-value of 0.032 in inferential statistics proved the variable was significant in explaining its influence on real estate firms' performance. However, the descriptive results showed a mean score of 3.2802, reflecting a moderate agreement with the constructs investigated. It was evident that partnerships are primarily aimed at achieving specific strategic goals. It was revealed that diversifying partnerships across firms can provide additional resources and open new avenues for growth. Thus, building a network of partnerships helps real-estate firms access diverse resources and opportunities that can drive their performance.

5.2.3 The effect of diversification strategies on firm performance

The third objective sought to assess the effect of diversification strategies on real-estate firms' performance in the region of study. As reflected with p-value of 0.00, a positive and significant relationship existed among diversification strategies and real-estate firms' performance. The descriptive statistics complemented these findings as reflected by a moderately high level of agreement of an aggregate mean of 3.2636 in the constructs of this variable. The study outcomes determined that geographic diversification helps firms spread risk and tap into new markets, potentially leading to increased revenue streams. Diversifying business activities created additional revenue sources and reduced dependency on core real estate operations. Leveraging synergies enhanced operational efficiency and created economies of scale as supported with a mean of 3.20 respondents who recognized this. It was also inferred that a more balanced investment approach can stabilize income and reduce overall risk in the real-estate firms as shown by the lower mean score of 2.97.

5.4 Conclusions

Firm performance is a pivotal concern across all institutions. The researcher investigated corporate growth strategies and real-estate performance in Nairobi. The analysis indicated significant positive correlations between innovation management strategies, strategic alliances, diversification strategies, and firm performance. Strategic alliances have the strongest correlation with firm performance of 0.698, followed by innovation management strategies and diversification strategies. The significant relationships suggest that improving these strategies can positively impact real-estate performance in Nairobi, with strategic alliances being particularly influential. Also, the regression analysis shows that innovation management strategies, strategic alliances, and diversification strategies significantly influenced firm performance in this model. Strategic alliances have the highest standardized coefficient ($\beta = 0.118$), indicating a substantial impact on firm performance among the significant predictors.

5.5 Recommendations

The first recommendation is to enhance goal-oriented partnerships. Real-estate firms have established and actively seek partnerships geared towards achieving specific goals. However, they

need to continue to prioritize and formalize partnerships with clear, strategic objectives. This approach ensures that alliances are purpose-driven and contribute directly to firm performance. They must regularly review partnership goals and achievements to ensure alignment with the firm's strategic vision. Secondly, real-estate firms should expand into new geographic markets to spread risk and open new revenue streams. Real-estate firms can identify and evaluate potential markets beyond Nairobi city county and Kenya. They then adopt new market entry strategies tailored to local conditions and regulations. Also, through local partnerships the firms can ease market entry and expansion. Thirdly they can also diversify into new business lines that complement real estate development can create synergies and operational efficiencies. These business lines could be property management, real estate consulting, or construction services. Conducting feasibility studies helps to evaluate the potential of new business lines and how the corporate strategies would be successfully implemented. The strategies developed should be implemented for entering and scaling new business lines identified.

Fourthly is a recommendation to invest in a robust research and development department. A robust research and development department can drive innovation, leading to new product offerings and process improvements that enhance efficiency. There should be a specific budget for the research and development of real-estate businesses annually. A dedicated team in research and development will bring their expertise in incorporating technology into real estate. This could mean collaborations with universities and other research consortiums on the best cutting-edge technologies. Lastly, is the recommendation on monitoring market trends and customer preferences to identify opportunities for investments and innovation. A market intelligence unit will comprehend the dynamics and intricacies in the sector they operate in and analyse the data to give them an upper advantage. The data analytics tools can be used to interpret trends and customer behaviour to establish the integrations of corporate strategies. Business strategies would be matched with the trends and as informed by the market insights on how to stay competitive.

5.5.1 Suggestions for further studies

The research was restricted to real-estate firms in Nairobi, and the findings and application to other institutions or organizations may be debatable. To enhance the broader applicability of the conclusions, it is recommended that similar investigations be made to other sectors testing the

same study variables. Other scholars can also conduct longitudinal studies to monitor the execution and impact of innovation management, strategic alliances, and diversification strategies over an extended duration, offering important insights on long-term benefits and sustainability of these strategies. A comparative study involving real-estate firms in other counties in Kenya would also be significant in determining how geographical and cultural factors influence the effectiveness of innovation management and diversification strategies. Another study to be considered could be to identify the technologies among the innovation management strategies that would offer the most significant benefits in real-estate firms and how they can be best implemented.

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APPENDICES

Appendix I: Real estate developers in Nairobi

1. Canaan Developers
2. Trees Ltd
3. Alville Royal Ltd
4. Blueline Properties Ltd
5. Amazon Projects Ltd
6. Dunhill Consulting Ltd
7. Elm Ridge Ltd
8. Acorn Management Services Ltd
9. Fairdeal Development & Infrastructure Ltd
10. Bahati Ridge Development Ltd
11. BuildX Studio
12. AMS Properties Ltd
13. Coral Property International Ltd
14. Chigwell Holdings Ltd
15. ALP Management Kenya Ltd Associate Gold
16. Daykio Plantations Ltd
17. Homescope Properties Ltd
18. Koto Housing Kenya Ltd
19. Fedha (Management) Ltd
20. iJenga Ventures Ltd
21. Kings Developers Ltd
22. Jabez Properties
23. Golden Compass Ltd
24. Kaydee Realty LLP
25. Cytonn Real Estate Ltd
26. Hass Consult Ltd
27. Manrik Group Ltd
28. Epix Investments
29. Mugumo Developments Ltd

30. Natureville Homes
31. Karibu Homes
32. Forest Road Flats Ltd
33. MML Turner & Townsend
34. Sanghani Investments Ltd
35. Prism Residential Ltd
36. Koibatek Ltd
37. Laser Property Services Ltd
38. Sayani Investments Ltd
39. Optiven Ltd
40. Kzanaka Ltd
41. Rozana Properties Ltd
42. Mlima Construction Ltd
43. Sohail Developments Ltd
44. Nova Homebuilders Limited
45. PDM (Kenya) Ltd
46. Superior Homes Kenya Ltd
47. Unity Homes Ltd
48. Tysons Limited
49. Pioneer Holdings Ltd
50. SJR Properties Ltd
51. Knight Frank Kenya Ltd
52. Tilisi Developments Ltd
53. Soma Properties Ltd
54. Tatu City Ltd
55. Wood Products (K) Ltd
56. Vishwa Developers Ltd
57. The GoDown Arts Centre
58. Fahari Realtors Ltd
59. The Combined Warehouses Ltd
60. Shabaha Solutions Ltd

Appendix II: Introduction letter

Dear Research participant,

I am Stephanie Osogo, a student at Kenyatta University, pursuing an MBA in Strategic Management. I am currently doing research on “**Corporate growth strategies and performance of selected real estate firms in Nairobi City County, Kenya.**” I invite you to fill out the questionnaire attached here in. This tool is vital in conducting my research project and will help me in partially fulfilling my Masters’ requirement. The research project is meant solely for academic purposes, your participation is on voluntary basis. Kindly answer them as accurately as possible.

Thank you for the time you have taken in answering the questions.

Sincerely,

Stephanie Osogo

D53/CTY/PT/21756/2020

Appendix III: Questionnaire

Guidelines: This questionnaire will provide data that will be fundamental in evaluating “Corporate growth strategies on the performance of selected real estate firms in Nairobi City County, Kenya.” Thank you for taking your time to answer these questions accurately to help me with this research. Participation is voluntary and your information will be used only for research purposes.

SECTION I: GENERAL INFORMATION

1. What is your gender?

Male

Female

2. How many years have you been employed with this organization?

1 – 3 years

3 – 6 years

6 – 9 years

Over 9 years

3. What is your level of education?

Secondary

Certificate

Diploma

Bachelor’s degree

Master’s degree

PhD

SECTION II: GROWTH STRATEGIES

This section endeavors to capture the strategies applied by respondent organizations. On a scale of 1-5, indicate with a tick whether you agree with these statements. Where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree.

4. The Effect of Innovation Management

| Statements | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Our firm has a research and development department that focuses on finding new product offerings and process innovations to increase efficiency | | | | | |
| Our firm continually works to invests in developing unique property concepts and has a range of different products | | | | | |
| Our firm leverages cutting-edge technology to enhance the efficiency of real estate operations and services and improve product offerings | | | | | |
| Our firm continually monitors the market trends, customer preferences, and competitive landscape to tap opportunities for innovation. | | | | | |

5. Give any other comments on the effects of innovation management on performance?

.....

6. The Effect of Strategic Alliances

| Statements on the effect of strategic alliances | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| Our firm has established multiple partnerships with other firms and landowners | | | | | |
| Our firm actively has established and actively seeks partners from different complimentary industries and sectors | | | | | |
| Our firm has established and actively seeks partnerships that are geared towards achieving specific goals | | | | | |
| Our firm has clear roles, responsibilities, and expectations to ensure effective collaboration and mitigate risks. | | | | | |

7. Give any other comments on influence of strategic alliances on performance?

.....

8. The Effect of Diversification strategies

| Statements | 1 | 2 | 3 | 4 | 5 |
|------------|---|---|---|---|---|
|------------|---|---|---|---|---|

| | | | | | |
|--|--|--|--|--|--|
| Our firm has projects in markets beyond Nairobi and outside Kenya | | | | | |
| Our firm has projects with different investment horizons and a mix of both high return-high risk, and low risk-low return projects | | | | | |
| Our firm has entered into new business lines that does not involve development of real estate | | | | | |
| Our firm recognizes synergies between existing and new business lines to maximize operational efficiencies and economies of scale. | | | | | |

9. Give any other comments on the effects of diversification strategies on performance?

.....

SECTION III: ORGANIZATIONAL PERFORMANCE

10. This section relates to the firm’s performance in relation to growth strategies it has been implementing over time. How has your firm performed for the last three years with regards to the following performance indicators. Where VP = Very Poor, P = Poor, A = Average, G = Good, and VG = Very good.

| Statements | VP | P | A | G | VG |
|-------------------------------------|----|---|---|---|----|
| Our firm's revenue growth | | | | | |
| Our firm’s occupancy rates | | | | | |
| Our firm’s average rental yield | | | | | |
| Our firm’s stakeholder satisfaction | | | | | |

Thank you.

Appendix IV: Graduate school approval letter



KENYATTA UNIVERSITY
GRADUATE SCHOOL

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

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Executive Dean, Graduate School

DATE: 23rd May, 2024

TO: Osogo Stephanie Atieno
C/o Business Administration Dept.

REF: D53/CTY/PT/21756/2020

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 15th May, 2024 approved your Research Project Proposal for the M.B.A Degree Entitled, “Corporate Growth Strategies and Performance of Selected Real Estate Firms in Nairobi City 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 and progress report Forms per semester. The Forms are available at the University’s Website under Graduate School webpage downloads.

Also, please ensure that you publish article(s) from your project before submitting it to Graduate School for examination as per the Commission for University Education and Kenyatta University guidelines.

Thank you.

A handwritten signature in black ink, appearing to be 'Annbell Mwaniki'.

ANNBELL MWANIKI
FOR: EXECUTIVE DEAN, GRADUATE SCHOOL

c.c. Chairman, Business Administration.

Supervisors:

- I. Dr. Samuel Maina
C/o Department of Business Administration
Kenyatta University

Appendix VI: Research authorization



KENYATTA UNIVERSITY
GRADUATE SCHOOL

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

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 8710901 Ext. 57530

Our Ref: D53/CTY/PT/21756/2020

DATE: 23rd May, 2024

Director General,
National Commission for Science, Technology
and innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,


RE: RESEARCH AUTHORIZATION FOR OSOGO STEPHANIE ATIENO - REG. NO. D53/CTY/PT/21756/2020

I write to introduce Osogo Stephanie Atieno who is a Postgraduate Student of this University. The student is registered for M.B.A degree programme in the Department of Business Administration.


Osogo intends to conduct research for a M.B.A Project Proposal entitled, "Corporate Growth Strategies and Performance of Selected Real Estate Firms in Nairobi City County, Kenya."

Any assistance given will be highly appreciated.

Yours faithfully,


PROF. ELISHIBA KIMANI
EXECUTIVE DEAN, GRADUATE SCHOOL


Appendix VI: NACOSTI research license



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION.

Ref No: 159087
Date of Issue: 11/June/2024


RESEARCH LICENSE



This is to Certify that Miss. Stephanie Atieno Osogo of Kenyatta University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: CORPORATE GROWTH STRATEGIES AND PERFORMANCE OF SELECTED REAL ESTATE FIRMS IN NAIROBI CITY COUNTY, KENYA for the period ending : 11/June/2025.


License No: NACOSTI/P/24/36687

Applicant Identification Number
Director General



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Verification QR Code



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See overleaf for conditions