

**FACTORS INFLUENCING STRATEGIES ADOPTED BY MUMTAZ  
TRADING AND INVESTMENT COMPANY LIMITED IN ITS  
OPERATIONS IN KENYA**

**BY**

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## **DECLARATION**

This research project is my original work and has not been submitted for examination in any other university.

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Date.....

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This research project has been submitted for examination with my approval as university supervisor.

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## **DEDICATION**

This research project is dedicated to my uncle Dahir Sheikh, my wife Barwaqa, my sons Sulieman, Ayub and Zakariya and finally my daughters Istarlin and Siham for their love, encouragement and patience throughout my studies.

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## **ABSTRACT**

The supply and demand forces in the real estate market are affected by human behaviour and economic activity; this in turn affects the financial performance of properties through rental changes, vacancy rates, operation and capital expenses and capitalization rates. Kenya's mortgage market has more than quadrupled in the last 5 years with its value growing from Kshs. 19 billion in 2006 to just slightly over Kshs. 81 Billion by June 2010 (CBK, 2010). There is no known study done on factors influencing strategies adopted by Mumtaz Trading and Investment Company limited in its operations in Kenya, thus the purpose of the study therefore was to fill this gap in literature by addressing the following questions; what are factors influencing strategies adopted by Mumtaz Trading and Investment Company limited in its operations in Kenya. The study Research Design was a case study research design. Primary data which was collected from key informants using interview guides. The data was qualitative in nature and was analysed using content analysis. From the findings, the study concluded that MTIC Limited has adopted varied forms of strategic plans which include organizational strategies and organizational goals. MTIC Limited updates its policies on strategy implementation to incorporate the changes in the real estate industry to retain a competitive edge in the market. The staffs were fully involved in strategy formulation and implementation which enhanced the success of the strategy as well as helped to reduce resistance among the employees. The board of directors and employees were highly motivated in supporting the strategic choice in Mumtaz Trading and Investment Company limited. The study found that organizational structure has a role in implementation of strategic change in an organization. The strategic change was communicated both internally and externally using top down communication approach. The study recommends that the management should conduct regular market analysis to establish the changing customer needs to invent strategic choices that work best for the company. The study recommends that the government should review the regulations governing the real estate to address the existing bottlenecks limiting the growth of investment in the sector and streamline the sector to encourage more investors. This should be coupled with offering the investors incentives as well as reducing the high taxes charged. The study further recommends that the management of Mumtaz Trading and Investment Company Limited should relook at their value chain to reduce wastes and enhance efficiency in strategic choices implementation.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

Strategic management is the art, science and craft of formulating, implementing and evaluating cross-functional decisions that will enable an organization to achieve its long-term objective (Thompson and Strickland, 2003). Strategic management seeks to provide solutions to these issues by maintaining a long term focus to anticipate and deal with issues facing the organization with a view of long term growth, profitability and survival (Robbins and Coulter 2004). Strategy of an organization is the roadmap towards attainment of its long term goals and objectives. Today's global competitive environment is complex, dynamic, and largely unpredictable. To deal with this unprecedented level of change, a lot of thinking has gone into the issue of how strategies are best formulated. According to Solnik (1996) the principal types of real estate property are such as: rural land use which consists of farmland, forestry and mineral land. The other type of real estate property is urban land which consists of commercial, industrial and residential properties. Then there is special purpose such as petrol stations, recreational facilities, hotels and restaurants, halls and places of assembly and institutional property.

The real estate industry in Kenya is currently on an upward trend, due to the implementation of programmes such as the Urban Transport Infrastructure plan. The increase in population and rural to urban migration has presented numerous opportunities

for investors, especially in the housing sector. It is projected that Kenya will have a population of over 60m people by the year 2030 and more than 50% of them will be living in urban areas, creating a huge demand for new housing units. It is estimated Nairobi alone requires approximately 150,000 new housing units per year against a maximum construction of about 10,000 units per year (Woula, 1996). Factors that affect investment in commercial office property include location, design and rent-able area. Vision 2030, it is estimated that over 80% of Kenyan population will have migrated from rural areas, meaning that that shelter is one of their basic needs.

### **1.1.1 Concept of Strategy**

A strategy is the outcome of some form of planning, organized process for anticipating and acting in the future in order to carry out an organisations mission (Baker, 2007). The people who drive strategy in organisations are seen to be visionaries, the entrepreneurs and innovators. They are those who take risks and try new ways of doing things. Strategy refers primarily to business strategy; which specifies how a business unit will achieve and maintain competitive advantage within an industry. Therefore, one element that we consider is the competitive capabilities (Stock, 1999). A strategy is a game plan that a firm adopts to gain competitive advantage. Without a strategy, decisions made today could have negative impact on future results. Strategy is a tool, which offer significant help for coping with turbulence confronted by business firms (Ansoff and Mc Donnel, 1990).

Strategy is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences to meet the needs of markets and to fulfill stakeholder expectation (Johnson et al., 2005). The formulation of competitive strategy in any industry involves first the comprehension of the fundamental determinants of competition. Competition is defined as the fight for market share between two or more firms. An understanding of competition helps the strategy makers in evaluating whether the degree of competition in an industry offers scope for good profitability. It promotes sound strategic thinking about how to develop the overall competitive strategy for the company. Development of competitive position helps the firm to more accurately forecast both short and long term growth and its profit potentials (Thompson and Strickland, 2003).

It can be argued that a sense of direction is very important for an organization, and strategy gives a framework to place this sense of direction in. If there is an over-emphasis on strategic planning as opposed to implementation it can also in my opinion kill creativity as the focus goes away from doing to thinking about doing. Thompson and Strickland, (2003) that good strategic choices have to be challenging enough to keep ahead of competitors but also have to be achievable.

### **1.1.2 Factors Influencing adoption of strategy**

The government takes measures "aimed at improving the competitiveness and capabilities of domestic firms and promoting structural transformation, Governments are

sometimes labeled as interventionist as opposed to laissez-faire economics. Free market advocates consider industrial policies as interventionist measures typical of mixed economy countries. When attempting to develop sustainable strategies for businesses, specialists often begin by conducting an audit, pressure from the public, companies face pressure from the government and the introduction of new legislation aimed at increasing sustainability. The opportunity to reduce costs, increase profitability as well as limiting damage to the environment means that companies are responding to the need for change and are continuing to adopt new sustainable strategies designed to increase business sustainability in the long term. As Burdge and Robertson (1998) note, public involvement is a key component of a Social cultural assessment in developing a business strategy as it is the process by which the affected community can provide systematic input to the decision (Burdge and Robertson 1998). Note also that construction of a methodology requiring community involvement for data collection requires dependence upon a pluralistic and democratic, participatory form of decision-making, rather than a technocratic approach (Shankar, Venkatesh, Ruth, Bolton, 2004).

The social environment includes the attitudes and values of society as well as the behavior, which is motivated, by those values. A community' attitudes toward legalized gambling, the composition of families and households, and the preference for fast food over home cooking are all manifestations of the social environment. The impact of the social sector is felt in changing needs, tastes and preferences of consumers, in relations

with employees, and in the expectations of society about how the organization should fulfill its citizenship role (Zeithaml, Carl, and Zeithaml, 1984).

The force of competition reflects the interactions among competitors who produce products or services that are close substitutes for each other an authority on competitive strategy contends that a corporation is most concerned with the intensity of competition within its industry. There are five forces, which work together to determine the type and direction of pressures on profitability that will be found in a given industry. When these forces of competition are favourable, there will be less downward pressure on profitability, and the industry should have a higher average level of profitability. When the structural factors are unfavourable, there will be more downward pressure on profitability and a correspondingly lower average level of profitability (Burdge and Robertson 1998).

Environmental scanning, monitoring, and competitive intelligence are important inputs for analysing the external environment. However, they are of little use unless they provide raw material that is reliable enough to help managers make accurate forecasts (Kaplan, 2004). Environmental forecasting involves the development of plausible projections about the direction, scope, speed, and intensity of environmental change, its purpose is to predict change. The political sector of the environment presents actual and potential restrictions on the way an organization operates. These restrictions can take the form of laws which require or prohibit certain actions, regulations which interpret and

detail laws, or avenues for reporting relationships and oversight functions. The differences among local, national, and international subsectors of the political environment are often quite dramatic (Hakanson, Hakan, Ivan Snehota, 1995).

A company's competitive approach requires a tight fit with a company's internal situation and is strengthened when it exploits resources that are competitively valuable, rare, hard to copy, and not easily trumped by rivals' equivalent substitute resources. In fact, many companies pursue resource-based strategies that attempt to exploit company resources in a manner that offers value to customers in ways rivals are unable to match. Some legislative changes affecting your customers, offering you an opportunity to provide advice, support, or added services. Changes in market trends and consumer buying habits may provide the development of a niche market, of which you could take advantage before your competitors, if you are quick enough to take action (Kaplan, 2004).

### **1.1.3 Real estate industry in Kenya**

Kenya has a well-developed construction and building industry with readily available quality engineering, building and architectural design services. The industry is currently on an upward trend, due to the implementation of programmes such as the Urban Transport Infrastructure plan. The increase in population and rural to urban migration has presented numerous opportunities for investors, especially in the housing sector (Woula, 1996).

Demand for low housing in Nairobi far outstrips supply. Demand is so large that approximately 50% of Nairobi's more than 3.3 million residents live in slums. Demand for middle income is also extremely high. For these two market segments, there exists huge demand gap. It is estimated Nairobi alone requires approximately 150,000 new housing units per year against a maximum construction of about 10,000 units per year.

Players in the real estate industry estimate that in future, middle and low cost residential areas will drive demand. As the economy picks up, more employment will be created for both working class and middle income earners. The new middle income earners will move to own homes, and most will be looking for affordable houses in the range of \$30,000-\$70,000. Already a number of developers have started putting up property on the outskirts of the capital, especially in the Mlolongo area along Mombasa Road, taking advantage of a government incentive where anybody who puts up at least 20 units of low-cost housing will be exempted from value added tax.

The market to target is the lower middle income and middle income segments of the population. These comprise mainly of high school, tertiary education diploma and university level graduates who are employed or in own business and would like to live in their own houses. It is will be imperative to adopt both strategic and tactical marketing plans in the drive to dispose of the units in the shortest possible time.

### **1.1.4 Mumtaz Trading and Investment Company Limited**

Mumtaz Trading and Investment Company Limited was incorporated in 2008, to provide consultancy services to individuals and companies both locally and in the Diaspora who were seeking to invest property investment, and had experienced problems accessing financial services and finding trustworthy channels to represent their interests. Mumtaz Trading and Investment Company Limited in the past been involved in many assignments as a leading Financial Adviser and Sponsoring Stockbroker in many Public Offerings, Rights Issues and Private Placement of Shares and Bonds by the Government and various Companies.

Mumtaz Trading and Investment Company Limited is among the leading real estate management firm with an extensive profile of property management as well as valuation in Kenya. With many years of offering good services in the industry, the company is dedicated with competent work force and a large clientele base which include small and large property investors; both in commercial and residential sector.

Mumtaz Trading and Investment Company Limited clients include individual property owners, private companies, government agencies, industrial and Manufacturing Firms, Banks, Insurance companies, Agro based companies, Embassies and Hotels. Mumtaz Trading and Investment Company Limited Mission is to provide quality services to our customers whilst embracing professional standards and ethics. Mumtaz Trading and Investment Company Limited corporate vision is to be the market

leader and the preferred provider of real estate, valuation and property management services in Kenya. Mumtaz Trading and Investment Company specializes in Estate Agency, Property Valuation, Property Consultancy and the provision of Site Acquisition Services to the telecommunications industry. The company provides consultancy services in the areas of project development, sourcing of funding for both real estate development and end user funding at local level. Mumtaz Trading and Investment Company Limited Advise national and international commercial and residential developers, investors, owners and occupiers.

## **1.2 Research Problem**

In this report to identify the best investment opportunities in real estates, is it important to know what triggered the economic crisis. It is also essential to show the places to avoid in times of crisis, as well as those ripe for investment. Using the experience gained from the credit crunch we can now pin point good investment opportunities in real estate investment worldwide. Roulac et al. (1999) state that the supply and demand forces in the real estate market is affected by human behaviour and economic activity; this in turn affects the financial performance of properties through rental changes, vacancy rates, operation and capital expenses and capitalization rates. However a clear investigation of these and more factors especially in difficult operating environment like mature, competitive businesses is not easy.

Kenya's mortgage market has more than quadrupled in the last 5 years with its value growing from Kshs. 19 billion in 2006 to just slightly over Kshs. 81 Billion by June 2010 (CBK, 2010). The mortgage debt to GDP ratio is just under 2.5 per cent, better than Tanzania (0.2%) and Uganda (1.0%) but not comparable to South Africa's (32.5%) or other developing countries such as India (6%) and Columbia (7%). Despite this phenomenal growth in investment in the real estate and construction sector, less than 2 per cent of the funds have financed housing for the urban poor. Despite recent indication that the real estate business in Kenya is performing well, there is evidence that certain challenges still persist. These include amongst others, social, economic, cultural, legal and personal factors. This has led to stalled projects and unoccupied complete properties. There are numerous research studies done on real estate; Marete (2012), The determinant of real estate property prices: the case Kiambu municipality in Kenya; Michuki (2009), The existence of real estate investment trusts needs by institutional investors at the NSE; Wairigia (2007) strategic response of real estate firms in Kenya to changes in the external environment. The studies reveal the most important factors that spur real estate investments and shape national real estate markets and provide unique statistical evidence on the framework of a host country's "attractiveness for investment". The results confirm that economic growth, rapid urbanization and compelling demographics attract real estate investments. There is no known study done on factors influencing strategies adopted by Mumtaz Trading and Investment Company limited in its operations in Kenya, thus the purpose of the study therefore was to fill this gap in literature by addressing the following

questions; what are factors influencing strategies adopted by Mumtaz Trading and Investment Company limited in its operations in Kenya?

### **1.3 Research Objective**

To determine factors influencing strategies adopted by Mumtaz Trading and Investment Company limited in its operations in Kenya

### **1.4 Value of the Study**

The significance of this study to the players is that it may inform them on strategic choice of investment options used in real estate industry in Kenya. There are many stake holders in the real estate industry and in various ways many of them are due to the benefit from the outcome of this research project. It is expected that this knowledge assists them in their day to day decision making process as they are expected to enhance the examined factors.

Potential investors who may be able to analyze benefits accrued from investing in real estate industry. It is anticipated that the data and study may trigger discussions amongst would be investors and stakeholders who in turn may come up with appropriate strategies of channeling financial aid to the real estate business in a manner that may ensure that the investors get due profits ultimately.

This study focused on those enterprises hence may allow other enterprises in the same industry to have information that may affect them and therefore be able to implement the needed recommendation of the study or combat limitations that may affect them from the solutions that may have been prescribed.

The public may have the chance to gather information on the real estate industry, hence the reference point. It may also show employment opportunities presented by the industry that they can take advantage of. The information may also benefit individuals intending to construct properties and be home owners; they may have the study as reference point on the various players in the industry. The government being the industry regulator is going to benefit from this research since the study hopes to show how the regulations that it has implemented affect investment in the real estate industry and therefore be useful for future planning, and benchmarking activities in this important sector of the economy. This area of study has not been previously studied adequately hence it may add to the pool of knowledge on the under researched area on strategic choice of investment options used in real estate industry in Kenya. Future researchers may have a reference point from the information gathered that may contribute to understanding the factors as well as contributing to subsequent studies. It forms a basis for and stimulates research in order to develop a better understanding of factors affecting investment in the real estate industry.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. It includes the theoretical framework, empirical review, as well as the conceptual framework.

#### **2.2 Theoretical framework**

Traditionally, property (land) is seen as the fourth factor of production after labour, capital, and entrepreneur. It is a tool or medium of investment that generates return (income) in response to capital layout (Oladokun forthcoming). Overtime, however, the contemporary concept of property views it as a product. Studies such as Nourse and Rolac (1993) and Brown (2001) emphasised the need to consider real estate as a product that requires decisions that are integral to the realisation of overall business objective.

According to Dunning's (1977 and 2006) eclectic theory, any international investor should possess specific monopolistic advantages over its competition to successfully compete with local host market firms. Keogh and 'Arcy, (1999) adapt Dunning's theory for real estate investments. The authors argue that additional diversification advantages and return expectations also motivate investors to pursue investment in a foreign location. However, the sum of all these advantages must outweigh the implied transaction costs

imposed by the liability of foreignness and foreign exchange. Before investors decide whether to internalize or externalize a target market opportunity through selecting the ideal type of market entry, the assessment of a host country's attractiveness is essential for a successful allocation decision in foreign regions. New institutional economics theory defines a country's attractiveness for investment by its socio-economic environment and institutional framework, e.g. Keogh and D'Arcy (1999) and Lee (2001 and 2005). Prior research submits that commercial real estate activity exists and stimulates in countries within a broad institutional context defined by sound economic growth, prevailing depth and liquid capital markets, and a stable political and socio-economic structure. Further, each country's real estate market is conditioned, amongst other criteria, by administrative and regulatory burdens, and by the legal protection of investors. Clearly, these institutional characteristics vary strongly over countries and regions, and gradually over time. Van Doorn (2003) and Lee (2005) note that these differences are important for the analysis of long-term perspectives in investors' international decision processes and require validation.

### **2.3 Strategic choices**

Strategic choice involves not only evaluating strategy for deviations from intended course but also for flexibility towards responding to the new challenges and determining the effectiveness and the pace of the implementation (Johnson and Scholes 2003). Strategic choice designed to fit the specific need of the organization. It's argued by (McCarthy, 1986) that every successful model must include vision and mission, environmental

analysis, setting objectives, strategic analysis and choice. Identification of the firm's vision and mission is the first step of any strategic planning. This help in infusing the organization with a sense of purpose and direction and giving it a mission. A mission is a statement broadly outlining the organizations future course and serves as a guiding concept. Once the vision and mission are clearly identified, the organization must analyze its external and internal environment (Karger & Malik, 1975).

Strategic choice determine the organizational relations to its external environment, encompass the entire organization, depend on input from all of the functional areas in the organization and have a direct influence on the administrative and operational activities and are vitally important to the long term health of an organization (Shirley, 1982). Although strategic planning is important, what is more important is how it is practiced in different organizations. Many organizations keep on redefining their mission and vision statements, organize seminars and include consultants to formulate strategies so as to achieve competitive advantage and be able to deal with the unexpected environmental changes.

Strategic choice is important as it leads to customer focus, quality management, technology strategies, research and development, production operation strategy, human resources strategies and financial strategies, performance of the organization of the organization achievement must be supported by strategic decisions. According to Bryson (2004), strategic planning is a disciplined effort to produce fundamental decisions and

actions that shape and guide what an organization or other identity is what it does and why it does it. It allows organization allows organization to anticipate and deal with dynamic and rapidly changing environment and accounts for allocation of resources.

## **2.4 Strategic choices of investment options in the real estate industry**

Investing in real estate, just like any other form of investing, involves a certain level of risk, especially when dealing with residential properties. In order to make a sound investment choice in real estate a number of different factors should be considered. Consider meeting with a licensed realtor who has access to resources and information that will help minimize the risks in the real estate market. The profits gained from real estate transactions may often initially seem high, but they are lowered due to a number of legal fees as well as real estate fees. It is important when considering real estate as an investment that thought is given to the cost of these fees and their effect on profit margins (Solnik, 1999). Another inherent risk in the real estate market is the fact that the value of the property is often determined by the value of an area. Values can be affected by a number of external factors like location, limited amount of usable land (which is the case for many island regions) and the local economy. Demand for housing is an ever-fluctuating factor in determining real estate values.

Real estate and investment are two concepts that cannot be separated. Whenever it comes to properties for sale, it is hard for an investor not to think about real estate pieces when the results they provide are so fruitful. Investing is a marketing world in itself where risks

and benefits are present at every check post. That is what you need to learn in your journey of investing i.e. how to secure the largest amount of profit with a minimized risk-taking, because some risks are so fatal that they might lead you from the top of your successful career, down to the pitfalls (Solnik, 1999).

However, real estate and investment is not just restricted to one approach. It helps the beginners in investment to begin with an impressive low-risking start and comes up with the providence of such strategies that remove the risky obstacles from their path in no time. Because, being a beginner, it is easy for the so-called scheme makers to make you fall for their dubious and deceitful schemes. Whereas, when you begin with the real estate investment, it sticks you with the few but much safer options of rental, mortgage and leasing. As the time passes by, the generating of the gains also surpasses the original value with which the land was once bought.

The sky-high prices and rents of diverse commercial units and other localities is the evidence that much more has to come. In a span of few years, the worth of every piece of property doubles or triples up (Solnik, 1999). The experienced investors know the art of land-holding, leading to a successful investment in properties for sale. Real Estate Investment has the aim to advance you in the run for capital gains in the market and hence serves as a superlative option for the beginners to attain a well-equipped and stable start.

Han (1996) concludes from his survey that real estate investment opportunities, demographic attributes, and the market structure are important selection criteria for investment decisions. The accessibility of property is a critical factor in real estate investment due to the close link between market entry probability, liquidity risk, and market transparency. Liang and Gordon (2003) estimate the availability of higher quality, not owner-occupied commercial real estate based on GDP estimations. Kurzrock et al. (2009) find via cross-sectional regression that a high degree of agglomeration affects property valuations. Obviously, accelerating urbanization, which determines the structure, potential and quality of the real estate environment, plays an important role for the investment decision. This is especially valid for the U.S., where urban areas are spreading across major regions, pushing up land and building values, and making real estate assets increasingly valuable. Lynn (2007) notes, that improvement in communication and transportation infrastructure facilitates the migration to cities and drives the pace of urbanization, which supports new development (Keogh and D'Arcy, 1999). Furthermore, Thrall (2002) claims that the financial and business service sectors reflect a growing level of sophistication in the service economy and thus, the demand for commercial real estate.

It is intuitive that real estate investments are related to the general economic status and prosperity of a region or country. According to DiPascal and Wheaton's model (1992), a productive economy positively affects the demand for real estate assets. Chin, Dent and Roberts (2006) conclude from survey data that a sound economic structure and an

expected strong and stable economy are perceived to be the most significant factors in a region's ability to attract foreign real estate investments. Hoskins, Higgins and Cardew (2004) find that GDP growth, inflation, and unemployment show significant correlations with composite property returns. Chen and Hobbs (2003) find that the size of a country's economy positively affects investment activity, as larger economies are usually more capable of withstanding external economic turmoil and are therefore more stable than smaller economies. Van Doorn, (2003) notes that GDP per capita is commonly used for strategic real estate asset allocation decisions and Connor and Liang (2000) argue that, over the long term, the impact of technological development is overwhelmingly positive on real estate investments. As technological advances enhance productivity and wealth, demand for all types of real estate also increase.

Mueller (1995) argues that the physical real estate market, with its capital-intensive nature, depends on general international capital flows. Adair et al. (1999) and Adlington et al. (2008) find that viable and sustainable real estate markets require an established liquid capital market, including a stable banking and financial services system. Worzala and Newell (1997) find that access to local financing and credit facilities is important for investors to mitigate the cross currency risks. Connor and Liang (2000) argue that publicly traded sources of equity capital, primarily as REITs, are particularly important for a dynamic real estate investment activity, due to the potential for raising capital in the public market at relatively low cost.

Solnik (1999) argues that investors trying to invest in foreign countries are exposed to constraints on management and corporate activity and regulatory limitations, which comprise the restriction on capital flows and ownership controls set upon particular government policies. D'Arcy and Keogh (1998) claim that each country's real estate market is further conditioned, amongst other criteria, by landlord and tenant law, planning law, and urban policy. Keogh and D'Arcy (1999) find that active management of properties can be difficult due to different property market conventions, different codes of doing business, differing administrative and fiscal regimes, coupled with different valuation standards.

## **2.5 Factors Influencing adoption of strategy**

Strategic choice begins with the development of what we call the “framework policies” of mission, vision, and values and the goals that will direct all organizational activities during the period covered by the plan. There are some reasons that make strategic plan essential in an organization.

### **2.5.1 Rational forces**

Rational forces in strategy formation influence organizational actors to use formal techniques of information collection and situation analysis and formal criteria of evaluation and decision-making, and to institutionalize formal processes of planning, coordination, and control. When influenced by rational forces, strategies tend to be explicit, formulated, comprehensive, and integrated at high organizational levels.

Information used in strategic analysis must be regarded as objective, and actions are measured against and applied to achieve predefined, overall organizational goals (Gatignon & Reibstein, 1997).

### **2.5.2 Imposed forces**

Imposed forces influence strategy formation by requiring organizational adaptation to changing challenges and constraints in the environment. Imposed forces tend to limit the degree of free choice in strategy formation by an organization. The imposed force in the competitive strategy perspective is the necessity of responding to moves by major competitors by choosing between defensive, offensive, deterrence, or alliance moves to assure organizational survival. In recent work, models have been created to help strategic decision-makers react properly to major competitors' attacks (Gatignon & Reibstein, 1997).

### **2.5.3 Technological forces**

In contrast to imposed-forces, theorists who perceive strategy as imposed and thus reject teleological forces in explaining strategy formation (Aldrich, 1979), other management theorists hold that an overall common purpose permeating an organization is an essential feature of the processes through which organizational strategies emerge. Teleological forces influence strategy formation to the extent that organizational members adopt and internalize a sense of common purpose that energizes organizational members and leads organizational actors and behaviors towards fulfilling this overall purpose.

#### **2.5.4 Learning forces**

Learning forces influence strategy planning practices when organizational members experiment, self-organize, or behave in other self-directed ways, and when new patterns of action and norms of behavior that emerge from such actions are adopted and internalized at the organizational level. Under the influence of such learning forces, strategy tends to emerge in an evolutionary way, spreading through feedback cycles, mutual adjustments, and experience accumulation among strategy actors. In contrast to decision-making theory that primarily focuses on managers, the organizational learning perspective emphasizes the importance of bottom-up processes that create learning by accumulating ideas and knowledge from all levels of an organization. The authors add that perhaps the most interesting form of organizational learning occurs when learning in some isolated pocket of an organization gradually comes to pervade the behavior of the organization at large.

#### **2.5.5 Political forces**

Political forces influence strategy formation when individuals or subgroups of organizational actors pursue their own diverse goals and promote their own interests, which are at least partially conflicting in nature. Decision outcomes and organizational strategy will then reflect the actors' relative degrees of power within an organization, along with their will and skill in coalition building and playing power games. Political forces therefore tend to influence the strategy formation process from outside the legitimate and institutionalized systems for setting strategy. The consequences of internal

politics have in general been viewed by political writers as positive and as a predominantly constructive part of organizational decision-making. Salancik and Pfeffer (1977), argue that despite the potential sub-optimization effects of internal politics, not allowing politics to influence strategic decisions would be worse, because the interpretations and preferences of managers would go unquestioned.

### **2.5.6 Social forces**

Social forces influence strategy formation when organizational actors share assumptions, beliefs, and mental schemes that lead to common patterns of behavior and ways of perceiving and reacting to organizational events, thereby enacting a common world view in making organizational strategy. The competence perspective incorporates social forces in its view of the strategy practices in two main ways. First, in emphasizing the fundamentally cognitive nature of the managerial task of defining an organization's Strategic Logic, the competence view recognizes that the strategy planning practices may be subject to “groupthink” in which conformity to strategies that have worked in the past may lead managers to fall into a “success trap.” Hence, competence theory posits the importance of active use of higher-order control loops to continually check and challenge the viability of an organization's current Strategic Logic (Sapp and Seiler, 1981).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter provides a discussion of the outline of the research methodology that was used in this study. It focuses on the research design, population of study, sample and sampling techniques, data collection methods and comes to a conclusion with the data analysis and data presentation methods that were used in this study.

#### **3.2 Research Paradigm**

According to Taylor, Kermode, and Roberts (2007), a paradigm is “a broad view or perspective of something”. Additionally, Weaver and Olson’s (2006,) definition of paradigm reveals how research could be affected and guided by a certain paradigm by stating, “paradigms are patterns of beliefs and practices that regulate inquiry within a discipline by providing lenses, frames and processes through which investigation is accomplished”. Therefore, to clarify the researcher’s structure of inquiry and methodological choices, an exploration of the paradigm adopted for this study will be discussed prior to any discussion about the specific methodologies utilized in this study.

The quantitative methodology shares its philosophical foundation with the positivist paradigm. The positivist paradigm arose from the philosophy identified as logical positivism and is based on rigid rules of logic and measurement, truth, absolute

principles and prediction. The positivist philosophy argues that there is one objective reality. Therefore, as a consequence, valid research is demonstrated only by the degree of proof that can be corresponded to the phenomena. In this study, such rigid principles lend themselves more to the scientific forensic aspects such as scientific knowledge, logic and measurement incorporated into this study. The qualitative methodology shares its philosophical foundation with the interpretive paradigm which supports the view that there are many truths and multiple realities. This type of paradigm focuses the holistic perspective of the person and environment which is more congruent on factors influencing strategies adopted by Mumtaz Trading and Investment Company limited in its operations in Kenya

### **3.3 Research Design**

This study was conducted through a case study and it is considered suitable as it allows an in-depth study of the subject on factors influencing strategies adopted by Mumtaz Trading and Investment Company limited in its operations in Kenya. According to Mugenda and Mugenda (2003), a case study involves a careful and complete examination of a social unit, institution, family, cultural group or an entire community and embraces depth rather than breath of the study.

This is research on factors influencing strategies adopted by Mumtaz Trading and Investment Company limited in its operations in Kenya. This design was most

appropriate for a single unit of study because it offered a detailed in depth analysis that gave valuable insights to phenomena.

### **3.4 Data Measurement**

Independent variables were those which influenced the dependent or criterion variables and account for the variance or difference in the dependent variables (Mugenda and Mugenda, 2003). A dependent variable is one that is influenced by other variable (Boyd et al., 2004). The dependent variable that serves as a function of the independent variable tries to help conceptualizing and explaining the influence of the independent variable on the dependent variable on factors influencing strategies adopted by Mumtaz Trading and Investment Company limited in its operations in Kenya.

Content validity refers to a measure of a degree to which data collected using a particular instrument represent a specific domain of indicators or content a particular concept. Instrument reliability of measurement concerns the degree to which a particular measuring procedure gives similar results over a number of repeated trials (Orodho, 2008).

### **3.5 Data Collection**

The study used primary data which was collected from key informants. To achieve this, an interview guide was used to collect primary data (see appendix). The interview was conducted by the Researcher personally. A total of five senior employees were interviewed. The study involved top level management, who comprised of managing director, human resource manager, finance manager, marketing manager and ICT manager respectively.

The interview guide has unstructured questions which were used so as to encourage the respondent to give an in-depth response without feeling held back in revealing of any information. With unstructured questions, a respondent's response may give an insight to his/her feelings, background, hidden motivation, interests and decisions and give as much information as possible without holding back.

### **3.6 Data Analysis**

The data was qualitative in nature, due to this fact, content analysis was used to analyse the data. Mugenda and Mugenda (2003) define content analysis as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends.

The data was obtained from the various management team members belonging to different departments and compared against each other in order to get more revelation on

the issues under study. This research yielded qualitative data from the interview schedules and analyzed using content analysis because this study sought to solicit data that was qualitative in nature. Analysis of data collected was compared with the theoretical approaches and documentations cited in the literature review.

### **3.7 Reliability and Validity**

Instrument validity is the degree to which research results obtained from the analysis of the data actually represent the phenomenon under study (Mugenda Mugenda, 1999). To ensure instrument validity content validity was tested. Validity, according to Borg and Gall (1989) is the degree to which a test measures what it purports to measure. According to Borg and Gall (1989) content validity of an instrument is improved through expert judgment. As such, the researcher sought assistance of the assigned supervisor, who, as an expert in research, helped improve content validity of the instrument.

Mugenda and Mugenda (2003) define reliability as a measure of the degree to which a research instrument yields consistent results after repeated trial. The questionnaires were divided into two equivalent halves and then a correlation coefficient for the two halves computed using the Spearman Brown Prophecy formula. The coefficient was showing the degree to which the two halves of the test provide the same results and hence describe the internal consistency of the test.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter presents analysis and findings of the study as set out in the research methodology. The results were presented on factors influencing strategies adopted by Mumtaz Trading and Investment Company Limited in its operations in Kenya. The study targeted 5 management employees from Mumtaz Trading and Investment Company Limited out of which all the five management employees responded to the interviews contributing to a response rate of 100%. This response rate was sufficient and representative and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good while a response rate of 70% and over is excellent. This commendable response rate was due to extra efforts that were made via personal calls to remind the respondents to fill-in and return the questionnaires. The chapter covers the demographic information, and the findings based on the objectives.

#### **4.2 General information**

The study initially sought to find out the various aspects on Mumtaz Trading and Investment Company Limited. The findings are presented in the subsequent sections.

#### **4.2.1 Length of experience as a staff in the organization**

The study sought to ascertain the number of years that the interviewees had been staff in the organization. The study finding indicate that majority of the respondents had been operating for a period between 3 to 5 years. The study findings indicate that majority of the respondents had been employed for period long enough to be conversant with factors influencing strategies adopted by Mumtaz Trading and Investment Company Limited in its operations in Kenya.

#### **4.2.2 Having a strategic plan in MTIC limited**

The study sought to find out whether there was a strategic plan in Mumtaz Trading and Investment Company limited. The study findings indicate that MTIC Limited has adopted varied forms of strategic plans which include organizational strategies and organizational goals. This finding imply that MTIC Limited has been successful in upholding different strategic plans such as organizational strategies, organizational goals, organizational beliefs, thoughts and feelings on organizational, perceptions on the organization and group solutions to problems in the organizational problems.

#### **4.2.3 Frequency of updating policies on strategy implementation**

The respondents were requested to indicate how often the policies on strategy implementation were updated. The study established that policies on strategy implementation were updated on regular monthly basis. This depicts that MTIC Limited

updated its policies on strategy implementation to incorporate the changes in the real estate industry to retain a competitive edge in the market.

#### **4.2.4 Implementing the chosen strategies**

The study sought to find out how MTIC went about implementing the chosen strategies. According to the findings, the MTIC had a team that formulated its strategies based on the market analysis. The strategic choices that were formulated were communicated to the rest of the employees where each was trained on their respective roles in the strategic choices for MTIC. On regular basis, the strategy was reviewed to establish its shortcomings and subsequent amendments were undertaken.

#### **4.2.5 Involvement of the staff in the strategy formulation**

The study sought to establish how the company involved the staff in the strategy formulation. The findings revealed that staffs were fully involved in strategy formulation and implementation which enhanced the success of the strategy as well as helped to reduce resistance among the employees.

### **4.3 Factors influencing adoption of strategy**

The study set out to determine factors influencing strategies adopted by Mumtaz Trading and Investment Company limited in its operations in Kenya. the findings are shown in subsequent sections.

#### **4.3.1 Challenges faced in strategic choice in MTIC**

The study inquired on the challenges faced in strategic choice in Mumtaz Trading and Investment Company limited in its operations in Kenya. From the study findings, the challenges faced in strategic choice in Mumtaz Trading and Investment Company limited in its operations in Kenya included; high level of risk in dealing with residential properties, reduced profits margins owing to high and unpredictable legal fees as well as real estate fees, risk of the value fluctuation of the property due to changes in the value of an area, demand for housing is an ever-fluctuating factor in determining real estate values, poor accessibility of property due to lack of proper infrastructure, liquidity risk, and market transparency, high inflation and poor economy that demotivate investment in real estate, high cost investing in technology, prohibitive regulations by the government and local authorities and managerial challenges. The findings means that the factors underpinning strategies adopted by Mumtaz Trading and Investment Company limited included rational forces, imposed forces, teleological forces, learning forces, political forces, social forces all of which influenced strategy formation and implementation.

#### **4.3.2 Level of resistance to strategy implementation from different stakeholders**

The study sought to find out the level of resistance to strategy implementation from different stakeholders in Mumtaz Trading and Investment Company limited in its operations in Kenya. According to the findings, there was moderate level of resistance to strategy implementation from different stakeholders. The study revealed that the moderate level of resistance to strategy implementation from different stakeholders was

owing to; fear of loss of jobs or position of power to a lesser position, fear of losing investment among the investing partners and poor understanding of the new strategy being implemented.

#### **4.3.3 Board of directors and employees motivation in supporting the strategic choice**

The study investigated on how motivated the board of directors and employees were in supporting the strategic choice in Mumtaz Trading and Investment Company limited in its operations in Kenya. From the study findings, the board of directors and employees were highly motivated in supporting the strategic choice in Mumtaz Trading and Investment Company limited.

#### **4.3.5 Commitment of the board members and management**

The study sought to ascertain how committed the board members and management were in providing financial resources to support implementation of strategic choice by Mumtaz Trading and Investment Company limited in its operations in Kenya. According to the findings, the majority of the respondents unanimously agreed that the board members and management were highly committed in providing financial resources to support implementation of strategic choice.

#### **4.3.6 Organizational policies or systems in place towards challenges of strategy choice**

The study further inquired on the organizational policies or systems put in place to respond to the challenges of strategy choice by Mumtaz Trading and Investment Company limited in its operations in Kenya. According to the findings the organizational policies or systems put in place to respond to the challenges of strategy choice by MTIC limited included; using consultants in strategy formulation and implementation, adoption of up to date technology in implementing the various strategies, conducting research before embarking on new strategy, and strategic change management.

#### **4.3.7 Appropriateness of the current organization structure**

The researcher sought to establish how appropriate the current organization structure was to support the implementation of strategy initiatives. According to the findings the study established that the current organization structure in supporting the implementation of strategy initiatives was highly appropriate.

#### **4.3.8 Challenges posed by resistance and leadership**

The study investigated on the challenges posed by resistance and leadership on strategies adoption by Mumtaz Trading and Investment Company limited in its operations in Kenya. According to the findings the challenges posed by resistance and leadership on strategies adoption included; failure to meet the set timelines in project, reduced employee productivity, loss of strategic employees through voluntary employee turnover,

reduced profits due to poor working relations among employees of different management levels and loss of market share in the real estate market.

#### **4.3.9 Effect of organizational culture and organizational structure of ownership**

The respondents were to indicate the effect of organizational culture and organizational structure of ownership and commitment by Mumtaz Trading and Investment Company limited in its operations in Kenya. From the study findings majority of the respondents agreed that organizational structure influence implementation of strategic change in their organization. This finding organizational structure has a role in implementation of strategic change in an organization.

The organizational structure influence implementation of strategic change in an organization to a great extent. The majority of the respondents agreed that radical shifts in organizational design reflect changes happening in the wider social, economic, political and technological environment, strategic managers turn to restructuring as a means of implementing strategic change aimed at improving performance, tasks and responsibilities are adequately defined, the new organizational framework required appears to be one that emphasizes flexibility, creativity and participation and the way labour is divided within the organization influences how strategic change will be implemented. The study findings imply the significance of organizational structure in strategic change implementation. Organizational structure reflects changes happening in the wider social, economic, political and technological environment. Organizational

structure determines how tasks and responsibilities are adequately defined and should encourage flexibility, creativity, participation and equitable division of labour.

#### **4.3.10 Communicating strategic change internally and externally**

The study inquired on how strategic change was communicated, both internally and externally. According to the findings, the study established that strategic change was communicated both internally and externally using top down communication approach. Effective communication of the strategy was an important factor that enables the organisation to achieve its organizational objectives. The top management was responsible for communication of strategic change both internally and externally. The communication of strategic change was done in seminars and workshops that the organization organized for the employees.

#### **4.4 Discussion of findings**

The study established that the MTIC Limited has adopted varied forms of strategic plans which include organizational strategies and organizational goals. This findings imply that MTIC Limited has been successful in upholding different strategic plans such as organizational strategies, organizational goals, organizational beliefs, thoughts and feelings on organizational, perceptions on the organization and group solutions to problems in the organizational problems.

The findings are similar to Robbins (2004) who explained that for companies to be successful in upholding different strategic plans they need to put in place as organizational strategies, organizational goals, organizational beliefs, thoughts and feelings on organizational, perceptions on the organization and group solutions to problems in the organizational problems.

The study found out that the MTIC had a team that formulated its strategies based on the market analysis. The strategic choices that were formulated were communicated to the rest of the employees where each was trained on their respective roles in the strategic choices for MTIC. On regular basis, the strategy was reviewed to establish its shortcomings and subsequent amendments were undertaken. According to Chin, Wei; Dent, Peter; Roberts, Claire (2006) communication on strategic choices to the rest of the employees should be done on regular basis coupled with employees training.

The findings revealed that staffs were fully involved in strategy formulation and implementation which enhanced the success of the strategy as well as helped to reduce resistance among the employees. From the study findings, it was also established that the challenges faced in strategic choice in Mumtaz Trading and Investment Company limited in its operations in Kenya included; high level of risk in dealing with residential properties, reduced profits margins owing to high and unpredictable legal fees as well as real estate fees, risk of the value fluctuation of the property due to changes in the value of an area, demand for housing is an ever-fluctuating factor in determining real estate

values, poor accessibility of property due to lack of proper infrastructure, liquidity risk, and market transparency, high inflation and poor economy that demotivate investment in real estate, high cost investing in technology, prohibitive regulations by the government and local authorities and managerial challenges. The findings augment the earlier findings by (Solnik, 1999) who established that the profits gained from real estate transactions may often initially seem high, but they are lowered due to a number of legal fees as well as real estate fees. It is important when considering real estate as an investment that thought is given to the cost of these fees and their effect on profit margins (Solnik, 1999).

According to the findings the organizational policies or systems put in place to respond to the challenges of strategy choice by MTIC limited included; using consultants in strategy formulation and implementation, adoption of up to date technology in implementing the various strategies, conducting research before embarking on new strategy, and strategic change management. Connor, Philip; Liang, Youguo (2000) indicated that to respond to the challenges of strategy choice by MTIC limited included; using consultants in strategy formulation and implementation, adoption of up to date technology in implementing the various strategies, conducting research before embarking on new strategy, and strategic change management.

From the study findings the study found out that organizational structure influence implementation of strategic change in their organization. The organizational structure has

a role in implementation of strategic change in an organization. The organizational structure influence implementation of strategic change in the organization to a great extent. The radical shifts in organizational design reflect changes happening in the wider social, economic, political and technological environment, strategic managers turn to restructuring as a means of implementing strategic change aimed at improving performance, tasks and responsibilities are adequately defined, the new organizational framework required appears to be one that emphasizes flexibility, creativity and participation and the way labour is divided within the organization influences how strategic change will be implemented. The study findings imply the significance of organizational structure in strategic change implementation. Organizational structure reflects changes happening in the wider social, economic, political and technological environment. Organizational structure determines how tasks and responsibilities are adequately defined and should encourage flexibility, creativity, participation and equitable division of labour.

The findings are similar to Han, (1996) who argued that organizational structure reflects changes happening in the wider social, economic, political and technological environment. Organizational structure determines how tasks and responsibilities are adequately defined and should encourage flexibility, creativity, participation and equitable division of labour.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECCOMENDATIONS**

#### **5.1 Introduction**

This chapter presents summary of findings, conclusion and recommendations of the study in line with the objectives of the study. The research sought to establish the factors influencing strategies adopted by Mumtaz Trading and Investment Company Limited in its operations in Kenya.

#### **5.2 Summary**

From the findings, it was established that the MTIC Limited has adopted varied forms of strategic plans which include organizational strategies and organizational goals. This findings imply that MTIC Limited has been successful in upholding different strategic plans such as organizational strategies, organizational goals, organizational beliefs, thoughts and feelings on organizational, perceptions on the organization and group solutions to problems in the organizational problems.

The study established that policies on strategy implementation were updated on regular monthly basis. This depicts that MTIC Limited updated its policies on strategy implementation to incorporate the changes in the real estate industry to retain a competitive edge in the market.

The study found out that the the MTIC had a team that formulated its strategies based on the market analysis. The strategic choices that were formulated were communicated to the rest of the employees where each was trained on their respective roles in the strategic choices for MTIC. On regular basis, the strategy was reviewed to establish its shortcomings and subsequent amendments were undertaken.

The findings revealed that staffs were fully involved in strategy formulation and implementation which enhanced the success of the strategy as well as helped to reduce resistance among the employees. From the study findings, it was also established that the challenges faced in strategic choice in Mumtaz Trading and Investment Company limited in its operations in Kenya included; high level of risk in dealing with residential properties, reduced profits margins owing to high and unpredictable legal fees as well as real estate fees, risk of the value fluctuation of the property due to changes in the value of an area, demand for housing is an ever-fluctuating factor in determining real estate values, poor accessibility of property due to lack of proper infrastructure, liquidity risk, and market transparency, high inflation and poor economy that demotivate investment in real estate, high cost investing in technology, prohibitive regulations by the government and local authorities and managerial challenges.

The study revealed that there was moderate level of resistance to strategy implementation from different stakeholders. The study revealed that the moderate level of resistance to strategy implementation from different stakeholders was owing to; fear of loss of jobs or

position of power to a lesser position, fear of losing investment among the investing partners and poor understanding of the new strategy being implemented.

The study established that the board of directors and employees were highly motivated in supporting the strategic choice in Mumtaz Trading and Investment Company limited. The board members and management were highly committed in providing financial resources to support implementation of strategic choice.

According to the findings the organizational policies or systems put in place to respond to the challenges of strategy choice by MTIC limited included; using consultants in strategy formulation and implementation, adoption of up to date technology in implementing the various strategies, conducting research before embarking on new strategy, and strategic change management.

According to the findings the study established that the current organization structure in supporting the implementation of strategy initiatives was highly appropriate. According to the findings the challenges posed by resistance and leadership on strategies adoption included; failure to meet the set timelines in project, reduced employee productivity, loss of strategic employees through voluntary employee turnover, reduced profits due to poor working relations among employees of different management levels and loss of market share in the real estate market.

From the study findings the study found out that organizational structure influence implementation of strategic change in their organization. The organizational structure has a role in implementation of strategic change in an organization. The organizational structure influence implementation of strategic change in the organization to a great extent. The radical shifts in organizational design reflect changes happening in the wider social, economic, political and technological environment, strategic managers turn to restructuring as a means of implementing strategic change aimed at improving performance, tasks and responsibilities are adequately defined, the new organizational framework required appears to be one that emphasizes flexibility, creativity and participation and the way labour is divided within the organization influences how strategic change will be implemented. The study findings imply the significance of organizational structure in strategic change implementation. Organizational structure reflects changes happening in the wider social, economic, political and technological environment. Organizational structure determines how tasks and responsibilities are adequately defined and should encourage flexibility, creativity, participation and equitable division of labour.

The study established that strategic change was communicated both internally and externally using top down communication approach. Effective communication of the strategy was an important factor that enables the organisation to achieve its organizational objectives. The top management was responsible for communication of

strategic change both internally and externally. The communication of strategic change was done in seminars and workshops that the organization organized for the employees.

### **5.3 Conclusion**

The study concludes that the MTIC Limited has adopted varied forms of strategic plans which include organizational strategies and organizational goals. This finding imply that MTIC Limited has been successful in upholding different strategic plans such as organizational strategies, organizational goals, organizational beliefs, thoughts and feelings on organizational, perceptions on the organization and group solutions to problems in the organizational problems.

The study concludes that policies on strategy implementation were updated on regular monthly basis. This depicts that MTIC Limited updated its policies on strategy implementation to incorporate the changes in the real estate industry to retain a competitive edge in the market. The study concludes that the MTIC had a team that formulated its strategies based on the market analysis. The strategic choices that were formulated were communicated to the rest of the employees where each was trained on their respective roles in the strategic choices for MTIC. On regular basis, the strategy was reviewed to establish its shortcomings and subsequent amendments were undertaken.

The study also concludes that staffs were fully involved in strategy formulation and implementation which enhanced the success of the strategy as well as helped to reduce

resistance among the employees. From the study findings, it was also established that the challenges faced in strategic choice in Mumtaz Trading and Investment Company limited in its operations in Kenya included; high level of risk in dealing with residential properties, reduced profits margins owing to high and unpredictable legal fees as well as real estate fees, risk of the value fluctuation of the property due to changes in the value of an area, demand for housing is an ever-fluctuating factor in determining real estate values, poor accessibility of property due to lack of proper infrastructure, liquidity risk, and market transparency, high inflation and poor economy that demotivate investment in real estate, high cost investing in technology, prohibitive regulations by the government and local authorities and managerial challenges.

The study concludes that there was moderate level of resistance to strategy implementation from different stakeholders. The study revealed that the moderate level of resistance to strategy implementation from different stakeholders was owing to; fear of loss of jobs or position of power to a lesser position, fear of losing investment among the investing partners and poor understanding of the new strategy being implemented.

The study concludes that the board of directors and employees were highly motivated in supporting the strategic choice in Mumtaz Trading and Investment Company limited. The board members and management were highly committed in providing financial resources to support implementation of strategic choice. The organizational policies or systems put in place to respond to the challenges of strategy choice by MTIC limited included; using

consultants in strategy formulation and implementation, adoption of up to date technology in implementing the various strategies, conducting research before embarking on new strategy, and strategic change management. The study further concludes that the current organization structure in supporting the implementation of strategy initiatives was highly appropriate.

The study concludes that the challenges posed by resistance and leadership on strategies adoption included; failure to meet the set timelines in project, reduced employee productivity, loss of strategic employees through voluntary employee turnover, reduced profits due to poor working relations among employees of different management levels and loss of market share in the real estate market. From the findings the study concludes that organizational structure influence implementation of strategic change in their organization. The organizational structure has a role in implementation of strategic change in an organization. The organizational structure influence implementation of strategic change in the organization to a great extent. The radical shifts in organizational design reflect changes happening in the wider social, economic, political and technological environment, strategic managers turn to restructuring as a means of implementing strategic change aimed at improving performance, tasks and responsibilities are adequately defined, the new organizational framework required appears to be one that emphasizes flexibility, creativity and participation and the way labour is divided within the organization influences how strategic change will be implemented. The study findings imply the significance of organizational structure in

strategic change implementation. Organizational structure reflects changes happening in the wider social, economic, political and technological environment. Organizational structure determines how tasks and responsibilities are adequately defined and should encourage flexibility, creativity, participation and equitable division of labour.

The study concludes that strategic change was communicated both internally and externally using top down communication approach. Effective communication of the strategy was an important factor that enables the organisation to achieve its organizational objectives. The top management was responsible for communication of strategic change both internally and externally. The communication of strategic change was done in seminars and workshops that the organization organized for the employees.

#### **5.4 Implication of the Study**

The implication of the study is to the players is that it may inform them on strategic choice of investment options used in real estate industry in Kenya. There are many stakeholders in the real estate industry and in various ways many of them are due to the benefit from the outcome of this research project. It is expected that this knowledge assists them in their day to day decision making process as they are expected to enhance the examined factors. Potential investors who may be able to analyze benefits accrued from investing in real estate industry. It is anticipated that the data and study may trigger discussions amongst would be investors and stakeholders who in turn may come up with appropriate

strategies of channeling financial aid to the real estate business in a manner that may ensure that the investors get due profits ultimately.

The implication on policy is that on strategy implementation were updated on regular monthly basis. This depicts that MTIC Limited updated its policies on strategy implementation to incorporate the changes in the real estate industry to retain a competitive edge in the market. The public may have the chance to gather information on the real estate industry, hence the reference point. It may also show employment opportunities presented by the industry that they can take advantage of. The information may also benefit individuals intending to construct properties and be home owners; they may have the study as reference point on the various players in the industry. The government being the industry regulator is going to benefit from this research since the study hopes to show how the regulations that it has implemented affect investment in the real estate industry and therefore be useful for future planning, and benchmarking activities in this important sector of the economy.

## **5.5 Recommendations**

The study recommends that the management should conduct regular market analysis to establish the changing customer needs to invent strategic choices that work best for the company.

The study recommends that the government should review the regulations governing the real estate to address the existing bottlenecks limiting the growth of investment in the sector and streamline the sector to encourage more investors. This should be coupled with offering the investors incentives as well as reducing the high taxes charged.

The study further recommends that the management of Mumtaz Trading and Investment Company Limited should relook at their value chain to reduce wastes and enhance efficiency in strategic choices implementation.

## **5.6 Areas of further studies**

Since this study explored the factors influencing strategies adopted by Mumtaz Trading and Investment Company Limited in its operations in Kenya, the study recommends that a similar study should be done in other real estate management companies in Kenya for comparison purposes and to allow for generalization of findings on the factors influencing strategies adopted by real estate management companies in Kenya. Finally more studies should be done on the influence of technology on the competitiveness of real estate management companies in Kenya.

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## **APPENDIX 1: INTERVIEW GUIDE**

### **Introduction**

1. How long have you been a staff in this organization?
2. Do you have a strategic plan in Mumtaz Trading and Investment Company limited?
3. How often are the policies on strategy implementation updated?
4. How does your company go about implementing the chosen strategies?
5. How have you involved the staff of this institution in the strategy formulation?

### **Factors Influencing adoption of strategy**

6. What are the challenges faced in strategic choice in Mumtaz Trading and Investment Company limited in its operations in Kenya?
7. What is the level of resistance to strategy implementation from different stakeholders in Mumtaz Trading and Investment Company limited in its operations in Kenya?  
Kindly explain the factors that you believe underlie such resistance.
8. How motivated are the board of directors and employees in supporting the strategic choice in Mumtaz Trading and Investment Company limited in its operations in Kenya?
9. How committed are the board members and management in providing financial resources to support implementation of strategic choice by Mumtaz Trading and Investment Company limited in its operations in Kenya?

10. What organizational policies or systems have been put in place to respond to these challenges of strategy choice by Mumtaz Trading and Investment Company limited in its operations in Kenya?
11. How appropriate is the current organization structure to support the implementation of strategy initiatives?
12. What challenges are posed by resistance and leadership on strategies adoption by Mumtaz Trading and Investment Company limited in its operations in Kenya?
13. What is the effect of organizational culture and organizational structure of ownership and commitment by Mumtaz Trading and Investment Company limited in its operations in Kenya?
14. How is strategic change communicated, both internally and externally? Probe for who is responsible for communication, if information flows are systematic and whether any forums are organized for information sharing.

Thank you for your time!