

# Effect of Innovation Strategies on Performance of Real Estates Firms in Mavoko Sub-County, Kenya

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**Abstract:** For the last 5 years, the real estate in Kenya has been affected negatively by financial crisis that affected the entire world. There has been also a massive expansion of the real estate that calls for innovation and new strategies by the stakeholders in the sector for them to keep abreast with the challenges. Therefore, this study sought to assess the effect of innovation strategies on real estate firms' performance in Mavoko Sub-County, Kenya. Specifically, the study sought to; determine how Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy, and Innovative Customer Service Strategy influences performance of real estate firms in Mavoko Sub-County, Kenya. This study used census method since the population was small and the firms were easily accessible. Primary data for this study was collected using copies of questionnaire as its key instrument. SPSS version 25 then aided in analyzing data as it was most apposite and user-friendly for analyzing attitudinal responses that are management related. Data collected was then analyzed through descriptive statistics and inferential statistics and presented using frequency distribution tables and figures. The findings revealed that 90.3% of the total variance in the dependent variable (Performance of Real Estate Firms) could be significantly explained by combined independent variables (Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy, and Innovative Customer Service Strategy). The study therefore concluded that Process Innovation, Product Differentiation, Technology, and Innovative Customer Service Strategies had significant positive effect on the performances of real estate firms in Mavoko Sub-County, Kenya. Therefore, the study recommended that the firms should make use of these strategies so as to boost their performance.

**Key Words:** Firm Strategy, Innovation, Performance

## I. INTRODUCTION

Firms develop strategies that enable them achieve their basic goal of maximizing the wealth of their shareholders. Innovative strategies are protracted exploit plans that are invented to aid a company to improve and devour a competitive advantage over its competitors by responding to numerous changes in its environment (Zott & Amit, 2008). According to Snow and Hambrick (2015) a firm's performance, on the contrary, is the outcome of accomplishments of an organization or investment for a certain duration. There is a connection between innovation and performance of a firm whereby having a competing advantage it is highly likely that the firm will have a worthy performance in the industry it operates in.

Juma (2019) observe that the last decade has seen massive growth of the realtor business in Kenya for the reason that the

property market is reacting to demand that has been fashioned by the escalating middle class with disposable income and in which persons have become able to purchase homes and others service their mortgages. As a result, there have been many players into real estate firms to content this demand. Competition is hence no amazement; the firms have to improve their main competencies to deliver unique products at reasonable costs for their survival.

According to Gathuru (2014), Kenyan real estate market has been quite rewarding especially for foreign investors with profit margins ranging between 20% to 30% which Luesby (in Muguchia, 2012) opined that it is impossible even in places like the United States of America or European markets. Foreign real estate organizations have developed luxury properties worthy millions of dollars at the high-end market focusing on diplomats, expatriates and wealthy Kenyans. The Knight Frank's 2011 Prime International Residential Index (PIRI), that indexes change in price of top-end property markets across the world showed that luxury realtors in Kenya recorded the highest increase in profits globally. Comparatively, Nairobi's high-end real estate value increased by twenty five percent and 20% at the coast region of Kenya than other major cities such as London (12.1%), Miami (19.1%), New York (3.1%), Singapore (4.7%), Moscow (9.8%) and Shanghai (-3.4%) (Mercy, 2012).

The Hass Property Index (2013) reports saturation in the high-end real estate area and observes that this price growth might be untenable in future. Some of the major projects include Thika Greens Limited (TGL) that stands on 1,135 acres of land in Thika, \$650 million golf estate that is set to have 4,000 housing units when completed. Another close-by project on 774 acres is Migaa in Kiambu County. The project that Home Afrika Ltd is developing will have 2,500 housing units and an 18-hole golf course. Land prices have skyrocketed in areas neighbouring these projects due to anticipation of demand by sellers and new amenities that have been established that are projected to transform the dormant area into a mega urban estate for high- and middle-income earners. Real estate industry in Kenya is very competitive and therefore having a competitive advantage is key for survival. The major ones include Lloyd Masika Limited, Hass consult, Dunhill Consulting Limited among others.

However, in the last 5 years, the sector has been affected negatively by financial crisis that affected the entire world. There has been also a massive expansion of the real estate that

calls for innovation and new strategies by the stakeholders in the sector for them to keep abreast with the challenges (Acharya & Richardson, 2019). Studies have projected that succeeding of competitive environment is the precursor to the significant performance of a firm (Boot & Schmeits, 2018; Boynton, Victor & Pine, 2019). Competitive superiority results from factors such as types of diversification, operational efficiency as well as organizational structures. Attaining a position of competitive superiority and enhancing a firm's performance as compared to its competitors are two of the main aims that business organizations should endeavor to achieve. An innovative implemented strategy can have noteworthy effect on the realization of viable improvement level (Lai, Lin & Wang, 2015).

## II. THEORETICAL FRAMEWORK

### *Diffusion of Innovation*

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

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

## III. REVIEW OF RELATED LITERATURE

### *3.1 Process Innovation Strategy*

Process innovation embraces quality function deployment and business process reengineering (Calantone, Harmancioglu & Droge, 2010). A supplier who efficiently works on productivity gains regularly can expect to come up with products that provide similar or even better performance at a

lower cost with time. Such reduction in cost will flow down to the customers as lowered prices. Process innovation is fundamental for both core product supply and in the support part. Both components require meeting and maintaining of quality standards.

Hervas-Oliver, Sempere-Ripoll and Boronat-Moll (2019) observe that managing process innovation especially in the case of services is quite a challenging activity. Developing and implementing the process of innovation needs energy to get past change resistance. A chain of imitative, incremental, late innovations might bring about a cumulative undesirable effect to the innovating firm. However, this strategy looks as if less dynamic as compared to proactive innovator strategy even though none of them is automatically and always better. Reactive innovators tend to support the creative genius less and are more supportive of systematic progress in a logical fashion.

### *3.2 Product Differentiation Strategy*

A firm that uses differentiation strategy should focus on developing and investing in distinguishable products that customers can perceive rather than cost reduction. The most critical success factor in differentiation strategy implementation is developing and maintaining creativeness, innovativeness and firm learning (Dickson & Ginter, 2017). Reinhardt (2018) observe that successful differentiation is founded on carrying out a study to identify the behaviour and needs of the buyers so as to establish what they regard as valuable and important. The features that a majority of the customers desire are then used to build a product that meets preferences of the buyer. Competitive advantage is brought about by coming with a product that significantly differs from competitors' products.

Dirisu, Iyiola and Ibidunni (2019) indicate that differentiation efforts in most cases end up rising production costs. Achieving profitable differentiation is done by counterweighing the lower margins of profit through increasing sales volume or by maintaining differentiation cost under the premium price that is commanded by the differentiating characteristics. According to Aliqah (2017) differentiation is aims to create products or a service at the broad market that customers perceive as unique across the industry. The product can then be sold at a premium price by the firm. The uniqueness is achieved with brand image, design, technology, network, features, customers' service or dealers. Differentiation earns the firm an above-average returns as the subsequent brand loyalty lowers customers' price sensitivity. Resultant costs are usually handed down to the customers.

### *3.3 Technology Strategy*

Information and communication technology (ICT) has been observed to have potential and capability to help in achievement of innovative strategy (Stanko & Calantone, 2011). The rate at which firms are installing computer systems

including hardware and software as well as making use of the Internet for communication and information sourcing is evidence of the increased awareness in the real estate sector. The gains that firms get from information and communication technology usage include overall attainment of increased returns and efficiency. E-commerce is premised to bring about a new commercial revolution by providing a direct and inexpensive means of exchanging information as well as to buying or selling services and products (Afuah, 2014). This marketplace revolution has triggered a real estate sector revolution for development of a system of payment that meets the demands of the electronic marketplace. Consequently, e-commerce potential benefits have been touted widely (Porter, 2007).

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

### 3.4 Innovative Customer Service Strategy

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

Customer service is usually an integral part of a company's consumer value proposition. Variant models that seek to assess and measure the determinants of quality of service have been created. SERVQUAL is founded on the view that a gap exists between expectations of customers in terms quality of service delivered and their actual performance evaluation of that particular service provider. Since the introduction of SERVQUAL instrument by Grönroos (cited in Kindström and Kowalkowski, 2014), many scholars have made use of,

extended and come up with a 22-item scale to study quality of services in various sectors of the service industry (Hardwick, Anderson & Cruickshank, 2013).

## IV. METHODOLOGY

This research project used descriptive research design to collect and present the data according to the respondents' perspective without altering any of the response. The study targeted all the 32 registered real estate firms operating in Mavoko Sub County of Machakos County. This was a census of all the 32 registered real estate firms operating in Mavoko Sub County of Machakos County. A sample of 96 respondents was used for the study. The study managed to collect 90 copies of questionnaires. However, after checking for consistency and cleaning the data as well as removing the outliers, the study remained with 86 duly filled copies of questionnaires which represented a response rate of 89.6% of the sampled 96 respondents. While various scholars do not agree on a response rate level that is acceptable for data analysis, Baruch and Holtom (2008) posited that surveys encounter a response rate that hardly surpasses 50%. They continued to suggest that a rate of response that exceeds 50% is acceptable and forms a good basis for analysis of data. Oso and Ifijeh (2016) supports this argument that for a social study, responses bearing over 60% response rate are sufficient for making adequate research conclusions.

## V. RESULTS

### 5.1 Reliability Analysis

Bolarinwa (2015) defined reliability as the stability, repeatability or internal consistency of a questionnaire. Cronbach's Reliability test was adopted by the study to check for reliability, taking into account a reliability coefficient of 0.7 or higher as satisfactory (Castillo, 2009). Table 1 shows that all the variables were reliable at Cronbach's Alphas of .901, .929, .916, .883 and .891 for Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy, Innovative Customer Service Strategy, and Performance of Real Estate Firms respectively, which were higher than the threshold of 0.7. This showed that the data collected was highly consistent and was therefore reliable.

Table 1: Reliability Analysis of the Variables

Reliability Statistics		
Variable	Cronbach's Alpha	No of Items
Process Innovation Strategy	.901	5
Product Differentiation Strategy	.929	5
Technology Strategy	.916	6
Innovative Customer Service Strategy	.883	5
Performance of Real Estate Firms	.891	5

5.1.1 Descriptive Statistics for Process Innovation Strategy

The study generated a descriptive statistics table of Process Innovation Strategy and the findings were summarised in Table 2. From the findings, 33.7% agreed that the firm has introduced new technology that has substantially changed the way the main product is produced, 39.5% agreed that the firm has hired key personnel to facilitate smooth running of its processes, 32.6% agreed that their firm offers formal as well as on job training to its employees to deliver better on its mandate to its customers, 31.4% agreed that the management encourages innovation in all firm’s processes and rewards the best innovative employees, and 32.6% agreed that their firm’s ability to have better processes has enabled us stay ahead of the competition.

Table 2: Descriptive Statistics for Process Innovation Strategy

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

5.1.2 Descriptive Statistics of Product Differentiation Strategy

The study generated a descriptive statistics table of Product Differentiation Strategy using SPSS software and the findings were summarised in Table 3. Table 3 shows that, 37.2% agreed that their firm has a wide variety of products, 40.7% agreed that their firm empowers customers by providing them with diverse products to choose from, 40.7% strongly agreed that increase in number of products offered has led to increase in customer base, 41.9% agreed that their firm modifies existing products to fit market demand so as to attract new customers as well as entice the existing ones, while 37.2% strongly agreed that their firm’s ability to develop new products has enabled us stay ahead of the competition.

Table 3: Descriptive Statistics of Product Differentiation Strategy

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

5.1.3 Descriptive Statistics for Technology Strategy

The study used SPSS software to generate a descriptive statistics table of Technology Strategy and the results were summarised in Table 4. From the table, 38.4% agreed that their firm has various technologically enabled products, 36.0% agreed that digital supported products have reduced the average cost of transaction, 30.2% remained neutral on the statement that technological products offer their customers considerable convenience, 36.0% agreed that technology has improved their customer satisfaction level, 30.2% agreed that their firm commits resources to sustain and manage technological products, and 41.9% agreed that their customer base has increased as a result of more digital products.

Table 4: Descriptive Statistics for Technology Strategy

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Our firm has various technologically enabled products	3.5%	5.8%	36.0%	38.4%	16.3%
Digital supported products have reduced the average cost of transaction	2.3%	16.3%	29.1%	36.0%	16.3%
Technological products offer our customers considerable convenience	3.5%	12.8%	30.2%	27.9%	25.6%
Technology has improved our customer satisfaction level	3.5%	9.3%	31.4%	36.0%	19.8%
Our firm commits resources to sustain and manage technological products	7.0%	11.6%	24.4%	30.2%	26.7%
Our customer base has increased as a result of more digital products	5.8%	7.0%	36.0%	41.9%	9.3%

5.1.4 Descriptive Statistics of Innovative Customer Service Strategy

Using SPSS software, the study generated a descriptive statistics table of Innovative Customer Service Strategy and the findings were summarised as shown in Table 5. The

results summarised in Table 5, 38.4% agreed that their firm’s customer service is very reliable, 43.0% agreed that the customers get instant response to their demands, 45.3% agreed that their firm has quality customer relationship, 38.4% agreed that the management has in places means to quicken service delivery, and 33.7% agreed that the management ensures that customers are in touch with the firm all the time.

Table 5: Descriptive Statistics of Innovative Customer Service Strategy

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Our firm’s customer service is very reliable	0.0%	12.8%	16.3%	38.4%	32.6%
The customers get instant response to their demands	2.3%	9.3%	23.3%	43.0%	22.1%
Our firm has quality customer relationship	2.3%	9.3%	17.4%	45.3%	25.6%
The management has in places means to quicken service delivery	7.0%	8.1%	36.0%	38.4%	10.5%
The management ensures that customers are in touch with the firm all the time	2.3%	16.3%	22.1%	33.7%	25.6%

5.1.5 Descriptive Statistics of Real Estate Firms’ Performance

The study generated a descriptive statistics table of Performance of Real Estate Firms from the data and presented the findings in Table 6. From the table, 45.3% said their customer base was good, 37.2% said their market share was good, 47.7% said their customer satisfaction was good, 36.0% said their general growth rate was average, and 47.7% said their level of profitability was good.

Table 6: Descriptive Statistics of Real Estate Firms’ Performance

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

5.2 Correlation between the variables

A correlation matrix between the variables was generated by researcher from the SPSS data file. The results were

summarised in Table 7. Table 7 shows that all the independent variables had a strong positive and statistically significant (p = .000) correlation with the dependent variable (Performance of Real Estate Firms).

Table 7: Correlation between the variables

Correlations						
		Real Estate Firms Performance	Process Innovation Strategy	Product Differentiation Strategy	Technology Strategy	Innovative Customer Service Strategy
Real Estate Firms Performance	Pearson Correlation	1	.697**	.921**	.732**	.895**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	86	86	86	86	86
Process Innovation Strategy	Pearson Correlation	.697**	1	.742**	.740**	.728**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	86	86	86	86	86
Product Differentiation Strategy	Pearson Correlation	.921**	.742**	1	.667**	.860**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	86	86	86	86	86
Technology Strategy	Pearson Correlation	.732**	.740**	.667**	1	.719**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	86	86	86	86	86
Innovative Customer Service Strategy	Pearson Correlation	.895**	.728**	.860**	.719**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	86	86	86	86	86

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

5.3 Regression Analysis

A regression analysis between the Independent Variables (Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy, and Innovative Customer Service Strategy) and the Dependent Variable (Real Estate Firms Performance) was carried out and the findings were presented in Table 8, Table 9 and Table 10. Table 8 shows that R<sup>2</sup> was .903 meaning that all independent variables (Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy, and Innovative Customer Service Strategy) contributes 90.3% to the total variance of Real Estate Firms Performance (the dependent variable).

Table 8: Model Summary of Independent Variables and the Dependent Variable

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.950 <sup>a</sup>	.903	.898	.26930

a. Predictors: (Constant), Innovative Customer Service Strategy, Technology Strategy, Process Innovation Strategy, Product Differentiation Strategy

The Anova Table 9 shows that the p-value was .000 (below the 5% threshold) and hence, the Combined Independent Variables (Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy, and Innovative Customer Service Strategy) were statistically significant to the Dependent Variable (Performance of Real Estate Firms).

Table 9: Anova Table of Independent Variables and the Dependent Variable (Firm Performance)

ANOVA <sup>a</sup>						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	54.664	4	13.666	188.442	.000 <sup>b</sup>
	Residual	5.874	81	.073		
	Total	60.538	85			

a. Dependent Variable: Real Estate Firms Performance  
 b. Predictors: (Constant), Innovative Customer Service Strategy, Technology Strategy, Process Innovation Strategy, Product Differentiation Strategy

Table 10 indicates that all independent variables (Process Innovation Strategy, Product Differentiation Strategy,

Technology Strategy, and Innovative Customer Service Strategy) contributed significantly (p-values below the 5.0% threshold) to the optimal model shown below;

$$\begin{aligned}
 \text{Performance of Real Estate Firms (Y)} &= .355 - .125X_1 + .509X_2 + .177X_3 \\
 &+ .320X_4
 \end{aligned}$$

Table 10: Coefficient Table of Independent Variables and the Dependent Variable (Performance of Firms)

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.052	1.376		2.217	.029
	Cyber Risk Management and Oversight	.053	.054	.059	.993	.323
	Cyber Threat Intelligence and Collaboration	.102	.075	.135	1.369	.174
	Cyber Security Controls	.143	.067	.194	2.129	.036
	Cyber Incident Response and Resilience	.355	.055	.555	6.470	.000

a. Dependent Variable: Combating Banking Fraud

VI. DISCUSSION

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

Product Differentiation Strategy was found to have a significant, positive and strongest effect on Real Estate Firms' Performance (the dependent variable). In a similar study, Löfsten (2014) noted that product innovation dimensions such as efficacy and efficiency were strongly and positively related to performance. The findings were similar to those of Artz, Norman, Hatfield and Cardinal (2010) whose findings revealed that product innovation strategy affected performance of the organisation significantly. Artz *et al.* (2010) observed that exceptional profits were generated by

product innovation especially when introduced products face indirect or little competition that leads to higher product margins in the long run. In a similar finding, Bowen, Rostami and Steel (2010) and Calantone, Harmancioglu and Droge (2010) admitted that product innovation affected revenue growth positively.

Technology Strategy was observed to have a positive and significant influence on the dependent variable (Performance of Real Estate Firms). In a similar study by Karanja (2009), the author observes that companies that strongly adopt innovation strategies that are technology-enabled are the ones that have better chances of competing and also create higher shareholder value. The findings further indicated that Innovative Customer Service Strategy had a positive significant impact on the dependent variable (Performance of Real Estate Firms). In a similar study, Karabulut (2015) noted that the internal business processes dimension leads managers to develop excellent internal business processes to sustain customer satisfaction after they determine factors achieving customer satisfaction. The learning and growth perspective define structure, critical factors, internal business processes, and customer processes to improve the growth of the firm in the long term. These findings were consistent with the argument of Padma, Rajendran and Sai Lokachari (2010), who maintained that improved service quality endows companies with social and commercial significance.

VII. CONCLUSION

The study sought to find the effects of Process Innovation Strategy on real estate firms' performance in the Sub-County of Mavoko, Kenya. From the study findings, both correlation and regression analysis revealed that Process Innovation Strategy significantly affected real estate firms' performance in the Sub-County of Mavoko, Kenya. The study therefore concluded that Process Innovation Strategy affected real estate firms' performance in the Sub-County of Mavoko, Kenya. In a comparative study on how product and process innovation affects performance, Wolff and Pett (2004) found that changes in product are related positively to profitability and growth of firm. Van Auken, Madrid-Guijarro and Garcia-Perez-de-Lema (2008) study of performance and innovation of manufacturing SMEs in Spain noted that there was positive relation between innovation process and performance. Fagerberg and Verspagen (2009) emphasized that process innovation can have a more hazy effect due to its cost-cutting nature as compared to introducing new products.

The study sought to to establish the effect of Product Differentiation Strategy on performance of real estate firms in Mavoko Sub-County, Kenya. The study concluded that Product Differentiation Strategy affected real estate firms' performance in the Sub-County of Mavoko, Kenya positively as the study results, especially correlation and regression which showed that Product Differentiation Strategy effect on the performance of real estate firms was positive and statistically significant. Therefore, an increase in Product

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

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

The study sought to find out the effect that Innovative Customer Service Strategy had on real estate firms' performance in the Sub-County of Mavoko, Kenya. From the correlation and regression findings, the study made a conclusion that Innovative Customer Service Strategy positively and significantly affected real estate firms' performance in the Sub-County of Mavoko, Kenya. The study results were consistent with the statement by Wicks and Roethlein (2009) that an organization that consistently satisfies its customers, enjoy higher retention levels and greater profitability due to increase customer loyalty. Agbor (2011) noted that satisfaction service quality and of customers have been shown to improve the general organizational profitability.

#### VIII. RECOMMENDATIONS

The general objective of the study was to assess the effect that innovation strategies have on real estate firms' performance in the Sub-County of Mavoko, Kenya. From the findings therefore, the study recommends that the firms should make use of Process Innovation Strategy, Product Differentiation Strategy, Technology Strategy, and Innovative Customer Service Strategy so as to enhance their performance.

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