International Research Journal Of Business and Strategic Management

Vol 6, Issue 1, pp 95-107, March 21, 2024, © International Research Journal Publishers, ISSN 2710-2742 (online) www.irjp.org

RESPONSE STRATEGIES AND COMPETITIVE ADVANTAGE IN REAL ESTATES FIRMS IN KENYA, CASE STUDY OF KIAMBU COUNTY

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Accepted, March 16th, 2024

Abstract

Some of the challenges faced by most of the SMEs include high market competition, high operational cost, and inadequacy of resources among others. For a firm, considering the competitive advantage would be very critical as it determines the firm's profitability during the changes in the market forces. The study aimed to investigate the effect of innovation strategy, risk management strategy on the competitive advantage of real estate firms in Kiambu County, Kenya. The technological acceptance model, the stakeholder theory and the resource-based theory provided anchorage to the study. The study adopted a descriptive survey research design targeting 1,524 registered real estate firms in Kiambu County as at 2022 and multistage sampling technique was adopted to sample 317 respondents as the sample size. Primary data was collected with the aid of the questionnaire that had undergone validation to determine reliability and validity. The analysis of the gathered data was done through Statistical Package for Social Sciences (SPSS) guided by means and standard deviation as well as correlation and regression analysis and presented through tables and figures. The findings indicated that innovation strategy ($p<0.05$) and risk management strategy ($p<0.05$) had significant effect on the competitive advantage of real estate firms in Kiambu County, Kenya. The study concluded that response strategies are significant predictors of competitive advantage of the firm. The study recommended that different innovation strategies including organizational innovation, marketing innovation, technological innovation and process as well as product innovation strategies can be adopted by these firms in order to sustain their competitive edges. The managers working with real estate firms in Kiambu County should heavily invest in portfolio diversification since doing so would minimize their exposure to risks and thus allowing them to maximize the returns on their investments hence gaining competitive advantage.

Key words: *Response Strategies, Innovation, Risk Management, Competitive Advantage, Real Estate*

INTRODUCTION

Over the years, free markets have experienced a rise in external market waves, which necessitates organizations to position themselves strategically. By doing so, these companies can sustain their competitiveness in the market. Organizations are called to develop major

uniqueness in their daily operations that will make them to being distinct in the market. Gaining a competitive advantage in an organization is very crucial to its performance both financially and non-financial (Darmawan 2020). According to Anwar (2021), adopting a competitive strategy enables a firm to not only sustain its performance but also effectively deal with the uncertainties and fluctuations in the business environment. Therefore, it is crucial for a firm to strategically position itself to leverage the environmental factors to its advantage.

The level of a firm's competitive edge is directly influenced by the strategies it chooses to adopt and how effectively it implements those strategies. A well-planned and skillfully executed strategy can significantly enhance a company's performance and competitiveness in the market. Hence, the success of a firm largely depends on the alignment and successful execution of its chosen strategies. With a unique strategy an organization can improve its performance in the market thus maintaining its competitiveness. Giantari et al, (2020) argued that competitive advantage has a positive influence on the market performance of an organization. Anwar (2021) emphasized that successful strategies must be firmly rooted in competitive advantage, providing a distinct edge over competitors in any business setting. To achieve a competitive advantage over others, an organization must possess unique capabilities or resources that are either unavailable to its competitors or challenging for them to acquire. These valuable assets may include strong brand recognition, strategic prime locations, intellectual capital, exclusive access to specific mineral resources, and other exceptional qualities that set the organization apart from its rivals. By leveraging these distinctive attributes, a company can establish a competitive edge, ensuring its long-term success and market leadership.

These strategic responses implemented by the organization include the innovations strategy where the firms aim to maximize on the innovation of their products making them more attractive to their clients. Organizations must focus on the risk management strategy as a way to strategic response. This incorporates risk controls, risk flexibility and risk collaboration strategies. This increases the customers' trust in the organization. As a strategy of organization response to strategic responding to the market competition the organization must strategically position itself. This includes strategic locations, strategic assets and continuously improving their products to meet the consumer's taste.

In Kenya, the real estate sector has been among the growing sector over the years. This increase in demand for the real estate services services has led to an increase in the number of players in the sector. This increase has resulted in an increase in competition in the real estate sector. There has been a need for the financial institution to develop new strategies for them to remain relevant in the market and increase their competitive advantage.

Statement of the Problem

Real estate firms often encounter challenges such as intense market competition, high operational costs, and resource inadequacy. Considering competitive advantage becomes crucial for firms as it directly impacts their profitability amidst changes in market dynamics. Similarly, the real estate sector faces challenges of heightened competition, rising operational costs and resource constraints. The number of real estate firms has markedly grown over the years, increasing from approximately 527 registered firms in 2010 to around 1524 firms by 2022 (Registrar of Saccos Report, 2022). This growth has intensified the competition for market share as reflected in the firms' performance.

Taking the case of a real estate firm in Kiambu County, Uridhi Housing Cooperative, its performance saw a significant 10% drop between 2015 and 2017, with high regional competition cited as a major factor. Consequently, strategic responses have been adopted to gain a

competitive advantage in the market. Despite various studies assessing the effects of different strategies for competitive advantage, many SMEs, like those in Kiambu County, seem to struggle in adopting these strategic responses to changing market dynamics (Gure & Karugu, 2018).

Past studies have emphasized the significance of competitive advantage in the market. Odhiambo (2015) examined whether innovation strategies could validate competitive advantage using the United Bank of Africa Ltd. as a case study. The findings suggested that the bank's innovation strategies played a pivotal role in achieving competitive advantage, considering its operating landscape. Gatimu (2022) highlighted that Kiambu County's SMEs have been implementing differentiation, cost leadership, and focus strategies to gain a competitive edge. These strategies help SMEs differentiate, achieve cost-efficiency, and target specific market segments.

Maina (2020) noted that strategic management practices significantly influenced SME competitiveness and operational performance in Thika town. Gathungu and Baariu concluded that the operational strategies adopted greatly determine SME success. However, previous research has not sufficiently established a clear link between response strategies and competitive advantage for Kiambu County's SMEs. Due to this research gap, empirical conclusions about the applicability of existing response strategies to competitive advantages in Kiambu County cannot be drawn.

Hence, this study aims to bridge this gap by investigating the relationship between response strategies and competitive advantage among real estate firms in Kiambu County. The study will address key questions such as how the adoption of innovation strategy influences competitive advantage, the extent to which risk management strategy affects competitive advantage, how expansionary strategies impact competitive advantage, and how strategic human resource management influences competitive advantage. Thus, the study sought to uncover the critical connection between response strategies and the ability of Kiambu County's real estate firms to achieve and maintain a competitive advantage in the market.

Objectives of the Study

i. To assess the influence of innovation strategy on the competitive advantage of real estate firms in Kiambu County, Kenya
ii. To analyze the influence of risk management strategy on the competitive advantage of real estate firms in Kiambu County, Kenya.

LITERATURE REVIEW

Theoretical Review

Technological Acceptance model

Technological advancement model was developed by Davis (1989). The theory models how users come to accept and use new technology. The primary objective of TAM was to shed light on the processes underpinning the acceptance of technology, to predict the behavior of and provide a theoretical explanation for the successful implementation of technology. The practical objective of TAM was to inform practitioners about measures that they might take prior to the implementation of systems. The technological advancement model gives that there are two factors that determine whether new users accept and adopt new technology. To begin with the acceptance of new technological innovation relies with the perceived useful ness by the user. This can be defined as the degree to which the users feel that the innovation is helpful to them. It will take less time to accept a new technological innovation that will increase the performance of the user. The other factor for adoption of new technological advancement is the perceived ease of by the users. This is the degree to which a person believes that using a particular system would be free from effort. The simpler the technology the less time it takes for it to be adopted by the

users. There are other external factors that influence the acceptance of new advancement such as the social influence that determines the attitude of individuals to innovations.

Portfolio Theory

The portfolio theory was developed by Markowitz (1952). The theory formalized risk management strategies from an approach which is modernistic. Portfolio theory models the relationship between the risk and the returns mathematically. The theory holds the assumption that the returns are associated o risks and with greater risks the returns are expected to be high. Portfolio theory computes returns as the percentage gains that are above the amount invested and risk is calculated as the standard deviation of the stream of return on investments. In a portfolio of investments, return is measured by the weighted average of the returns of each investment weighted on amounts invested in each asset (Vaclavik & Jablonsky, 2012). The key feature of the portfolio theory is its strategy of diversification of risk. Though the benefits of diversification have a limit, the theory posits that choosing investments that are not perfectly correlated to make a portfolio can have a risk reducing effect exposure to risk (Markowitz, 1952). The actual tactics used to mitigate risk can form a strategy that can be used to position the firm and become the competitive position of the firm. If the positioning is valuable, non-imitable and rare, it forms the sustainable competitive advantage of the business organization (Kim & Francis, 2013).

Conceptual Framework

Independent Variable **Dependent Variable**

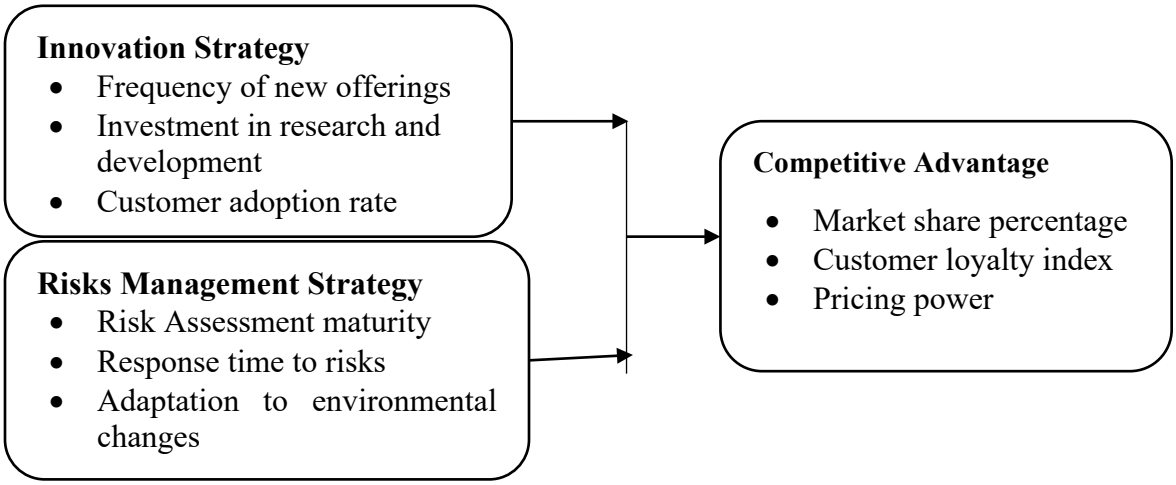

Figure 1: Conceptual Framework

Empirical Review

Innovation Strategy

Aziz and Samad (2016) conducted a study in Malaysia to determine the effect of innovation on competitive advantage in Small and Medium-sized Enterprises (SMEs) engaged in food manufacturing. Their sample of 220 manufacturers was selected using random sampling techniques, and data was collected through questionnaires. The study employed both descriptive and inferential statistical analysis. The findings indicated that innovation accounted for a substantial 73.5% variance in competitive advantage among the firms and significantly influenced their competitive position. However, it was observed that the relationship was moderated by firm age, implying that food manufacturers were using innovative strategies to adapt to competitive pressures.

Soi (2016) investigated the effects of innovation strategies on the performance of telecommunication firms in Kenya, focusing on Safaricom Limited, Airtel Limited, and Telkom Kenya Limited. The study examined product, technological, and market innovation dimensions. Data from 276 managers of the three major telecommunication players were analyzed, and the results demonstrated a significant relationship between product innovation, technological innovation, and market innovation on the industry's performance in Kenya.

Ibingira, Muturi, and Rurangwa (2017) explored the relationship between innovation and organizational performance in the Rwandese banking industry. The study considered process, service, and organizational innovation dimensions. Their findings, based on the Bank of Rwanda, revealed that these innovative strategies were strong predictors of organizational performance, with each strategy having a different impact. The increasing regulatory environment in the banking sector provided opportunities for multiple responses to competitive pressures, enabling firms to enhance their competitive advantage.

In a study by Yu et al. (2017) in China, the relationship between the knowledge creation process and technological innovation capabilities was examined, and its effect on a firm's sustainable competitive advantage was analyzed. The study involved 315 industrial firms, and technological innovation capabilities were assessed through process innovation capability and product innovation capability. It was found that these capabilities played a mediating role in the relationship between the knowledge creation process and a firm's sustainable competitive advantage.

Risk Management

In the study conducted by Chang (2019), the main objectives were to investigate the impact of hedging on risk exposure and financial performance of commercial banks. The study focused on European banks operating across 25 countries. The study revealed that banks that used more hedging were more exposed to risk. Data were obtained from the banks' balance sheet and income statements retrieved from the Bank scope database. Analysis was conducted by linear regression. The study established that banks with high-risk exposure and higher value used derivatives. This indicates that risk management through hedging affected performance as measured by firm value.

In the study conducted by Merciec (2020), the focus was on how diversification influenced the creditworthiness and earnings of low-level European credit companies. The research collected data from 755 small banks across 15 countries, covering the period between 1997 and 2003. Diversification was measured using the Herfindahl Hirschman Index, while earnings were assessed using Return on Assets (ROA) and Return on Equity (ROE). The analysis was conducted using Z scores. However, the results indicated that diversification did not have a significant impact on the profitability of small banks.

In the study conducted by Muteti (2019), the research focused on the relationship between financial risk management and the financial performance of Kenyan commercial banks. The study included the entire population of commercial banks in Kenya. The analysis utilized a multiple regression model with financial performance measured using the ROA ratio, and independent variables such as interest rate, credit risk, liquidity management, capital management, forex exposure, bank deposits, and bank size. The findings indicated that various risks, including forex exposure, interest rate, credit risk, capital management, liquidity, bank size, and bank deposits, significantly influenced the financial performance of Kenyan commercial banks.

In the study conducted by Isanzu (2017), the investigation centered on the impact of credit risk on financial performance in Chinese microfinance banks. The research used a descriptive research method and covered the period from 2008 to 2014. The study utilized capital adequacy ratios, non-performing loan impairment charges, and impaired reserves as determining factors for credit risk moderation. Return on assets was used as a measure of financial performance. The analysis was carried out using a panel data regression model, and the results showed that both capital adequacy and non-performing loans significantly affected the financial performance of the microfinance banks, underscoring the importance of credit risk management for their financial well-being.

These four studies contribute to the understanding of risk management, diversification, and their implications on financial performance and creditworthiness in the banking sector. While the study by Merciec suggests that diversification may not have a significant impact on small banks' profitability, the studies by Muteti and Isanzu highlight the importance of risk management strategies in influencing financial performance and credit risk in commercial banks and microfinance institutions, respectively. The findings from these studies can provide valuable insights for banks and financial institutions to enhance their risk management practices and sustain a competitive advantage in their respective markets.

RESEARCH METHODOLOGY

Research Design

This study adopted a descriptive survey research design and involve collecting data to answer questions concerning this study. It is an empirical investigation of response strategy by small and medium-sized enterprises in Kiambu County. This design is justifiable because it compares the quantitative reasoning of a sample. In addition, the design, by the virtual of being cross-sectional, gives a representation of the whole population with minimum bias. Moreover, descriptive survey makes standardized measurement more precise by enforcing uniform definitions upon the respondents. This standardization ensures that similar data can be collected from groups/strata then interpreted comparatively.

Target Population

In Kenya, there are about 5.2 million SMEs (Strategic Business Advisors (Africa) Ltd., 2019). The study focused on the registered real estate firm in Kiambu. There are 1,524 registered real estate firms in Kiambu County as at 2022 where 864 firm offers only leasing and renting services of properties, 451 firms offer selling of properties and only 209 firms offer both selling and leasing of lands and properties. Their distribution per Sub County is as presented in Table 1.

Table 1: Population of the Study

Sub-County	Number of Registered Firms	Leasing & renting services	Selling of Properties	Both
Gatundu North	69	39	20	10
Gatundu South	77	44	22	11
Githunguri	104	59	31	14
Juja	190	108	56	26
Kabete	126	71	38	17
Kiambaa	149	84	44	21
Kiambu	92	52	27	13
Kikuyu	118	67	35	16

Lari	85	48	25	12
Limuru	100	57	30	13
Ruiru	234	133	69	32
Thika East	25	14	7	4
Thika West	155	88	46	21
Total	**1524**	**864**	**450**	**210**

Sample and Sampling Techniques

The study adopted a multistage sampling technique that is commonly employed when the population is scattered over a wide area and three or more stages of sampling applied (Chauvet, 2015). Identification of Kiambu County out of other counties in Kenya using purposive sampling formed stage one. Stage 2 was identification of real estate firms as the unit of analysis. Stage 3 was selection of the actual respondents (units of observation) using purposive sampling technique to identify the respondents.

Sample size

The sample size was determined according to the formulae of Taro Yamane (1967) which has a 95% confidence level. The formulae are represented as follows:

$$N = \frac{N}{1 + N(e)^2}$$

Where n= Sample size required

N= Number of people in the population

e= Allowable error

$$\mathbf{n = \frac{1524}{1+1524\ (0.05)^2} = 317}$$

The distribution of respondents was based on proportionate sampling at sub-county level as follows:

Table 2: Sampling Frame

Sub-County	Number of Registered Firms	Sample Proportion	Sample Size
Gatundu North	69	0.208	14
Gatundu South	77	0.208	16
Githunguri	104	0.208	22
Juja	190	0.208	39
Kabete	126	0.208	26
Kiambaa	149	0.208	31
Kiambu	92	0.208	19
Kikuyu	118	0.208	25
Lari	85	0.208	18
Limuru	100	0.208	21
Ruiru	234	0.208	49
Thika East	25	0.208	5
Thika West	155	0.208	32
Total	**1524**	**0.208**	**317**

Data Collection

For collecting primary data, the researcher used a semi-structured questionnaire. The questions were structured in such a manner as to elicit from the respondents the issues on response

strategies adopted by the SMEs in the recent past and how it affected competitive advantage. The questionnaire had close ended items that were structured and outlined using a 5-point Likert scale where 1-strongly disagree and 5-strongly agree.

Data Analysis

For the quantitative data analysis, the researcher used descriptive statistics to summarize and present the main characteristics of the data, such as means, standard deviations, frequencies, and percentages. Descriptive statistics helped the researcher gain insights into the distribution and central tendencies of the quantitative variables. Descriptive statistics involved the use of percentages, frequencies, measures of central tendencies (mean) and measures of dispersion (standard deviation). Inferential statistic involving the use of correlation analysis to establish the nature of the affiliation amongst variables at a generally accepted conventional significant level of $P < 0.05$ (Gall, Borg & Gall, 2013). The analytical model relating the dependent variable with independent variables was formulated as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

FINDINGS AND DISCUSSION

Response Rate

Out of the 317 questionnaires that were administered to the registered real estate firms in Kiambu County, 231 were completely filled and returned leading to a response rate of 73% which was adequate and consistent with Babbie (2010).

Reliability Results

Reliability of the questionnaire was determined through computation of the values of Cronbach Alpha Coefficients on the basis of the questionnaires from the pilot study as presented in subsequent sections. Table 3 is a breakdown of the findings.

Table 3: Reliability Results

	Cronbach's Alpha	N of Items
Innovation Strategy	.907	5
Risk Management Strategy	.816	5
Competitive advantage	.953	5

From Table 3, all the values of Cronbach Alpha across the five variables are above 0.7, this provides an indication that a reliable scale was used in their design on the questionnaire.

Descriptive Statistics

Means and standard deviations were computed as descriptive statistics in this study across the variables and a description of these findings is set out in the subsequent sections.

Innovation Strategies

The findings of descriptive statistics on innovation strategies were established and summarized as shown in Table 4.

Table 4: Innovation Strategies

Statement on innovation strategies	Mean	Std. Dev
Our firm strongly believes in investing significantly in research and development (R&D) activities to create innovative real estate solutions.	3.63	0.794
Our firm consistently introduces new and innovative real estate products or services in the market.	3.65	0.990
We recognize patents as a crucial asset in protecting our firm's innovative real estate technologies or processes.	3.69	0.725
Our firm actively encourages employees to suggest and implement innovative ideas in the real estate domain.	3.58	0.969

We firmly believe that our firm's innovation strategy is highly effective in gaining a strong competitive advantage in the real estate market.	3.70	0.742

The findings in Table 4 indicate that respondents agreed that they firmly believed that their firm's innovation strategy was highly effective in gaining a strong competitive advantage in the real estate market (M=3.70, SD= 0.742) and that they recognized patents as a crucial asset in protecting their firm's innovative real estate technologies or processes (M=3.69, SD=0.725). This implies that there was an innovation strategy at the studied real estate forms which was supported by adoption of patents as important knowledge-based assets.

The study established that the firms consistently introduced new and innovative real estate products or services in the market (M=3.65, SD=0.990) and that the firm strongly believed in investing significantly in research and development (R&D) activities to create innovative real estate solutions (M=3.63, SD=0.794). This means that innovation of new products and investment in R&E were keys aspects of innovation in the studied real estate firms.

Risks Management Strategy

Table 5 is a breakdown of the findings of descriptive statistics on risk management strategy

Table 5: Risks Management Strategy

Statements on risk management strategy	Mean	Std. Dev
Our firm effectively diversifies its real estate portfolio to spread and manage risks efficiently.	3.75	0.816
Our firm has well-prepared contingency plans to address potential risks and uncertainties in the real estate industry.	3.62	0.965
We are highly satisfied with the comprehensive insurance coverage provided by our firm to mitigate various real estate-related risks.	3.78	0.899
Our firm consistently analyzes and assesses risks before undertaking new real estate projects or ventures.	3.62	0.965
We are very confident in our firm's ability to handle and recover from unforeseen real estate market fluctuations.	3.83	0.647

Results in Table 5 show that respondents agreed on the fact that they were very confident in their firm's ability to handle and recover from unforeseen real estate market fluctuations (M=3.83, SD=0.647) and that they were highly satisfied with the comprehensive insurance coverage provided by their firm to mitigate various real estate-related risks (M=3.78, SD=0.899). This implies that timely response to unforeseen events coupled with possession of insurance covers helped the studied firms to deal with their exposure to unforeseen risky events and circumstances in their operations.

The study established that the studied firms had effectively diversified their real estate portfolio to spread and manage risks efficiently (M=3.75. SD=0.816), there were well-prepared contingency plans to address potential risks and uncertainties in the real estate industry (M=3.62, SD=0.965) and that the firms consistently analyzed and assessed risks before undertaking new real estate projects or ventures (M=3.62, SD=0.965). This means that diversification, preparation of contingency plans, analysis and assessment of risks were critical practices that contributed towards effective risk management in the studied firms.

Correlation Results

The relationship between response strategies and competitive advantage of the studied real estate firms was explored through correlation analysis and Table 6 gives summary of the results:

Table 6: Correlation Results

		Competitive advantage	Innovation strategy	Risk management strategy
Competitive advantage	Pearson Correlation	1		
Innovation strategy	Pearson Correlation	.122	1	
Risk management strategy	Pearson Correlation	.353	.161	1

The findings in Table 6 indicate that while risk management strategy (r=0.353) had moderate and positive relationship with competitive advantage, innovation strategy (r=0.122) had a weak but positive relationship. This means that response strategies are positive correlates of competitive advantage among the real estate firms in Kiambu County in, Kenya.

Regression Results

Table 7 is the breakdown of the regression model summary of the study:

Table 7: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.777[a]	.604	.548	1.36725

The findings in Table 7 show that 54.8% variation in competitive advantage of the real estate firms in Kiambu is explained by the response strategies (Adj. R^2=0.548). This finding agree with Aziz and Samad (2016) who established that innovation accounted for a substantial 73.5% variance in competitive advantage among the firms and significantly influenced their competitive position. This means that there are additional factors other than response strategies that also have an effect on competitive advantage of these firms which should be the focus of future studies. The findings of the Analysis of Variance (ANOVA) were established and summarized as shown in Table 8 below:

Table 8: Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	79.900	2	19.975	86.099	.000[b]
Residual	52.342	228	.232		
Total	**132.242**	**230**			

Table 8 generally indicate that on overall, the regression model adopted in this study was significant (F=86.099, p<0.05). This implies that other factors exist other than response strategies that have an effect on competitive advantage of the overed real estate firms which should be the focus of future studies. The findings of the beta coefficients and significance were established and summarized as shown in Table 9.

Table 9: Regression Coefficients and Significance

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	3.644	1.786		2.040	.491
Innovation strategy	.167	.053	.165	3.151	.013
Risk management strategy	.124	.057	.282	2.175	.032

From Table 9, the following equation is predicted between response strategies and competitive advantage:

$\mathbf{Y= 3.644+ 0.167X_1+ 0.124X_2+ \varepsilon}$

Where:

y = Competitive advantage of real estate firms in Kiambu County, Kenya

X_1 = Innovation strategy

X_2 = Risk management strategy

This study sought to assess the influence of innovation strategy on the competitive advantage of real estate firms in Kiambu County, Kenya. Table 9 indicates the p-value under innovation strategy as 0.013 which is less than 0.05. It was thus inferred that innovation strategy has significant effect on competitive advantage of real estate firms in Kiambu County, Kenya. This finding agree with Ibingira, Muturi, and Rurangwa (2017) who revealed that these innovative strategies were strong predictors of organizational performance, with each strategy having a different impact. In a study by Yu et al. (2017), it was found that these capabilities played a mediating role in the relationship between the knowledge creation process and a firm's sustainable competitive advantage.

The second objective of the study was to analyze the influence of risk management strategy on the competitive advantage of real estate firms in Kiambu County, Kenya. The analysis indicated the p-value on risk management strategy as $p=0.032$ that is $p<0.05$. Hence, it was deduced that risk management strategy exerts significant effect on competitive advantage of the real estate firms in Kenya. The finding disagrees with Merciec (2020) who indicated that diversification did not have a significant impact on the profitability of small banks. However, the results agree with Muteti (2019) who indicated that various risks, including forex exposure, interest rate, credit risk, capital management, liquidity, bank size, and bank deposits, significantly influenced the financial performance of Kenyan commercial banks.

Conclusion

Innovation strategy has significant effect on competitive advantage of real estate firms in Kiambu County, Kenya. There was an innovation strategy at the studied real estate forms which was supported by adoption of patents as important knowledge-based assets like patents. Innovation of new products and investment in R&E were keys aspects of innovation in the studied real estate firms.

Risk management strategy exerts significant effect on competitive advantage of the real estate firms in Kenya. Timely response to unforeseen events coupled with possession of insurance covers helped the studied firms to deal with their exposure to unforeseen risky events and circumstances in their operations. Diversification, preparation of contingency plans, analysis and assessment of risks were critical practices that contributed towards effective risk management in the studied firms.

Recommendations

Senior managers working among the real estate firms in Kiambu County, Kenya should invest in innovation by developing new products and modifying the existing ones in line with the needs of the customers. Different innovation strategies including organizational innovation, marketing innovation, technological innovation and process as well as product innovation strategies can be adopted by these firms in order to sustain their competitive edges. Similarly, disruptive and radical innovation can be adopted by these firms as a strategy for gaining competitive advantage.

The study has acknowledged the central role played by risk management towards competitive advantage of the firm. Hence. It is recommended that the managers working with real estate firms in Kiambu County should heavily invest in portfolio diversification since doing so would

minimize their exposure to risks and thus allowing them to maximize the returns on their investments hence gaining competitive advantage.

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