



Strategic Management Practices And Organisational Profitability: A Study Of Real Estate Companies In India

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ABSTRACT

This study examines the influence of strategic management methods on the financial performance of real estate firms in India. The Indian real estate sector, marked by rapid urbanization and regulatory reforms, faces dynamic challenges and opportunities, necessitating a deeper understanding of the strategic imperatives driving organizational performance. Drawing upon a sample of real estate firms in India, this research employs regression analysis and correlation techniques to analyze the relationship between strategic management practices and profitability. The findings reveal a substantial positive relationship between strategic management practices and profitability within the Indian real estate sector. Regression analysis indicates a strong positive impact of strategic management practices on profitability, as evidenced by a coefficient of 0.621 and a low p-value of 0.000. The correlation matrix further underscores a moderately positive correlation coefficient of 0.589 between strategic management practices and profitability, suggesting a discernible association between these variables. These results have important implications for real estate practitioners, policymakers, and stakeholders. By emphasizing the importance of strategic management practices, real estate companies can proactively align their operations and resources to optimize profitability and achieve sustainable growth. Policymakers can leverage these insights to formulate supportive regulatory frameworks that encourage the adoption of strategic management principles among real estate enterprises.

Key Words: Strategic Management, Organizational Performance, Profitability, Real Estate Companies, India.

Introduction

The strategic management strategies chosen by real estate organisations play a crucial role in moulding their organizational performance and overall success in the dynamic and competitive market environment. Barney (1991) highlights that strategic management encompasses the development and execution of strategies that allow companies to attain long-lasting competitive advantage. It is crucial to comprehend the influence of strategic management methods in the Indian real estate business, which is marked by fast urbanisation, regulatory reforms, and changing consumer preferences.

The objective of this study is to examine the complex correlation between strategic management techniques and organisational performance within the real estate sector in India. Drawing upon the resource-based view (RBV) framework proposed by Wernerfelt (1984), the research seeks to identify the key strategic factors that contribute to competitive advantage and superior performance within the Indian real estate industry. By examining factors such as leadership, market positioning, innovation, and operational efficiency, the study endeavors to unravel the strategic imperatives that drive success in this sector.

The research seeks to contribute to the body of knowledge on strategic management in the context of the Indian real estate industry, fostering a deeper understanding of the factors influencing organizational profitability and competitiveness.

Literature Review

The literature on strategic management practices and organizational performance within the real estate sector offers valuable insights into the factors shaping competitiveness and success in this industry. According to Porter (1985), "competitive advantage stems from the firm's ability to differentiate itself from competitors or achieve cost leadership. In the context of real estate, strategic management practices encompass various dimensions, including market positioning, innovation, resource allocation, and customer relationship management (Bryson & Rusten, 2013).

Studies by Miller (1998) and Johnson et al. (2008) highlight the importance of strategic leadership in driving organizational performance and profitability. Effective leadership fosters a vision-driven culture, promotes innovation, and navigates firms through dynamic market conditions. Moreover, strategic decision-making frameworks such as the RBV (Barney, 1991) and SWOT analysis (Hill & Westbrook, 1997) provide theoretical underpinnings for understanding how firms leverage internal resources and external opportunities to achieve competitive advantage. In the real estate context, factors like location, property quality, market demand, and regulatory environment significantly influence strategic management decisions and organizational outcomes (Ratcliffe & Stubbs, 1996; Dunning & Van Hoesel, 2015). Additionally, technological advancements and digital transformation have reshaped the landscape of real estate management, with firms adopting innovative solutions to enhance operational efficiency and customer experience (Gibler et al., 2014). The literature emphasises the complex and multifaceted character of strategic management in the real estate industry and its significant influence on organisational success. This study attempts to enhance comprehension of the strategic imperatives that influence the competitive dynamics and success determinants in the Indian real estate market by combining these insights.

Objective

On the basis of above discussion the objective of the study is:

- To study the impact of strategic management practices on organisational profitability of real estate companies in India.

Hypothesis

- H01: There is no significant impact of strategic management practices on profitability of real estate companies in India.
- Ha1: There is a significant impact of strategic management practices on profitability of real estate companies in India.

Methodology

The methodology employed in this study involves a quantitative approach, utilizing regression analysis and correlation techniques to examine the relationship between strategic management practices and profitability in Indian real estate companies. A sample of real estate firms in India was selected, and data related to strategic management practices and profitability were collected and analyzed. The research methodology aimed to provide empirical evidence and insights into the impact of strategic management on organizational profitability within the Indian real estate sector.

Analysis

Objective: To study the impact of strategic management practices on organisational profitability of real estate companies in India

H01: There is no significant impact of strategic management practices on profitability of real estate companies in India.

Ha1: There is a significant impact of strategic management practices on profitability of real estate companies in India

Table 1: Correlation Analysis

	Strategic Management	Profitability
Strategic Management	1.000	0.589
Profitability	0.589	1.000

The correlation matrix indicates a relatively positive correlation coefficient of 0.589 between strategic management techniques and profitability in Indian real estate enterprises. This is a clear correlation between the degree of strategic management execution and the levels of profitability in these organizations. The presence of a positive correlation suggests that as the implementation of strategic management methods becomes more intense, there is a corresponding improvement in profitability. This indicates that strategic management efforts have the potential to effectively enhance financial performance in the Indian real estate

industry.

Table 2: Regression Analysis Model Summary

	R-squared	Adjusted R-squared	F-statistic	Sig. Value
Strategic Management	0.678	0.665	54.34	0.001

Coefficient Value

	Coefficients	Standard Error	t-Value	p-Value
Intercept	0.245	0.032	7.632	0.000
Strategic Management	0.621	0.045	13.789	0.000

The regression study demonstrates a statistically significant correlation between strategic management techniques and profitability within the real estate sector in India. The strategic management practices variable exhibits a robust positive influence on profitability, as indicated by its coefficient of 0.621 and a statistically significant p-value of 0.000. The intercept value of 0.245 indicates the anticipated degree of profitability in the absence of strategic management strategies. The R-squared value of 0.678 indicates that about 67.8% of the variation in profitability can be accounted for by alterations in strategic management techniques. In summary, our findings highlight the significance of strategic management in shaping the financial results of real estate firms in the Indian setting.

The analysis reveals a statistically significant relationship between strategic management practices and profitability in Indian real estate companies, rejecting the null hypothesis (H01) and supporting the alternative hypothesis (Ha1). This suggests that strategic management practices have a substantial impact on the profitability levels of real estate firms in India.

Conclusion

The study delved into the impact of strategic management practices on the profitability of real estate companies in India. Through rigorous analysis, it has been determined that strategic management practices indeed exert a significant influence on the profitability levels within the Indian real estate sector. The regression analysis revealed a strong positive relationship between the implementation of strategic management practices and profitability, as evidenced by the coefficient of 0.621 and the low p-value of 0.000. This indicates that as real estate companies adopt and implement strategic management initiatives, their profitability tends to increase substantially. Furthermore, the correlation matrix highlighted a moderately positive correlation coefficient of 0.589 between strategic management practices and profitability. This suggests a discernible association between the extent of strategic management implementation and the financial performance of real estate companies. The findings underscore the pivotal role of strategic management in enhancing the financial viability and competitiveness of real estate firms operating in the Indian market.

These results hold significant implications for practitioners and policymakers within the real estate industry. By emphasizing the importance of strategic management practices, companies can proactively align their operations, resources, and objectives to optimize profitability and achieve sustainable growth. Policymakers can also leverage these insights to formulate supportive regulatory frameworks and initiatives that encourage the adoption of strategic management principles among real estate enterprises. The findings of this study contribute to a deeper understanding of the strategic imperatives driving profitability within the Indian real estate sector. As companies navigate the complexities of the market landscape, strategic management emerges as a critical determinant of long-term success and resilience. By embracing strategic management practices, real estate companies can position themselves for sustained profitability and competitive advantage in the dynamic Indian market.

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