A STUDY TO UNDERSTAND THE IMPACT OF STRATEGIC MANAGEMENT PRACTICES ON THE ORGANIZATIONAL PERFORMANCE OF REAL ESTATE BUSINESSES IN CHINESE

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ABSTRACT

Using quantitative approaches, this research investigates how strategic management strategies affect the organisational performance of Chinese real estate companies. This study aims to quantify the impact of different strategic approaches on company results in China's real estate industry, which is known for its dynamic character and the crucial role of strategic management in navigating market difficulties. The research relies on a structured survey that was sent out to a cross-section of Chinese realty companies. Planning for the future, analysing the competition, allocating resources, and managing risks are all important parts of strategic management. To find out how these practices relate to financial performance, market share, operational efficiency, and other organisational performance metrics, researchers use statistical methods like structural equation modelling and regression analysis on the survey data. The results thus far point to a favourable correlation between strong strategic management techniques and improved organisational performance. Better financial results and operational efficiency are strongly linked to strategic planning and efficient use of resources. Firms that are able to do thorough competition analyses also have an advantage when it comes to placing themselves in the market. This research adds to the existing body of knowledge on strategic management by demonstrating, via an examination of the real estate industry in China, how certain practices affect performance results. Real estate executives & lawmakers may use the findings to inform strategic planning for improved company performance in a dynamic and competitive market.

Keywords: Strategic Management, Organizational Performance, Real Estate Agency, Business Process.

INTRODUCTION

To stay afloat in today's cutthroat business climate, many organisations have turned to strategic management techniques. Managers' ideas for strategic management practices stem from their desire to comprehend prospects both inside and beyond their company environment by identifying the variables that dictate changes (Ngoc et al., 2023). Managers strive for optimal outcomes while minimising investments and effort. If companies can get a competitive edge via the selection of optimal management strategy methods, they will be able to achieve all of these and much more (Ren et al., 2023).

In order to achieve the desired outcomes and boost the country's annual budget and GDP, the Chinese real estate market, like any other economic sector, requires constant policymaking and evaluation of current procedures. Most people believe that a company's most crucial functions are strategic planning and strategic management (Atta Mills et al., 2021). The long-term success and failure of an organisation may be explained by how these actions are carried out. There is a general eagerness among company owners, managers, and executives to find and execute the optimal plan that will allow their companies to maintain a high level of performance. Researchers might argue that strategic management practice is essential for any company since it aims to assess the company's internal and external environment/variables and provide a solution to improve the organization's financial outcomes (Huang et al., 2023).

BACKGROUND OF THE STUDY

Whatever its size, 21st-century businesses will be part of the global business community, impacting and being influenced by societal developments, events, and forces inside and beyond a nation. The business climate is evolving, dynamic, volatile, and extremely competitive, as seen by China's ascent in recent years, making it a major power in every sector of the economy (Li et al., 2018). Business-society connections have evolved drastically throughout this time. The globalisation of commerce, business growth, government repositioning, and the strategic value of stakeholder connections, expertise, and brand reputation have driven this development. Competitive Real Estate business environments have made company decision-making complicated and sophisticated, requiring strategic management. Modern executives handle real estate from land acquisition to building, development, sales, and marketing. The Real Estate firm's immediate external environment presents another challenge (Han et al., 2021). Owners, managers, and executives of a real estate company design strategies in order to optimise the firm's competitive positioning in the face of all these factors and

variables that affect its ability to grow profitably. Strategic process helps predict environmental changes and respond to unforeseen internal and competitive needs. If an investor does not grasp, control, and manage the elements affecting investment growth, real estate investing may be lucrative and dangerous. However, Chinese real estate industry continues to lag in fulfilling these core functions owing to reasons including most Chinese desire to own properties, rising migration to metropolitan areas, and increased diaspora remittances (Cai et al., 2020).

In Oct 2021, the UN assessed Chinese housing shortfall at 22 million dwellings. While calling this figure alarming, it noted that in ten years, the number of Chinese without homes would have tripled if care is not taken, so Chinese Real Estate stakeholders or players must be proactive and use management strategies to reduce the deficit. A strategy allows an organisation to maintain vitality while adapting to the changing environment to gain a competitive advantage (Lee et al., 2023). Through the organization's strength and atmosphere, frequent environmental choices are made. Leadership choices greatly impact organisational performance. Organisational vision, strategy, and goals are achieved via strategic management (Cai et al., 2020). All organisations should practice strategic management to match their environment. In recent decades, real estate companies have paid more for land, acquisition, building, development, and competent labour, raising product costs. Competition has increased among real estate companies and new firms. Strategic management approaches consider today's competitive industry's management needs. Strategic management involves general managers' main intentional and emergent activities on behalf of owners to improve enterprises' external performance (Ma et al., 2023). Strategic management involves defining an organization's mission, vision, and objectives, creating plans and regulations, often in the form of projects and programmes, to achieve them, and allocating resources to implement them. Strategic management involves establishing objectives above techniques, according to some. It guides the company. An organisation cannot keep a competitive edge in its industry without a clear strategy. Strategy implementation is essential to strategic management because it turns ideas into actions and outcomes. It guarantees that the organization's goals, purpose, and vision are met. Strategy implementation involves applying strategies and policies to programmes, finances, and processes (Yang, 2024). Most often called operational planning, this process comprises daily resource allocation decisions.

THE PURPOSE OF THE RESEARCH

This research aims to fill a gap in our understanding of the relationship between strategic management techniques and the operational effectiveness of Chinese real

estate companies. The study's overarching goal is to shed light on the connection between strategic management and organisational results by analysing the several strategic techniques used by these companies. With this knowledge, researchers may learn about the Chinese real estate market's most important aspects, obstacles, and strategies for success. Real estate organisations may acquire a competitive edge in a dynamic and continuously changing sector by optimising their strategy, improving operational efficiency, and enhancing overall performance. This can be achieved via insights derived from this study.

LITERATURE REVIEW

The Chinese economy, which had been steadily expanding for a while, shrank in 2016 and carried over into the first half of 2017 as a result of the precipitous decline in the price of crude oil and gas, on which it is highly dependent. However, it has just begun to show signs of recovery. Real estate demand has skyrocketed in tandem with China's booming economy (Li, et al., 2020). But the latest global events—the pandemic—have impacted the Chinese economy, which has therefore impacted the real estate market. Increasing FDI, growing urbanisation, and robust corporate demand have all contributed to the exponential rise of China's real estate industry in recent years. Although it is still fighting for a solid foundation, China's real estate business has matured (Wang et al., 2024). When researchers talk about "real estate," researchers are usually referring to parcels of land and the structures on them that have monetary value. To rephrase, it is a piece of land, a structure, or any kind of habitation that is considered real property. Both fascinating and difficult are the real estate markets in China. Fascinating because of the vast and limitless socioeconomic opportunities lying dormant in the Chinese housing market, yet daunting due to the formidable obstacles standing in the way of fully realising these opportunities (Liu et al., 2023).

Real estate development in China, and the country's housing market in particular, has a dreadful track record. Since the country's independence, successive governments in China have mostly used direct interventions to try to close the massive and constantly expanding imbalance between the demand for and supply of housing (Deng et al., 2024). Allotments of funds to the housing sector & direct building of homes were the primary forms of these initiatives. While the demand for housing is growing at an exponential pace, the government's self-imposed objectives have been woefully unmet, proving that these measures were ineffective (Sheng et al., 2024).

RESEARCH QUESTION

Is there a connection between the Real Estate industry, the traits of Real Estate firm owners, and the effectiveness of Strategic Management Practice?
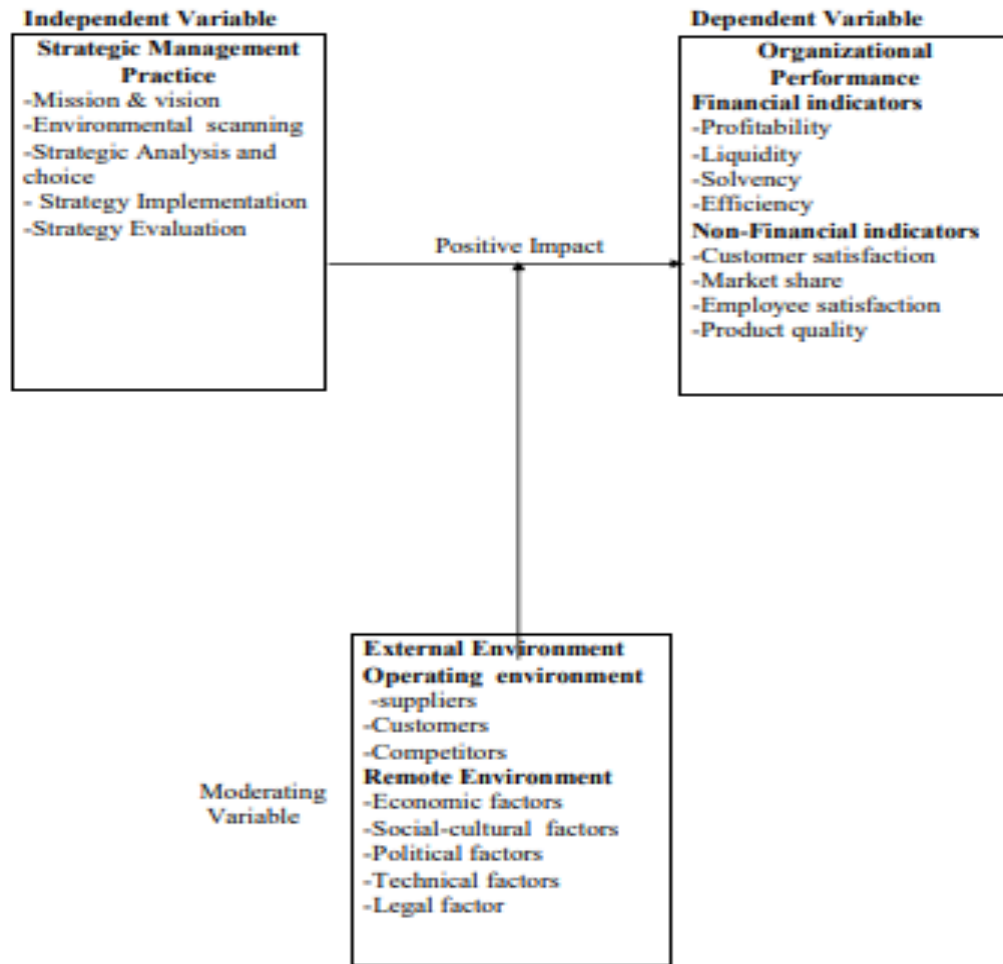
METHODOLOGY

To determine the relationships between the research variables and the sample population, this study used a descriptive census survey, which included numerical data collection, organisation, and summary creation. To better understand how Chinese real estate organisations employ strategic management and how their leadership perceives and engages with their environment, this study set out to do just that. The breadth of a study is less important than the thorough examination of a certain number of events, situations, and interactions while doing research. The study would benefit best from a descriptive research design for data collection and analysis throughout the selected sample group, thus that's what should be used. The descriptive census served as the research approach for this study, with a focus on the quantitative aspects of the research. Descriptive census research was trustworthy since it aided in the establishment of numerical correlations and could extract abstract interpretations of data. The capacity to mine for data in the research allowed for this to happen. Analysis of the relevant variables across the population sample was made easy by the selected design.

Sampling: As a whole, all of China's real estate development companies were considered for this study. Roughly 132 real estate enterprises are registered in Beijing and are actively operating inside the city limits, according to the Estate agents' registration board. In research, the term "research population" refers to the aggregate of all entities that are being studied.

Data and measurement: A questionnaire survey was used as the main source of information for the study (one-to-correspondence or google-form survey). Two distinct sections of the questionnaire were administered: Both online and offline channels' (A) demographic information, and (B) replies to the factors on a 7-point Likert scale. Secondary data was gathered from a variety of sites, the majority of which were found online.

Statistical tools: To get a feel for the data's foundational structure, a descriptive analysis was performed. A descriptive analysis was conducted to comprehend the fundamental characteristics of the data. Validity was tested through correlation.

CONCEPTUAL FRAMEWORK

Independent Variable		Dependent Variable
Strategic Management Practice -Mission & vision -Environmental scanning -Strategic Analysis and choice - Strategy Implementation -Strategy Evaluation	Positive Impact →	**Organizational Performance** **Financial indicators** -Profitability -Liquidity -Solvency -Efficiency **Non-Financial indicators** -Customer satisfaction -Market share -Employee satisfaction -Product quality

Moderating Variable

External Environment
Operating environment
 -suppliers
-Customers
-Competitors
Remote Environment
-Economic factors
-Social-cultural factors
-Political factors
-Technical factors
-Legal factor

RESULTS

The researchers in this study set out to learn more about the strategic management techniques used by Chinese real estate companies. Beyond this, the study's overarching goal was to ascertain how these organisations' external environments influence the correlation between strategic management and organisational performance (Li et al., 2020). Taking this into account, the data was analysed, the results were presented, and these objectives were discussed in the following chapter. Various graphical representations of the study's findings are provided, such as tables displaying frequency distributions, percentages, averages, or standard deviations.

Real Estate Company Operation Period

The duration of the firms' operations began on the day that the businesses were first put into operation and ended on the date that the companies were officially registered. According to the findings of the study, 51.92 per cent of respondents had been in business for more than 15 years, 23.08% of respondents said that they had been in operation for a period between 11 and 15 years, 15.38% of respondents had been in business between 6 and 10 years, and 9.62% of respondents had been in business for less than five years.

Table 1: Company period of operation

Years	Frequency	Percentage	Cumulative Percentage
Less than 5	5	9.62	9.62
6-10	8	15.38	25
11-15	12	23.08	48.08
Over 15	27	51.92	100
Total	52	100	

A summary of the period interval, frequency, percentage, and cumulative percentage can be found in Table 1 which can be seen above. It was found that more than 10% of the companies that responded had been in operation for more than 5 years, which is a period long enough for a company to be able to have strategic plans and be cognizant of the external environment to the extent that they are sensitive to the impact that it has on their planning, operations, and overall performance.

Efforts to gather data on firm performance to identify the total impact of strategic management actions taken by respondents and the moderating effect of external environmental elements on the functioning, success, or failure of these Chinese real estate businesses. As a result, the study opted to use both quantitative indicators of organisational health. The study participants were then asked to rate the previous year's performance of the companies they were representing on a 7-point Likert scale. The ratings ranged from one (excellent) to seven (worst).

Table 2: Performance of the real estate companies

Performance Measurement Parameter	Company performance rate, 1-Excellent< 2,3,4,5,6 > 7-Worse						
	1	2	3	4	5	6	7
Profits made	3	4	6	23	12	4	0
Liquidity (Balance between assets and liability)	0	2	7	22	15	6	0
Solvency (firm's ability to pay its debts)	2	9	4	22	12	2	0
Efficiency	2	4	6	19	15	5	1
Level of Customer Satisfaction	3	5	9	20	11	3	1
Growth in Market share	9	7	5	5	25	1	0
Employee Satisfaction	1	1	1	7	23	9	10
Quality of Product/Service offered	4	6	10	5	24	2	1
Total	24	38	51	123	137	32	13
Percentage	5.74	9.09	12.20	29.43	32.76	7.66	3.11

Some examples include how satisfied their customers were, how much of the market they controlled, how happy their workers were, and how high-quality their offerings were. Profitability, liquidity, solvency, and efficiency were further indicators. A table containing the aggregated responses to this portion of the questionnaire is provided below. Table 2 shows that when all financial and non-financial elements are included, the average performance of real estate enterprises in China is awful (32.76%), fair (29.5%), good (12.20%), very good (9.09%), low (7.56%), excellent (5.74%), or worse than average (3.11%). Firms, on average, perform in the range of outstanding to good (9.01%), whereas organisations, on average, perform in the range of poor to worse (14.51%). Given this data, it's safe to assume that most unethical organisations are inefficient even if there are several untapped markets and numerous initiatives aimed at improving strategic management.

This relationship was found by comparing the situations containing the changes that broke the previously known connections between strategic management performance and practice.

Table 3: The connection between real estate companies in China's performance, the external environment

Variables	Mean	Mean	Deviation	Overall Impact on performance of the real estate companies
Strategic Management practice	Practice = 23.73%	Don't practice =14.63%	Towards practicing = +8.69%	Positive
External analysis	Practice =73.03%	Don't practice = 26.97	Towards practicing = -46.06%	Negative
Performance of the real estate companies	Good performance =14.01%	Poor performance = 9.01%	Toward good performance = -5.50%	Negative
Effect by external Environmental changes	Affected = 43.45%	Not affected =2.04	Towards Not being affected =-41.41	Negative if not addressed

Based on the results, it seems that Chinese real estate companies, on average (M-23.32%), either somewhat or not at all (M-14.63%) use strategic management. This indicates a positive deviation (8.69%) towards strategic management practices, while the average company (M-14.51%), if not good (9.01%), performs poorly (5.50%). On average, changes in the external environment affected the majority of enterprises (M-43.45%), with a positive deviation of 41.41% and a smaller percentage (M-2.04) being unaffected. According to the survey, just 26.97% of these organisations included external analysis in their planning process. On the other hand, 73.03% did not include external analysis in their strategic planning, which is a 46.06% positive divergence. The results proved this. All things considered, Table 3 shows how these businesses did and how the outside world impacted their results. The following formula was developed by them; it yielded an overall performance score of two (+2). Adding the one point for strategic management practice to the one point for external environment analysis yields this score. Therefore, Y= Kx1 + -1Kx2, which equals 0, is the same as Strategic Management Practice (kX1) + (Carrying out external analysis and dealing with the

impact) (kX2). performance suffered as a result of insufficient vigilance and reaction to the impact of external environment changes.

DISCUSSION

The research also showed that most Chinese real estate enterprises used strategic management but performed poorly. An inquiry into external environmental studies found that many of these corporations did not do them. Further research found that changes in customer behaviour, supplier behaviour, competition, economic trends, cultural and social dynamics, political systems, advances in technology, or legal and business regulations all affected these companies. Due to neglect or inability to address the changing external environment, Chinese real estate enterprises suffered. It was found that although strategic planning is good for firms, it is more important to plan in context of their external environment by undertaking extensive external analysis and fitting into the difficulties and opportunities given. Research revealed this.

CONCLUSION

All firms use strategic management to maximise revenues, strengthen client connections, decrease debt, boost efficiency, widen their customer base, improve staff relations, and maintain high-quality services or products. Comprehensive strategic leadership is the best tool for charting the path to the future because it summarises what is wanted in terms of achievement via assignments and visions, analyses the environment, makes strategy and analysis decisions, sets goals and objectives, allocates resources and duties, and evaluates when implementation and corrects when needed. This is because strategic management is the best way to achieve these objectives. The external environment varies by industry and might be volatile. Consumer, business, supplier, competitor, economic, social, cultural, government, scientific, legislative, and corporate preferences are influenced. Businesses need a strategy to adapt to their surroundings to survive. Top management must build ways for scanning these changes through external analysis, quantifying internal disturbance, and devising a service or product reaction plan. Quality, production, outsourcing, procedures, and organisational structures were decided. Most firms utilise strategic management, but this research challenges them to expand their application by paying more attention to their surroundings. External influences affect how much effort is put into planning and how effectively it works.

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