

THE IMPACT OF RESOURCE MANAGEMENT ON ESTATE DEVELOPER FIRM'S PERFORMANCE IN UAE: A MEDIATING ROLE OF TECHNOLOGICAL INNOVATION

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ABSTRACT

A firm's potential to take advantage of current competition as well as find new opportunities for future competitive advantage at the same time is strategic entrepreneurship. This study explores the firm's performance and tries to find that "how real estate firm manages its strategic resources and leverage throughout the exploratory and exploitative efforts." This study seeks to investigate the technological innovation effect on real estate firms in UAE by using multiple regression methods. The finding shows that resource management, which benefits through the combination of research and exploitative innovation, values customer and owner gives the firm a competitive advantage.

Keywords: Real Estate, Resource Management, Exploitative Innovation, Exploratory Innovation

INTRODUCTION

Recently, researchers have focused their attention on the potential to combine exploratory and exploratory-innovative innovation to provide greater performance at the same time. It has been identified as the most critical factor in Strategic Entrepreneurship research. This study demonstrated that small businesses could not establish a close relationship with a competitive advantage, even though they can recognize a new business opportunity. Large firms are less effective in organizing new entrepreneurial opportunities than small firms, but they are more effective in exploiting competitive advantages than small firms (Ali & Anwar, 2021). The firm must have a solid establishment of strategic resources that can be managed, packaged, and leveraged to pursue both exploratory and exploratory innovation at the same time (Lin et al., 2021). Strategically management of resources in a specific framework is called resource management. It consists of a bundle of resources to set up the capabilities, structure the resources, and important point its distribution is targeted to facilitate behavior to pursue new opportunities and competitive advantages simultaneously (Mitra, 2021). Using the Resource-Based View (R.B.V.) approach to resource management, it was possible to address the criticism that R.B.V is overly fixated on the characteristics of a strategic resource and lose sight of how the strategic resource is being constructed (Freeman et al., 2021).

The social resources, financial and human resources are the major kinds of resource management (Μελλάς, 2021). Any tangible assets (buildings, factories, and plants, etc.) in the form of all sorts of shapes that can be used by organization. Human and social resources are intangible assets. Resources have three major kinds of resource management. Any tangible assets (buildings, factories, and plants, etc.) in the form of all sorts of shapes that can be used by human and social resources are intangible assets. Human resources is a collection of knowledge and skills of the entire labor force. Social resources are all the set of relationships between individuals and within the social resources organization that facilitate the action. Firms can obtain access and control to other resources by using social

resources. They can also absorb knowledge from within an organisation as well as from an outside organisation by using social resources.

Firm management and the ability of their resource depend on resource management, but for the creation of superior performance firm's resources must have been leveraged through inventive. There are two types of innovation. Exploratory and exploitative innovations are generated by the behavior of pursuing entrepreneurial opportunities, which behavior pursues competitive advantages (Ndzana et al., 2021). Exploratory innovations are those activities that help for search for a new consumer section, the development of new markets, and the creation of new entrepreneurial opportunities. Exploitative innovation is characterised by activities such as increased efficiency and improved product and service quality.

Dubai Real Real Estate

Dubai is a city-state in the United Arab Emirates (UAE), located within the emirate of the same name. It is one of the seven emirates that constitute the United Arab Emirates. Located southeast of the Persian Gulf on the Arabian Peninsula, the emirate of Dubai has the largest population in the UAE (2,106,177) and the second-largest land territory by area (4,114 km. sq.) after Abu Dhabi. Abu Dhabi is the capital of the UAE. However, Dubai and Abu Dhabi are the only two emirates among five others who have veto power over critical matters of national importance in the country's legislature.

Four centuries ago, just a vast expanse of the desert inhabited what today is known as Dubai. By the end of the 18th century, many people had settled there to form the Dubai town and engaged in pearl trading, thus establishing the pearling industry. The population was about 800 then. By the early 19th century, members of the Bani Yas clan established Dubai, which remained dependant on Abu Dhabi till 1833.

Dubai came under the protection of the United Kingdom by the "Exclusive Agreement" of 1892. Meanwhile, the Emir of Dubai tried to develop Dubai's business by making foreign trades and decreasing the taxes, thus expanding and making Dubai and Dubai Creek the Trading Hub. The late Sheikh Rashid bin Saeed Al Maktoum has the most significant influence and role in establishing Dubai as the Trade Hub it is today.

In 1905, he dredged the Dubai Creek, a natural harbour, and significantly expanded its capacity. This facilitated the first Dubai Construction Boom in the 1960s. Eventually, the Sheikh made other visionary projects such as the great Ali Jebel port, the Dubai International Trade Centre, and the Dubai Dry Docks.

During the 1990s, Dubai was extensively involved in a considerable number of construction projects. One example of the great works during the late 1990s was the beautiful 7-star hotel, the Burj Al Arab.

May 2002 changed the course of Real Estate of Dubai. Until May 2002, according to the law of then Dubai, only the citizens of Dubai could own the property of the land on which their houses stood.

However, in May 2002, the crown prince general of Dubai, Sheikh Mohammed bin Rashid Al Maktoum issued a decree which allowed foreigners to buy property freehold. This changed the course of Real Estate in Dubai forever. The construction process boomed. Hugh number of infrastructures were constructed and sold like fresh hotcakes to locals as well as foreigners. Private Developers, both local and international, bought land for construction. Some of the other significant developments after the 2002 decree were The Palm, Jumeirah, the Springs, etc.

With the onset of the financial crisis of 2007-2010, Dubai's real estate market declined after enjoying an uninterrupted boom since 2002. This was one of the most challenging times for Dubai's Real Estate Market. Thousands of employees from Dubai's significant Real Estate Companies were sacked throughout the world. By 2009, Dubai's leading Real Estate Company,

the Dubai World, had 59 billion US Dollars in debts. The cost of infrastructures and the cost of shares started declining consistently.

After a remarkable recovery in 2012, Dubai's real estate is set for bigger and better performance in 2013. With many massive projects planned for the current year and an ample supply of residential and corporate units to serve the increasing interests of investors, Dubai has already started showing signs of healthy growth. For instance, a 16.5% hike has been noted in average rents in Dubai apartments during the first two months. All of these make real estate firms a vulnerable condition.

THEORETICAL FRAMEWORK

The following sections consist of theoretical basis and the development of the hypothesis.

Resource Management, Exploratory and Exploitative Innovation

Resource management is a response to criticism of the research on R.B.V., which emphasizes the characteristics of the firm's resources and less able to explain how the process of formation of a firm's strategic resource. In Strategic Entrepreneurship construct, resource management will be able to create and increased value when directed to strategic action that increased value to the customer 1) (Ali & Anwar, 2021). In emerging markets Strategic alliances are generally occurrence, which are characterized by lack of resources.

Partner and firms will increased investment to the relationship if the perceived alliance will give the exerted results. Effective leveraging process is the result of managerial decisions compared to the amount of competitors, and naturally is the result of creativity and entrepreneurial. Tacit knowledge inherent in human resources is also critical in leveraging capability. The experience of human resources will enhance the decision of leveraging the capabilities, particularly to develop opportunities and build sustain competitive advantage. Resources are standard competent to support competitive action and when the action was capable of leveraging these resources, then the performance of the firm will increases. Nd of or et al., proved that the firm's resources have a direct pressure on the firm's performance, particularly when resources are mediated by competitive actions.

Companies with more limited resources were able of defeating enterprise with abundant resources. What was the property. The property accomplished by the I.B.M. and Apple is not located in the resources controlled, but rather to how these resources are managed and leveraged to create a competitive advantage. Research investigate that investment in the resource that different from the norms that exist in the industry will negatively affect the firm's performance results, with the exception of the difference in investment is adjusted with resources leveraging strategy.

In the Alignment between investment and leveraging process will result in the creation of value and a competitive advantage for the firm. Real estate industry, the ability to find new land is a key capability that must be developed. With high strategic value new land will help companies achieve their goals efficiently and effectively. Furthermore, the company must be able to find specific and segments consumers that fit with the location to Be developed firms. The above entrepreneurial abilities are innovation activities that are explorative in nature.

H1: Resource Management positively affects exploratory innovation

The only land does not assurance the successful management of real estate companies. The fail of real estate companies in times of crisis, proved that there are other resources that are important to real estate companies. Like the ability to manage resources and company operations efficiently, orientation to consumers and improvement of product and service quality. These are an exploitative innovative activity. In resource management, recruit human resources and form

capability in harmony with the targets to be achieved. Establishing good relationships with banks and bundling with other resources will create the company's competitive advantage.

H2: Resource Management positively affects exploitative innovation

Exploratory and Exploitative Innovation

Exploitation involves the efficient utilization of existing resources, and exploration implies the invention of new resources. Exploratory innovation has been associated with flexibility, decentralization, and loose cultures, while exploitative innovation has been related to efficiency, centralization, and tight cultures 3) (Mitra, 2021). However, research in exploratory and explorative innovation show diverse interpretation and different results. The capability to access and create new ways of financing resources is also important and Menguc linked the performance results of exploratory and exploitative innovation to the effectiveness and efficiency of enterprise seen from the types of strategies used.

By using the strategy typology of Miles & Snow, the prospectors, and defender, Auh & Menguc investigated that exploratory innovation provides effective influence as compare than exploitative innovation, when exploitative innovation effect the efficiency of firms compared to exploratory innovation of both strategy typology. In short period exploitative innovation will show performance results, as compared for long term exploratory innovation will show performance results. Siggelkow and Rivkin, in their research on the process of exploratory innovation, did by the manager of lower levels, showed a negative influence on the performance, in which its allegedly for their interests and narrow minds of managers to pursue current interests, namely building competencies themselves.

Bierly & Daly, in a study of small and medium manufacturing enterprises, found that exploitative innovation is better in predicting performance. They also found that the exploratory Innovation show better results on a high-tech manufacturing company; on the contrary, for manufacturing industries with low technology, innovation exploitative work better in improving performance. They conclude, competition in low-technology industries is not driven by innovation leader ship, but more by marketing, product quality, customer service, and production efficiency.

In relation to environmental conditions, the competitive environment but relatively stable, the exploitative innovation will have a positively impact, and otherwise in a dynamic environment, it will be more involved exploratory Innovation Exploratory innovation is focused on searching new opportunity, risk and experimentation to reach new markets and customers, therefore the result is usually visible over the longer-term, give difficult challenges for the firm. Research on small and medium-sized manufacturing firms show that it takes more than four years to develop new products and technology successfully, and over five years to earn profit from them. Even through outputs of exploration, are critical to firm adaptation and survival (Freeman, Dmytriiev & Phillips, 2021).

Research and Development (R&D), might increased risk, but it also can promote flexibility to adapt to market changes and generate better firm's performance. Firms that maintain strong R&D can benefit from economy of scale and scope, which can give a better position to the firms for future innovations. Joint ventures, alliances, and mergers or acquisitions also provides opportunities for exploration. Acquisitions allow for the exchange of resources to help maintain strong capabilities.

Pharmaceutical firms, for example, thrive on this kind of arrangement, often relying on them to augment their drug development process. Alliances in the pharmaceutical industry also help to share the large-scale costs (estimated at \$800 million to \$1 billion). Given the characteristics of the pharmaceutical industry, these ventures can contribute to a firm's competitive advantage. In empirical studies on a diversification strategy, related diversification is found to lead to higher firm performance. This type of diversification strategy enables firms to

utilize and share their existing resources more effectively than unrelated diversification. So in the situation of incremental change, the Exploitation of existing resources and capabilities seems to be appropriate.

In a research on the performance of human resources in professional services firms, it shows that human resources recruited for activities that focus on exploitative activities, *i.e.*, current capabilities, show decrease in short-term performance but they show better performance than human resources recruited to handle explorative activities, such as R & D and new activities. Human resources recruited to handle explorative activities experience decreasing in short-term and long-term performance. This performance of human resources recruited in explorative activities would be better when combined with the senior human resources in the firms.

H3: Exploratory Innovation positively affects firm's performance

H4: Exploitative Innovation positively affects firm's performance

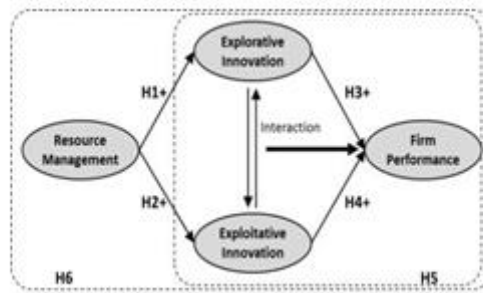
The Interaction of Exploratory and Exploitative Innovation and Firm's Performance

Managing the balanced of exploratory and exploitative innovation is not easy because of nature, and the result is somehow paradoxical and contradictory. Organizations are seeking a balanced between the contradictory demands of short-term efficiency and effectiveness of long-term, but it requires a different operational, structural, and cultural mechanisms (Freeman, Dmytriyev & Phillips, 2021). However, various studies show, balancing exploratory and exploitative innovation is key to achieving prosperity. Organizations can create borders of exploratory and exploitative innovation at a certain time and space so that exploratory innovation and exploitative innovation is not carried out simultaneously in the same organization. In addition, knowing the context of this contradiction is a prerequisite in managing the balanced. In an effective Strategic Entrepreneurship construct, Exploitation, and exploration are the key sources of sustainable competitive advantage.

However, positively results from the Interaction between exploratory and exploitative innovation indicate that organizations can run both those activities simultaneously, which is managing the balance between exploratory and exploitative innovation. Overall, the process of exploratory and exploitative innovation is believed to improve the performance of the firm. He and Wong, in their study on manufacturing firms in Singapore and Malaysia during the period from 1999 to 2000, found that companies that implement strategies ambidexterity, that is the process of a relatively balanced between exploratory and exploitative innovation has a positively effect to the increased in sales, and imbalanced ambidexterity will negatively affect the increased in sales. Janzen, et al.. Found that the company will build ambidexterity of exploratory with exploitative to face a dynamic environment, and decentralized business units having a good social relation, will be able to build Organization Ambidexterity (O.A.). Cegarra-Navarro & Dewhurst in a study of the S.M.E. company in optometry & telecommunication in Spain, using the concept of the continuous interaction of exploratory and exploitative innovation, or so-called ambidexterity contextual, found that the ambidexterity contextual positively affect the consumer resource (customer capital), that good relationship with consumers will bring in current revenue or in the future. Bodwell suggested that the interaction of exploratory and exploitative innovation affects financial performance and has a correlation with the internal environmental conditions (particularly decentralization) and external environmental conditions (dynamic environment).

H5: Exploratory, exploitative innovation and their interaction positively affects firm's performance

H6: The effect of resource management to firm's performance, depend on exploratory, exploitative innovation and their interaction.



**FIGURE 1
THE RESEARCH FRAMEWORK**

RESEARCH METHODS

The research was conducted on real estate firms in Indonesia. The respondents are the board of directors or managers of the firms. This study uses existing scales from literature, except for resource management that is incomplete. The questionnaire was developed with a six-point Likert scale ranging from (1) strongly disagree to (6) strongly agree. Four latent variables are used in this theoretical model. One latent dependent variable is the firm’s performance, and three independent latent variables are resource management, exploratory innovation, and exploitative innovation.

The analysis in this study uses Eview ver.8 with the phases of the analysis as follows: first, conducting factor analysis to obtain the factors that make up each of the latent variables. The next step was to perform bivariate correlation analysis to examine the causal relationship between pairs of variables to test the hypothesis H1 s/d H4. Inferential analysis was used to investigate the causal or the up and down relationship among a set of variables related to hypothesis H5 - H6 testing.

ANALYSIS AND RESULTS

Before conducting the analysis, a reliability and validity test was performed. A validity test was done with the analysis of the correlation between variables. It was measured by the results of the correlation between the measured variables, as was conducted in the factor analysis.

The results of the analysis show Cronbach’s Alpha 0,981 (>0.7); therefore, it’s concluded that the data meet the validity and reliability test. The next step was to carry out the bivariate correlation analysis after obtaining the factors that make up the variables. Summary results of the analysis show that data support the hypothesis H1– H4 at the significance level: 0.01. as show in Table 1:

Table 1 DATA SUPPORT THE HYPOTHESIS					
	Description	Coef r>0, 7	T– stat.	Prob p<0	Result
H1	Resource Management positively affects exploratory innovation.	0,888	14,09	0,000	support
H2	ResourceManagement positively affects exploitative innovation.	0,891	14,26	0,000	Support
H3	Exploratory innovation positively affects a firm's performance.	0,778	9,02	0,000	Support
H4	Exploitative innovation positively affects a firm's performance.	0,789	9,35	0,000	Support

H5	Exploratory, exploitative innovation and its interaction positively affect a firm's performance.			0,000	Support
H6	The effect of a resource management firm's performance depends on exploratory, exploitative innovation and their interaction.			0,000	support

DISCUSSION

The purpose of this study examined the practice of strategic entrepreneurship on real estate firms. The results represented that resource management positively affects exploratory innovation and exploitative and firm's performance. These results support previous research on strategic entrepreneurship, starting the importance of performing resource management and directed to innovations that are exploratory and exploitative simultaneously will be creating added value to the company 1) (Ali & Anwar, 2021; Freeman, Dmytriyeu & Phillips, 2021). In addition to the above findings, some other findings related to the results of this research will be described in the following section, with banks, and creating a corporate brand are considered as important resources. This is consistent with previous research that real estate firms are not solely dependent on the land but also other factors, such as developing the firm's resources and competencies efficiently. These results also support research confirming the capability of establishing access or relationship with banks as sources of financing, and corporate brand is an important resource to be developed by real estate firm.

Regarding the resource structuring process, especially the resource divestment, the results represented that the divestment of the firm's resources, especially land resources, is not an option to be taken. Although the land is not able to generate profit to the company yet and somehow show uncertainty in return. This reinforces the theory about the importance of the land in the real estate industry; in this case, the land is a sources of key raw materials and is a resource that can't be renewed. Malpezzi and Wachter showed that scarcity of land supply became speculation because of demand in general, cause boom & bust in the real estate cycle.

The next finding was the positively effects of exploratory and exploitative innovation and their interaction with a firm's performance. The results showed the importance of the balanced interaction of exploratory and exploitative innovation to create value for the firm. The balanced interaction between exploratory and exploitative innovation generates better firm's performance is showed by 55% of the sample compared to firms that perform imbalanced interaction of exploratory and exploitative innovation (16%).

These findings support previous research, which was showed that interaction of balance between exploratory and exploitative innovation improve the firm's performance. It also strengthens the theory that states the strategic entrepreneurship with resource management directed towards exploratory and exploitative innovation simultaneously will create added value to the company (Ali & Anwar, 2021; Freeman, Dmytriyeu & Phillips, 2021). The efforts to find new ways of financing to consumers and market opportunities/ new consumer is considered important in the exploratory innovation, while the improvement of the quality of products and services to consumers and efficiency on the improvement of work processes are important aspects in exploitative innovation.

This finding is in line with the results of research on the importance of access to financial resources and efficiency in the work process as well as increasing customer service. A. Implication First, the implications of the theory on strategic entrepreneurship. This research provides a deeper meaning, especially in terms of resource management and its effect on exploratory and exploitative innovation.

This study provides empirical evidence of the effect of resource management, which is affected by exploratory and exploitative innovation simultaneously will create an excellent

performance. These also give implication to resource management, which is defined as the process of structuring, bundling, and leveraging the firm's resources. Resource management has evolved into an important theory in strategic management; However, measurement of resource management is still limited. This study complements these gaps. This study present the importance of the decision of the firm resources and capabilities that are associated to the leveraging action and with corresponding to industry context it will provide maximum results (Mitra, 2021). Zhang formulates the strategic resources and capabilities that need to be managed and leveraged by real estate firms.

In this research, the resources and capabilities include: access and capability in a relationship with sources of funds/banks, corporate reputation, improved the quality of products and customer service, process efficiency, adequacy of reserves of land, are important resources in the real estate industry.

The third implication regarding the interaction of exploratory and exploitative innovation and its effect on a firm's performance. These interaction can be categorized as follows: The balanced interaction, where exploratory and exploitative innovation is interacting in a balanced intensity, in this case, it might be high intensity or low intensity. Firms apply both exploratory and exploitative innovation and their interaction in a balanced manner. Firms that carry out this strategy called ambidexterity organization, where companies make efforts to seek new opportunities while improving the quality of production and other operational activities in creating a competitive advantage today. Firms with this strategy show better performances. Firms with the interaction of low exploratory or exploitative innovation will have difficulties, and might not be able to grew and survive in the long run. The intensity of Exploitation is higher than exploratory and vice versa. Some companies put the efforts more on exploitative innovation, such as continuous quality improvement, customer service orientation, etc. Focus on exploitative innovation and forgetting exploratory innovation will cause difficulty to the firm in the long run. It could threaten the viability of the firm because without new land resources mean the firm does not have a product to sell.

On the contrary, some companies focus more on exploratory innovation, *i.e.*, search for new land or project. Companies that focus on exploratory innovation would sacrifice the current competitive advantage. This can cause difficulties, particularly financial /cash flow difficulties, etc. This result support previous research that balanced ambidexterity increases performance, while the imbalance ambidexterity cause a decrease in performance.

LIMITATION AND FUTURE RESEARCH

This study has some limitations and suggestions for future research. First, this research was carried out using sectional data of the year 2015, where the condition of the property business was in a state of decline.

Therefore this study does not yet explicitly capture the influence of these property cycle on inclining state. Future research is suggested to be conducted where the real estate is in the incline business cycle. Suggestions for future research to be conducted in other industries that have similar conditions in real estate industry, such as manufacture firms, natural resources and mining firms. These firms are usually characterized by heavy investment in assets. Results of research on those firms might enable scholars on strategic entrepreneurship to draw a more comprehensive and general conclusion. Future research suggestions also might be conducted on firms in telco industry, which is a more dynamic competition environment, so it will give a complete picture of how the practice of strategic entrepreneurship.

CONCLUSION

This research shows the importance of resource management, which is directed through strategic actions that affect a firm's performance. In this case, the interaction of exploratory and

exploitative innovation shows better results than the two actions carried out alone. This indicates that the concept of strategic entrepreneurship is essential for the firm in creating a sustainable competitive advantage.

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