

CORPORATE PROPERTY STRATEGY IN INTEGRAL TO CORPORATE BUSINESS STRATEGY: NEW PERSPECTIVES ON ENTREPRENEURIAL BUSINESSES

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Abstract

As businesses adapt to a new working method, based on a constant technical and technological application, entrepreneurship is becoming increasingly complex. As a result, having a clear and strategic plan for corporate real estate management is of particular importance. In this context, it is also about creating a work environment that encourages productivity, collaboration, and innovation, and reflects the company's culture and brand. It should also consider the changing nature of work and the workforce, and be flexible enough to adapt to future challenges. Incorporating corporate property strategy into the corporate business strategy requires a high level of internal cooperation within the company. All of this is important to set a specific time frame for the strategic planning process and to obtain commitment during the implementation of the set plan. Through the realization process, financing of corporate real estate initiatives is enabled and secured. All of this works best with long-term plans, that is, annual plans, with teams that are directly involved in their implementation. Looking from the aspect of encouraging the entrepreneurial spirit of the company, this model can be used as a promotional tool for achieving new organizational feats and efficiency in achieving strategic goals. The empirical research within this paper was conducted on a total of 20 respondents, randomly selected representatives of the corporate sector; representatives of the corporate sector who use property strategy in their operations; real estate experts, who operate at the level of the Republic of North Macedonia to see the level of experience when it comes to the strategic link between business strategy and property strategy within the corporations. The methodological framework covered is a combination of the application of primary and secondary data, to draw precise and relevant conclusions about the problem frame.

Keywords: corporate, property, business, strategy, integration, entrepreneurship

1. Introduction

The purpose of this research is to determine the status of business planning and strategic positioning in a wide range of corporations and to assess the connection between the planning and strategy of the property portfolio. In doing so, it is especially important to identify the key elements that point to a strong, stable relationship between business strategy and property strategy, in order to produce improved performance of overall business results. Real estate management is a process guided by planning, organizing, leading, and controlling. The purpose of this strategic approach initially refers to the fact that the purchase of real estate is in itself an excellent and long-term investment that ensures the maximization of financial returns. In this context, the property becomes a "core business", whereby the business strategy itself needs to be aligned with maximizing returns from the "property" investments. That is, the goal of this research will be: (1) analyzing the impact of the link between the business strategy and property strategy, in the real estate business; (2) reaching new directions and determining certain approaches that in the future would increase the effectiveness and efficiency within the real estate business; (3) acquiring new modern ways of strategic link between business strategy and

property strategy in the real estate business. (4) coming up with novelty policy implications related to defining approaches according to which the strategic link between business strategy and property strategy has a positive influence on the real estate business; (5) Defining challenges in the same issues as new issues that in the future need to be developed furthermore, in a substantial way to be able to significantly contribute to the analysis of the strategic link between business strategy and property strategy in the real estate business.

Literature review

The profile of the "property" is not easily identified. This especially applies to the investment side of the property, i.e. the commercial opportunity. However, it is of particular importance to offer an overall strategic model, that is, an integrated strategy for ownership, while also predicting the necessary costs. In this context, the connection between business strategy and property strategy can be highlighted to a great extent. Many issues related to real estate are of strategic importance, because above all, for any corporation, especially for entrepreneurs, whether it owns real estate or not, it is important to make appropriate location decisions. Moreover, the so-called "passive" relationship between a certain business (company) and the real estate it owns, will not allow the organization to get the overall benefit from the real estate, but in favor of the organization. A series of analytical studies shows that while it is seen that the majority of business corporations have a Business Plan, a significant number do not have a Property

Plan. The connection between the two plans is often tenuous. At the same time, to the greatest extent, there is no good alignment in existing corporations between the business plan and the property plan, or the same is very weak and insufficiently supported on a strategic basis. What is missing is that most often real estate is not considered from a strategic perspective but from the perspective of a necessary overhead.

According to Roulac (2016), all businesses use real estate. Setting a framework around the concepts of property as a strategic resource provides a clear picture in understanding the definitions and perspectives around corporate real estate, with corporate real estate management considered as essential. Corporate real estate management is a relatively new discipline compared to traditional professions such as economics, accounting, engineering, and law. The focus of this profession is real estate management to support other core business activities. In doing so, the primary purpose of securing an interest in property is not investment – although all this may provide an additional incentive to accommodate other profits in various activities. Corporate property strategy has more perspectives of changing its form, from the aspect of display in the lens corporate strategy. Namely, due to the frequent need to adjust the corporate business strategy, the thread of connection between the corporation, on the one hand, and resource markets, on the other hand, and third-party customers, is often lost. Consequently, corporate real estate, on a general basis, tends to be marginalized and excluded as the main concern or priority of the management itself, that is, the management of the corporation, which does not see a positive perception in it (De Vries et al., 2008).

Strategic management of corporate property strategy is not an isolated category for a single corporation. More concretely, it is a matter of concentration of information, crossing of additional corporate relations, as well as highlighting certain benefits in terms of achieving a competitive advantage. What is particularly important to emphasize is that decisions regarding corporate real estate must not be made ad hoc, i.e. on the basis of insufficiently and uninformed prepared information, without appropriate professional consultation, as well as without knowledge of the corporation's long-term business strategy. It is necessary to unite all business units, but also the existing capacities of human resources, technology and, in general, capital communication (Lindholm, Nenonen, 2006).

In order to make a real incorporation of the corporate property strategy into the corporate business strategy, a full perception of the business needs, in the long term, is required. Furthermore, alignment and coordination between these two strategies is necessary, especially since the second one (the corporate business strategy) integrates the first one (the corporate property strategy) into its framework. The corporate property strategy must not have a negative effect on the organization. A clear insight into the existing costs and business results that would be achieved is needed. Additionally, for greater effectiveness, these two strategies can be coordinated with other resources on a strategic basis, resulting in better adaptation in turbulent times. Corporations, within the framework of their business policy, may follow different corporate strategies to support corporate goals. However, most of them do not have departments with elaborate tools for complete mapping and identification of specific impacts. Therefore, it requires a focus on corporate asset performance management, analysis of academic research results, and informed, flexible, adaptive work practices.

It is necessary to indicate certain components of the model of harmonizing the corporate property strategy with the corporate business strategy. Initially, cost containment and a move toward a cost-benefit ratio are indicated. At the same time, it is necessary to look at the longer term, rather than just a direct or indirect return on real estate investments. It is also considered, as opposed to direct return–cost reduction, and indirect return–value increase. In this context, it is about the following components that need to be considered: (1) "Promoting marketing and sales", (2) "Increasing innovation", (3) "Increasing employee satisfaction", (4) "Increasing productivity" and (5) "Increasing Flexibility" (Nourse, Roulac, 2006).

The process of harmonizing the corporate property strategy with the corporate business strategy depends on the professional knowledge of the management, as well as its availability for all existing departments in the corporation. What is important to achieve is actually added value, that is, exchangeable and usable value. More specifically, increased effectiveness leads to added utility value. The highest level of efficiency is achieved by achieving cost reduction, as well as increasing the value of assets, but also achieving a certain flexibility in choices (Lindholm, 2008).

For a more specific understanding of this issue, it is necessary to distinguish between strategic thinking, strategic planning, and strategic momentum. For a long time, real estate was seen as a "support strategy", which was determined at the time of planning the implementation of corporate strategies. However, it needs to be fully aligned with the mission, vision, values, and goals of the corporation. Additionally, the main purpose of corporate real estate management is to support the core business of the organization it serves. Most of the companies do not have a property strategy, but only a business strategy. What is missing most, and is essential when it comes to cultivating and setting up a strategic approach with real estate, is the following:

- An integrated framework is needed to consider the likely impact and implications of decision-making trends in the domain of business management and strategic management, it's subsequent ongoing management of a corporate resource.
- In order to have a comprehensive approach, alignment between business strategic direction, organizational structure, work processes, and the existing physical environment is required, whereby the strategic intentions of the organization must clearly reflect the dimensions of the strategic business plan.

If there is no synergy between the business strategy and the property strategy of a company, in dealing with real estate, in that case, without the integration of real estate and operational dimensions, optimal solutions are not offered, that is, the role of the real estate function is reduced. In addition, the direction of setting quality decisions for real estate, in support of the core business, opens up many new business perspectives.

Methodology

Within the research frame, as a result of the complexity of the topic being researched, the process of testing the hypothetical framework, but also for a more complete understanding of the phenomenon to be researched, a combined inductive or qualitative research strategy and quantitative research strategy are used - to collect both qualitative and quantitative data. The quantitative methods are used to collect and process the empirical data required for proper analysis: (1) Survey (survey questionnaire with combined questions of closed type) on a representative sample of a total of 20 respondents (representatives of the corporate sector; representatives of the corporate sector who use property strategy in their operations; real estate experts) which operates in the Republic of North Macedonia are considered for the purpose of analyzing the level of experience when it comes to the strategic link between business strategy and property strategy within the corporations. The claims are placed on a Likert scale to see the gradation of the attitude of the respondents (from strongly disagree to strongly agree – 5 levels). The questionnaire is divided into two parts, demography and professional part by the set hypotheses. In addition, after processing the data, a graphic display of the same data is performed which is subject to interpretations using the method of descriptive analysis. The main hypothesis that is analyzed and interpreted is the following: "If the company integrates corporate property strategy into corporate business strategy within its framework, in that case, a positive trend of innovation and development is followed in the realization of corporate goals".

Discussion of results

This hypothesis is analyzed and interpreted through the answers to the questions: The distribution of answers to question "Corporate property strategy contributes to encouraging innovation in the business organization" is presented in Figure 1:

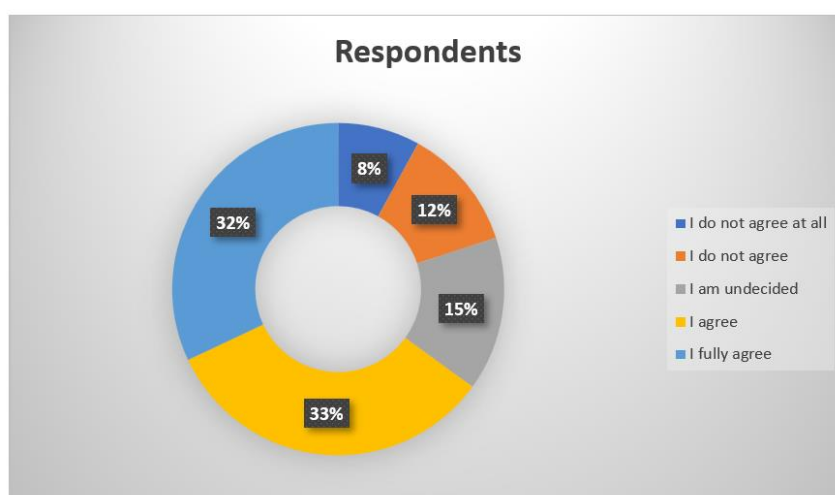


Figure 1: Corporate property strategy contributes to encouraging innovation in the business organization

Source: Author's research

Within the framework of Figure 1, data are shown that relate to the respondents stated claim and are important for obtaining a real picture. According to the above, the following distribution of answers was obtained: 20% of respondents do not agree with the statement (categories: "I do not agree at all" and "I do not agree"), 15% of respondents are undecided in their attitude and 65 % of respondents agree with the statement (categories: "I agree" and "I fully agree"). According to the given data, it can be seen that most of the respondents agree that when

implementing the corporate property strategy, there is an encouragement of innovation in the business organization, which will subsequently affect the improvement of the overall operation. The distribution of answers to the question "Corporate property strategy integrated into corporate business strategy contributes to the positive affirmation of corporate goals by encouraging new dimensions of modernization and realization" is presented in Figure 2:

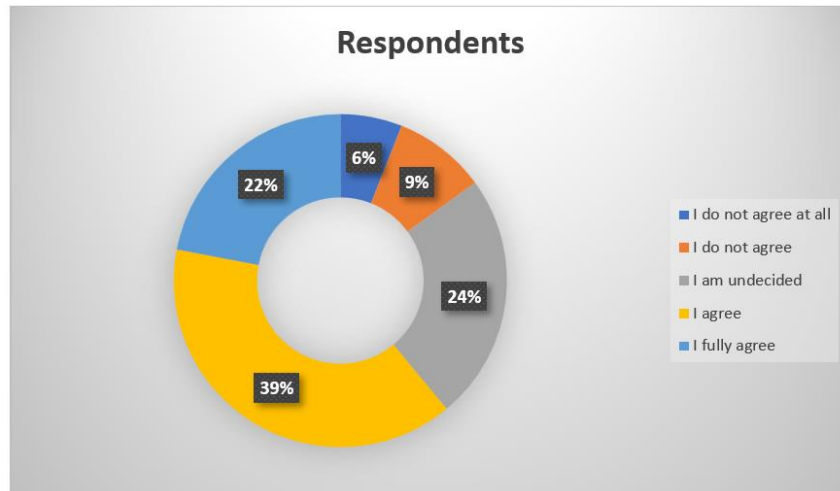


Figure 2: Corporate property strategy integrated into corporate business strategy contributes to the positive affirmation of corporate goals by encouraging new dimensions of modernization and realization
Source: Author's research

Within Figure 2, the following processing of answers is attached: 15% of respondents do not agree with the statement (categories: "I do not agree at all" and "I do not agree"), 24% of respondents are undecided in their attitude and 61% of respondents agree with the statement (categories: "I agree" and "I fully agree"). According to the above, a high percentage of respondents who support the claim can be seen, based on which it can be seen that the integration of corporate property strategy within the framework of corporate business strategy is in coordination and correlation with the fulfillment of organizational goals, but also modernization and improvement of them. Only in this way is expected further progress of the company by using all the potential, to the maximum. The distribution of answers to question "Corporate property strategy is directly related to the technical-technological challenges of growth and development of the company and the overall corporate business strategy" is presented in Figure 3:

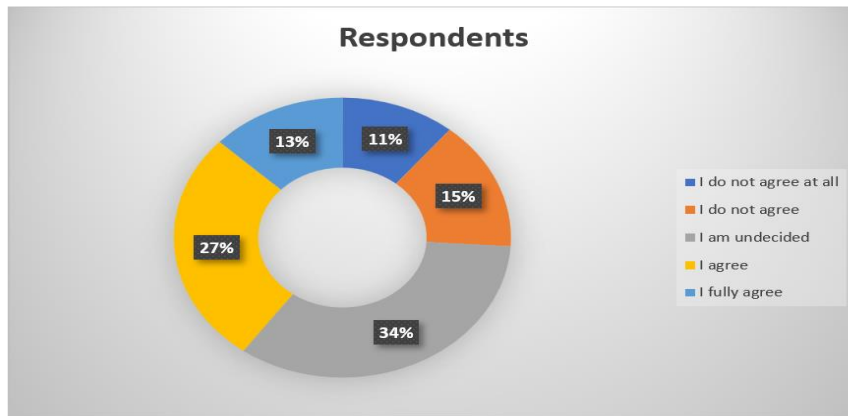


Figure 3: Corporate property strategy is directly related to the technical-technological challenges of growth and development of the company and the overall corporate business strategy

Source: Author's own research

Within Figure 3, the following processing of answers is attached: 26% of respondents do not agree with the statement (categories: "I do not agree at all" and "I do not agree"), 34% of respondents are undecided in their attitude and 40% of respondents agree with the statement (categories: "I agree" and "I fully agree"). According to the obtained data, it can be seen that there is a disproportion in the answers, that is, the predominance of the positive attitude is not in a large percentage compared to the rest of the answers. Accordingly, it is concluded that the technical-technological challenges and the growth provided by the application and implementation of the corporate property strategy is accepted positively by the majority of answers, but there is still ambiguity regarding the overall benefits. Consequently, the management of the business organization needs to work in that domain, to educate the staff in the direction of the technical-technological benefits and to initiate the realization of the same, translated into the organizational goals.

Based on the above, according to the attached information within Figure 1, Figure 2, and Figure 3, the Hypothesis is confirmed, i.e.: *"If the company integrates corporate property strategy into corporate business strategy within its framework, in that case, a positive trend of innovation and development is followed in the realization of corporate goals"*. Consequently, the corporate property strategy largely complements the official corporate business strategy, especially in terms of innovation, modernization, and technical-technological growth.

Conclusions

Corporate real estate can be a strategic asset for a company by contributing to business performance, controlling costs, and creating competitive advantages. By incorporating corporate property strategies into the strategic business plan, organizations can align their real estate assets with their overall goals and objectives. However, it all depends on the fact that there is depends on effective corporate leadership and the realistic functioning of property management strategies to meet the challenges of the competitive business environment and control real estate costs. When corporate property is classified as a strategic entrepreneurship resource, it can, on the one hand, create barriers to entry at the firm level, and on the other hand, maintain competitive advantages. However, all this depends on the type of industry, the approach that will be chosen, as well as the existing organizational culture, and the level of employee satisfaction. Namely, different industries approach corporate real estate in ways that support their operational needs, and the relationship between these parameters shows the impact of corporate real estate decisions on financial performance which is especially important for future entrepreneurs' innovations.

Within this paper, a series of aspects of defining the business strategic approach are shown; the basics of corporate property strategy as well as the permanent corporate business strategy, but also the different levels and applied methods of integration. What is important to keep in mind is that the decision that is made regarding the management of corporate real estate is directly related to the strategic goals of the business that are implemented at various levels. Overall, corporate real estate can be used strategically to improve business performance, control costs, and gain a competitive advantage, when it comes to entrepreneurship.

Limitations of the study

In the future, it is necessary to research a direct target group of respondents - entrepreneurs who, based on the application of this strategic model, will point to the benefits achieved and contribute to building stronger strategies in the future.

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