Managing Innovation Process in the Real Estate Sector: Case study from UAE

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Innovation in the real estate sector is rarely discussed although it can bring an overwhelming number of advantages to all stakeholders. Like any other industry, the real estate sector must too evolve to ensure better efficiency and increased profitability across the entire sector. This paper is focused on evaluating the innovative process associated with a leading real estate firm in the United Arab Emirates. Based on the cyclic innovation model, different types of data was collected for quantitative and qualitative analysis. The case exemplifies that innovation in the real estate sector is developed by meeting both market and technology factors.

**Key words:** Innovation, Innovation Process, Incremental Innovation, Radical Innovation, CIM, Real Estate, UAE.

**Introduction**

In recent years of the information age, leveraging innovation is increasingly becoming a prerequisite for businesses to be embraced in their long term strategy, regardless of the industry. All businesses need innovation not only to garner investment and confidence but also to make sure that their products and services meet the market requirements (Grunewald, 2019). Having the right kind of innovative process in place, however, will allow businesses to achieve products that meet the needs of the markets. It is also important to note that the innovation process is matching the actual requirements of the market. This is due to the fact that if the companies are not aware of the needs of the process, they might create products that are not required by the markets (Metcalf, 2015). Hence the importance of managing innovation appropriately as well as having enough capital to invest in the innovation process. This will show that the total innovative process becomes a failure when firms do not meet the needs and the expectation of the market. This is the reason that the innovation process has to be managed to maximise the results and the benefits affiliated. Businesses have to make sure
that they are focused on market needs, and innovations would take place in line with the exact needs of the markets in the long run (Walz, 2008).

There are many different approaches and the theories available in the context of evaluating the overall effectiveness of both innovation and the innovation process. Firms will have to develop appropriate approaches to make sure that the innovation they are involved with is meeting the market requirements and has the potential to achieve the positive results in line with the needs they have. This shows that the topic remains highly important in achieving the results in the future context. Thus the topic has a high level of importance, and the results associated with this are be positive in the future context (Hargie and Tourish, 1996).

In the UAE, innovation is embedded deeply in all national agendas and is a core belief with an inherently positive outlook towards change. 2016 was inaugurated as the year of innovation where a roadmap was formulated with innovation not only at the forefront but also as a propeller of all national initiatives. This research initiative was inspired by the wide scope for innovation in real estate in the UAE. The general considerations associated with real estate hardly discuss the innovation and the related outcomes. However, all firms in the UAE are expected to be innovative in the development of the projects due to the expectation that these projects should remain unique in all contexts. This will allow these projects to represent the country as a modern and innovative service location in the future. Firms, therefore, have to make sure they remain innovative and ensure they achieve positive results thereof.

The real estate sector is regarded as one of the most competitive industries in the UAE which is known for some of the appropriate creations of buildings that are unique in design and highly innovative. This would ensure that the operations and the maintenance of these structures remain at a minimum while the results associated with the outcomes remain positive.

The paper is focused on evaluating the innovative process associated with a leading firm in the real estate sector. The firm itself is not a new company for innovative projects but expects each of their projects to provide a unique outcome. The role of the firm is to develop an iconic structure that will allow them to ensure that they reach the market appropriately and benefit from outcomes in the future. This is the reason that the company considers innovation to be highly important for them and believes that a competitive edge can be developed based on innovation. Further, it is important for the firm to develop these unique landmarks due to the fact that they become representations of the UAE. They stand tall to indicate the unique culture and the value system of the region. Thus the role of innovation is highly important in reaching the appropriate results and maximisation of the benefits in the future.
This paper is presented in four sections. The first section contains an introduction to the central topic of the paper. The theoretical backdrop is described in the second section. The third section discusses the methodology, whereas the fourth section illustrates the finding and contains a discussion on the practices of our chosen firm. A conclusions is presented at the end of the paper.

**Theoretical Backdrop**

In order to develop innovative solutions to the problems, there are several steps that the parties may take. There are several models that indicate the innovative process and how they are likely to contribute to the development of new products. Many companies develop radical and incremental innovations to sustain their competitive advantage in markets (Coccia, 2017). As highlighted in figure 1., incremental innovation concerns an existing product, service, process, organisation or method whose performance has been significantly enhanced or upgraded; Radical innovation is an invention that destroys or supplants an existing business model (Dewar and Dutton, 1986). Radical innovations are not easily adopted in the market. Potential adopters experience difficulties in comprehending and evaluating radical innovations due to their newness in terms of technology and benefits offered (Trott, 2019).

![Figure 1. Incremental and Radical Innovations](image)

*Source: Barradell (2015)*
Provided that the newness of the idea is low and the products are innovated with added features, it becomes an incremental innovative approach that has been used. For instance, the product has to be continuous, and the markets have to have evolving requirements for this to be the case. This indicates that a new model will have features that an old model will not have (Acland, 1992). This eventually indicates that product innovation remains an important part of the innovative process. However, when a product is developed in a totally new fashion, that falls under disruptive innovation.

Based on figure 1, if the value of the product also increases it is likely that the newness of the product would also increase. Thus, when these two aspects continue to increase, the products tend to become more of a disruptive innovation in nature. Such products sometimes contribute to create totally new industries and ensure that they provide appropriate solutions to the future problems that the customers are likely to face (Parker, 2012). Thus the innovative will have to be able to meet the actual needs of the market.

**Figure 2. The Cyclic Innovation Model**

The Cyclic Innovation Model (CIM), which was introduced by Berkhout (2000) remains another approach towards innovative activities. It is a different way of viewing firm-based innovation process. CIM is a cross-disciplinary view of change processes (and their interactions) as they take place in an open innovation arena. Behavioural sciences and
engineering, as well as natural sciences and markets, are brought together in a coherent system of processes. It attempts to capture the iterative nature of the network processes innovation and represents this in the form of an innovation circle with interconnected cycles. This circular concept helps to show how the firm, on different scales, gathers information and knowledge over time and develops a solution (Trott, 2019). The model identifies that there are push factors for innovation as well as pull factors. The push factors are the technology-related factors while the pull factors are the market-related factors. These two aspects must be balanced to reach the appropriate results and optimise the outcomes (Berkhout et al., 2010).

The companies have to face market needs; the markets demand many different features at different price points. Thus the companies have to make sure that they provide such outcomes and then meet the expectations of the markets in line with the needs they have. However, the main issue is that the needs and the price that the market is willing to pay has to be matched (Walz, 2008). This will make sure that the product is accepted at the market for the given level of value that the product would offer.

The vision of the company or the entrepreneur is at the heart of the innovation process. However, there are market factors as well as technical factors in place. The innovation has to be developed in line with these needs. It is important that appropriate research is carried out, and the products and the services are developed to meet these requirements in the future context (Barradell, 2015). Thus the overall theoretical backdrop associated with the study indicates as to how the parties will be able to manage these issues and achieve the needed results in the future context.

Research Design

The research on the innovation process practices was primarily based on the cyclic innovation model, which requires longitudinal observation (Pettigrew, 1990). In order to obtain insights into the development process, a firm was chosen in which we gathered different types of data and performed quantitative and qualitative analysis. As Shah and Corley (2006) have argued, such combined analysis offers a valuable insight when done properly.

Finding and Discussion

We have chosen a well-known real estate company that has been meeting the needs of the markets as well as the regulators despite their strict code of design. Environmental regulations were among the first issues the company faced and had to ensure their projects that they developed not only met regulations but also met the standards that had to be in place. This is one of the challenges that is specifically creating issues in the real estate sector.
Further, it is important that they work to improve the quality of the spaces available. When the company has a project in hand, there are several aspects that the company is looking at; the first is the user values and expectations. The structure has to be able to meet the actual user values. For instance, a shopping mall has to be able to house many attractions to the customers as well as shops. This will allow the shopping malls to attract the customers and to purchase the products and access the available services. This shows that the first factor that attracts the attention and the consideration is the requirements of the customers.

Then the changes that are taking place in the market is identified; this will allow them to evaluate the actual changes of the needs and the value that the competitors are providing. This will allow the company to actually understand if they provide the values that are either superior, similar or below the values that the competitors are providing in the market. Knowing this will allow the company to develop the products and the services to exactly match the requirements of the market and ensure that they fall in line with the needs that are in place.

Then the company evaluates the framework of the design to meet these requirements; for instance, if the project should be a landmark project that will meet the exact needs of the market or the project should offer the value for money in line with the exact needs of the market. These aspects must be looked into when they are managing the issues and achieving the appropriate results in the future. This is another important approach that will maximise the benefits to the parties. The firm will select a designer and a set of consultants based on the specific needs of the project. This means that they have already developed a framework associated with the requirements. Thus they will be able to work with various parties and ensure that they reach the appropriate outcomes in the future context. All these aspects indicate the importance of having an appropriate blueprint towards the innovation as this will allow them to select appropriate designers who will be able to meet these innovative requirements. The designers of the project will work with various parties and ensure that they achieve the results to meet the market needs. They will have a clear idea as to the needs of the company and will be able to develop an appropriate set of alternatives that meet the expectations of the company. The key factors taken into consideration by the designers at this stage is the cost reduction in the contexts of the construction as well as the operations while making sure that the structure can remain operational for a longer period of time.

The parties must work towards the development of an appropriate design that is agreeable to the company. Thus, the initial concepts are developed and the agreement of the company and the management is received for these initial design concepts that are in place. Based on the initial concept that has been developed, the company works with the consultants to develop
an innovative structure that will provide many benefits in the context of space maximisation as well as mitigation of the operating costs associated.

Thus the discussion shows that the company is primarily looking into the demand pull factors as well as technology push factors in the context of designing of new products. These projects will be able to meet the expectations of the market and make sure that the consumer’s desired results are reached. The company will work with the contractors as well as the consultants to ensure that these innovative features are successfully implemented in the new designs that are associated with the company. It is very much likely that the company will be able to maximise the results in line with the market needs and develop the competitive edge in line with the needs they have based on the innovative features that they had developed.

**Conclusion**

The discussion is focused on a real estate firm and the innovative process they have developed. The firm has been able to develop some of the iconic structures in the Abu Dhabi region, and they continue to do so with more new and innovative designs. Due to the fact that each project is different, they have to use disruptive innovative approaches and ensure they meet the needs of the market in an appropriate manner. This will make sure that the projects are capable of meeting the exact market requirements.

The company has developed an innovative approach which is closely linked with the Cyclic Innovation Model; however, this does not mean that the company has not been able to change the innovation model in line with the exact needs. For instance, they are working with many different stakeholders to ensure that they provide optimised results to their customers. The company creates a clear blueprint as to what is exactly needed by them. This allows them to clearly communicate with the designers and make sure that the eventual product meets the real market needs.

The company will select the main stakeholders for the project including the designers and the consultants for the structures as well as the construction companies based on the specific requirements that they have in mind. This approach has allowed them to make sure that they also identify the exact needs of the company and then develop innovative products that match these needs.

Thus the above discussion about this area indicates that the firm remains one of the important parties associated with the innovative process and the result is the development of some of the iconic buildings and designs in the region. This has allowed the company to spearhead some of the future projects that require such innovative insights. With the development of the
Abu Dhabi region, the company also must continue to develop such designs to enhance the user value while maximising the benefits to all the stakeholder groups.

To conclude, real estate firms in UAE have three main challenges, the strict code of design by the regulators in the modern times; competitors; and the availability of new technologies. This requires them to develop an innovative approach that would lead them to success and excellence. Best practices in this sector include meeting the needs of the market, reflecting an understanding of the importance of the user values and their expectations, and selecting a designer and consultants based on the specific needs of a project.
REFERENCES


