Core competences and strategic performance in real estate development[*]

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Abstract

The purpose of this paper is to investigate the role of core competences for the strategic performance of real estate development companies. We develop a conceptual model where core competences influence the choice of strategy, such as marketing differentiation strategy, innovation differentiation strategy, cost leadership or focus strategy, and thus lead to higher firm performance of real estate companies. As real estate companies operate in highly dynamic markets, this model also introduces control variables, such as environmental uncertainty, unpredictability and dynamism depending on the target market. In assessing competitive advantage and firm performance we hypothesise that certain competencies, which are embedded in the organization itself and developed through projects and people capabilities, influence the strategic performance of real estate companies. The model is empirically evaluated by using data from real estate companies in Austria and Germany. We test the hypotheses by applying structural equation modelling (SEM).