Strategic Management Changes at Emaar Properties

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Introduction

Introduction to the Emaar Properties

Emaar Properties, with headquarters in the United Arab Emirates (UAE), is widely regarded as one of the industry's top companies worldwide. Emaar was founded in 1997, and since then, the company's renowned projects have helped reshape Dubai and other worldwide cities. Emaar is well-known in the real estate industry for its forward-thinking strategies and its dedication to building sustainable, cutting-edge projects. Commercial and residential real estate, retail centres, hotels, and entertainment complexes are just some of the goods and services provided by Emaar Properties (Tariq et al., 2020). The organisation has a global presence with offices in the Middle East, North Africa, Asia, Europe, and North America. Emaar Properties employed approximately 7,000 people and made over AED 19 billion in 2021 (Tomaira 2022).

Vision and Mission

Emaar Properties' mission is to be a global leader in the development of iconic lifestyle destinations, and its ambition is to become the most valued and trusted firm in the world. To this end, they are dedicated to sustainable development and the highest quality standards as they build extraordinary places for people to live, work, and play.

Competitive Position and Strategic Drivers

Emaar Properties has used a variety of tactics to remain successful in the real estate industry. Segmenting the company's operations into autonomous divisions that can each contribute to the company's overall growth is one tactic. Through this method, Emaar Properties has expanded into other lucrative markets, including the tourism, leisure, academic, medical, and financial service industries. The company's influence has grown to include other parts of the continent as well.

Management by goals is another approach used by Emaar Properties; it takes into account the wide variety of industries and settings in which the firm works. With the use of this plan, the corporation has been able to establish distinct goals and objectives for each division, all of which are in line with the plan as a whole (Shamsi, 2019). Emaar Properties has coped with the problem of intense competition by purchasing or merging with other major players in the real estate industry. Because of this, the business has been able to enter new markets, both domestically and internationally.

Emaar Properties' global expansion is guided by strategic management theory, namely the targeted differentiation strategy and the diversification plan. Offering specialised, high-quality goods and services to a niche market is an example of the targeted differentiation approach. On the other hand, diversification entails broadening the scope of the business into unrelated fields. Emaar Properties has been able to realise its aim of being the most valuable and renowned real estate firm in the world because to the implementation of the aforementioned methods (MANSY, 2020).

Current Business Scenario of Emaar Properties

In Emaar Properties' functional organisational structure, departments like marketing, finance, and operations are separated from one another depending on their specific roles. By allowing each department to be led by specialists, this setup has the potential to boost efficiency and output. The firm is likewise organised in a centralised fashion, with all decisions being made by the highest level of management. With this set up, everyone knows their place in the hierarchy, and everyone works together to make choices.

Emaar Properties is in the expansion phase of its business life cycle right now. The corporation has branched out into new geographical areas and economic fields of activity (Hu, 2020). Emaar Properties has expanded into new domestic and international markets via strategic mergers and acquisitions of other industry leaders. The corporation has been able to realise its goal of being the most valuable and recognised real estate company in the world by a combination of business segmentation, management by goals, and diversification.

Both Emaar Properties' internal business rivals and the efficiency with which the company performs have been affected by the company's present organisational stage and design. In order to maximise efficiency and output, the firm has adopted a functional organisational structure that encourages departmental specialisation and the development of in-house knowledge. This has helped Emaar Properties keep up with the ever-changing real estate industry and realise its goal of being the most valued and admired property development firm in the world (Emaar Properties. 2021).

Emaar Properties is now in the expansion phase of its organisational lifecycle, during which it has been able to branch out into new geographic markets and develop new lines of business. Through these efforts, the business has been able to keep up with the ever-changing real estate industry and realise its goal of being the most valued and admired real estate firm in the world. The external business environment and Emaar Properties' success have benefited from the company's present stage of the organisational lifecycle and its well-designed internal structure. The corporation has been able to realise its goal of being the most valuable and recognised real estate company in the world via a combination of business segmentation, management by goals, and diversification (Johnson et al., 2017).

Figure 1 Simplified Organizational Structure of Emaar Properties (Source: Self-Created)

Figure 2 Modified Organizational Structure of Emaar Properties

Environmental Analysis and need for Change

As a company that operates in the real estate, retail, and hotel industries, Emaar Properties is very susceptible to the effects of a wide range of external environmental variables (Faccia et al., 2023). Emaar Properties' internal strengths and weaknesses, as well as the possibilities and threats it confronts in the real estate, retail, and hotel sectors, may be better understood by a SWOT analysis.

SWOT Analysis

SWOT Analysis	
Strengths	Weaknesses
1. Recognizability on a Global Scale as a Brand 2. Investment Strategy with Diversification 3. A New Approach to Long-Term Sustainability and Innovation 4. The Ability to Make It Big in the Market Effective Collaborations	1. Relevance to the Economy 2. Money Owed and Borrowing 3. Global Market Competition 4. Problems with Regulations
Opportunities	Threats
1. Trends in Internationalization 2. Tourism Development 3. Technology Adoption 4. Sustainability	1. Economic Uncertainty 2. New Regulations 3. The Nature of Competition 4. Global Emergencies

Strengths

- Emaar's name is well-known all over the world, and has come to represent the height of style and sophistication. Emaar is well-known across the globe because to its groundbreaking construction of notable buildings including the Burj Khalifa (the tallest structure in the world) and The Dubai Mall (one of the biggest retail and entertainment centres in the world). Emaar has a leg up on the competition because to the fact that its brand is well-known among wealthy investors, visitors, and renters. Trust and confidence among stakeholders are bolstered by this acknowledgement, opening doors to partnerships and collaborations with other large businesses and governments.

- Emaar's diversified portfolio is one of the company's greatest strengths. Emaar diversifies its income sources by engaging in the real estate, retail, and hotel industries. This strengthens its ability to withstand economic downturns. When the real estate industry has difficulties, for instance, the retail and hotel sectors may provide stability and help the firm weather the storm (Yosri, 2021).
- Emaar is a real estate company that is at the forefront of sustainability and innovation. The company's dedication to sustainable practises like solar energy adoption and water conservation, as well as cutting-edge technologies like the internet of things (IoT) and artificial intelligence (AI) in property management, exemplifies the company's forward-thinking mentality. In addition to saving money, these methods will also please today's eco-conscious consumers. Emaar's capacity to respond to changing rules and satisfy client demands while making beneficial environmental contributions is a direct result of the company's commitment to sustainability.
- Emaar's global reach is a significant asset in the competitive marketplace. The corporation has entered several new markets, including those in the Middle East, North Africa, South Asia, Europe, and North America, with great success. Geographic diversification allows a business to lessen its reliance on the stability of any one market by spreading its operations over other locations. Emaar is able to take advantage of the varying prospects in each area because to the breadth of its operations (Alneyadi et al., 2021).
- Emaar has developed robust strategic connections with local companies and governments in its focus regions. Collaborations like this make it simpler to follow regulations, enter new markets, and create new projects. Emaar is able to better understand the dynamics of the industry, comply with the local regulatory framework, and compete with international firms that face entrance restrictions due to its partnerships with local organisations. With this strategy, Emaar is set up for sustained expansion and development (Singh, 2016).

Weaknesses

- Profitability at Emaar is Extremely Vulnerable to the Economy. Demand for real estate and business in the retail and hotel industries may fall during economic downturns when consumers cut down on discretionary spending. This sensitivity underscores the need of solid contingency planning to help Emaar withstand economic storms and emphasises the importance of Emaar's agility in adjusting to changing economic situations. In addition, oil price volatility and geopolitical crises are two worldwide economic risks that might have an impact on Emaar's activities, particularly in the Middle East.

- The regulatory environment is unpredictable and presents obstacles when doing business in numerous nations. Real estate construction, zoning, labour policies, environmental policies, and taxes all vary from one area to the next. Project delays and higher operating expenses may result from the effort required to remain in compliance with these varied and ever-changing rules. For Emaar to successfully navigate the regulatory landscape, the company must staff a full-time regulatory affairs department and keep an open line of communication with relevant government agencies (Koelemaij, 2021).
- Emaar’s large-scale endeavours have sometimes led to a substantial buildup of debt. Interest payments and the corporation’s ability to borrow money are both affected by how much debt a company has. Emaar must find a middle ground between using debt as a growth tool and risking the company’s long-term viability. Debt must be well managed, and other sources of finance, such as equity partnerships, must be investigated in order to lessen dependency on this kind of funding.
- Market competition is high in all sectors, but especially in the hotel, retail, and residential construction sectors. Established local and international firms, such as Emaar, compete with one another for market share and consumer loyalty. Emaar has to innovate and set itself apart from the competition in order to succeed in the current market. To keep expanding and making a profit, businesses must devote resources to R&D, create novel customer experiences, and provide superior products and customer service (Singh, 2016).

Opportunities

- Emaar has a chance to significantly increase its international presence. Emaar can tap into new markets with enormous development potential by expanding into developing nations in Asia, Africa, and Latin America, where urbanisation and a growing middle class are driving demand for real estate. The firm can cash in on the rising demand for premium real estate and tourist attractions due to the strength of its well-known brand and extensive industry knowledge.
- Increased travel means more business for the hotel and leisure industries, both of which are strong points for Emaar. Emaar stands to gain from the rising number of travellers throughout the globe due to the company’s ability to provide memorable and visually appealing places that drive business to its hotels, resorts, and other tourist hotspots (Faccia et al., 2023).
- The hotel, retail, and real estate sectors are all being revolutionised by technological advancements. By progressively incorporating technology into its processes, Emaar can capitalise on this trend. Using AI and IoT in property management, for instance, Emaar can improve productivity, provide better service to customers, and cut down on expenses. In addition, businesses may reach today’s tech-savvy customers by putting resources into e-commerce and mobile hospitality.
- Emaar may benefit from the growing interest in eco-friendly business methods. The organisation may meet worldwide sustainability requirements and win over environmentally

sensitive clients by committing to green building practises including eco-friendly construction, energy-efficient operations, and green building certifications. Embracing sustainable business practises has helped Emaar save money and gain credibility as a good corporate citizen (Alneyadi et al., 2021).

Threats

- Uncertainty in the Economy: Oil price swings and geopolitical unrest are only two examples of the economic issues that might have an adverse effect on Emaar's real estate and retail and hotel business. Reductions in property demand, occupancy rates, and customer traffic are all possible outcomes of an economic downturn. The only way for the organisation to cope with these unknowns is to implement rigorous risk management procedures (Armoti et al., 2022).
- Shifts in zoning rules, tax policies, and environmental regulations are all examples of regulatory changes that have the potential to halt current projects and drive up compliance costs. Emaar may have to devote more resources in order to accommodate the changing regulatory climates in its many markets.
- The retail, restaurant, and hotel sectors continue to be among the most competitive in the economy, with both up-and-coming businesses and industry veterans battling for customers. Price wars, narrower profit margins, and more intensive marketing and client retention efforts may all result from intense competition.
- Adaptability, contingency planning, and diverse income sources are essential in the face of potential pandemics, natural catastrophes, or geopolitical conflicts in the future that might interrupt corporate operations (Bodolica et al., 2018).

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