

**MINISTRY OF EDUCATION AND  
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**PHAM THANH THUY**

**FINANCIAL SOLUTIONS TO IMPROVE THE  
COMPETITIVENESS OF VIETNAM INDUSTRIAL  
CONSTRUCTION CORPORATION**

**Major: Finance - Banking**

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**SUMMARY OF DOCTORAL DISSERTATION IN  
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***Scientific Instructors:*** 1. Assoc. Prof. Dr. PHAM THI THANH HOA  
2. Assoc. Prof. Dr. PHAM TIEN DAT

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## ABSTRACT

### 1. Rationale

Vietnam has increasingly participated in the international economy intensively, so more and more foreign enterprises are entering the Vietnamese market, causing Vietnamese ones to compete more fiercely. Therefore, finding solutions to improve the competitiveness of enterprises has become an important issue of concerns by any enterprises.

Vietnam Industrial Construction Corporation is one of Vietnam's largest construction companies, operating in many fields, including design consulting, industrial construction and equipment supply, etc. Vinaincon has constructed many key large-scale and medium-scale projects of the country. Undergoing more than 20 years of formation and development, the Corporation has achieved certain successes; however, Vinaincon's competitiveness has recently been greatly reduced, clearly shown through the Corporation's unstable dominant market share which is much lower than competitors and constantly negative profits and profit margins. On the other hand, in recent times, financial solutions used by the enterprise, including: capital mobilization, capital use management and cost management solutions still have had many limitations, inadequacies and have not been implemented uniformly, causing the Corporation's imbalanced capital structure and relatively low production and business results, which has adversely impacted its competitiveness during the past times.

Originating from the above situation, completing financial solutions to improve Vinaincon's competitiveness is extremely necessary and meaningful. Therefore, the PhD student chose the topic: “*Financial solutions to improve the competitiveness of Vietnam Industrial Construction Corporation*” as my doctoral dissertation research content.

### 2. Overview of research related to the topic

#### 2.1. Research on competitiveness

*Competition is one of the market economy laws. The research on competition has existed for a long time and there are many theories of competition that have*

*emerged from famous schools, including classical, neoclassical, modern competition theories and other theories. Therefore, the competitiveness issue has soon been concerned and studied from many different perspectives.*

#### **a. Competitiveness in view of classical competition theory**

Typical representatives for the group of classical theory on competitiveness are Adam Smith and David Ricardo. In the famous work “*The Wealth of Nations*” referring to the global competitiveness published by Adam Smith in 1776, Adam Smith and David Ricardo states that the value and use value included in the product are important factors that determine its competitiveness.

#### **b. Competitiveness in view of Michael Eugene Porter**

- In his work "Competitive Strategies", first published in 1980, he proposes a model of 5 competitive pressures facing by enterprises: current competitors, potential competitors, suppliers, customers and substitute products, which is the focus of Michael Porter's competition theory.

- Then in 1985, Michael E. Porter published the book "Competitive Advantage", which is the perfect complement to his pioneering work "Competitive Strategies". In this book, he introduces the concept of a value chain as a set of activities performed by enterprises to create values for customers. He argues that the key source of competitive advantage is the differences in the value chain.

- The last book in Porter's trilogy is “*The Competitive Advantage of Nations*” published in 1990. The book introduces the diamond model which analyzes the factors that determine competitive advantage while also evaluates whether a country or territory has a healthy micro-business environment.

#### **c. Competitiveness in view of resource theory**

Resource theory on competition was proposed and developed by Wernerfelt. He introduced Resource Based View of the firm - RBV in 1984. Competitiveness in view of resource theory emphasizes the role of internal factors - resources of the enterprises when building business strategies.

#### **d. Competitiveness in view of capability theory**

Resource theory has partly resolved the disadvantages of Porter's model (1985) when searching for sustainable competitive advantages but is still not aware of environmental fluctuations. Only the dynamic capacity theory assesses how enterprises can create and maintain their profits as well as competitive advantages in a rapidly changing environment (Ambrosini & Bowman, 2009).

## **2.2. Some research on solutions to improve the competitiveness of enterprises**

Research by Vu Duy Vinh (2009) on the topic "*Financial solutions to improve the competitiveness of Vietnam Paper Corporation in the context of international economic integration*". The author provides a fairly comprehensive overview of micro and macro solutions to improve the competitiveness of a large enterprise in a key business sector in Vietnam.

Also doing research on financial solutions to improve the competitiveness, Dr. Vu Khac Hung (2021) implemented the topic: "*Financial solutions to improve the competitiveness of Vietnam Posts and Telecommunications Group*". The author focuses on researching and evaluating the current state of VNPT's competitiveness as well as the financial solutions applied by VNPT to improve its competitiveness, and thereby proposes financial solutions and some other solutions to improve the competitiveness of Vietnam Posts and Telecommunications Group.

Tran Thi Anh Thu (2012) studied the topic "*Improving the competitiveness of Vietnam Posts and Telecommunications Group in the context that Vietnam is a member of the world trade organization*". The author offers the following groups of solutions: (i) Focusing on innovating the organizational model and promoting internal resources; (ii) Expanding the market and developing new and value-added services; (iii) Actively promoting comprehensive domestic and international cooperation, implementing the blue ocean campaign and participating in the global value chain.

Nguyen Chi Thanh (2003) researched on the competitiveness in bidding of Civil Engineering Construction Corporation No 4. Nguyen Duy Dong (2017) implemented the topic: "*Improving the competitiveness of Vietnamese construction enterprises in the context of world economic integration*". Their subject of research is competitiveness.

Pham Van Cong (2009) did research on the topic "*Improving the competitiveness of Vietnam National Petroleum Group*". The research subject of the topic is Vietnam National Petroleum Group and solutions to improve the competitiveness. Research by Nguyen Duy Hung (2016) on the topic "*Improving the competitiveness of Vietnamese securities companies*". The research subject of the topic is Vietnamese securities companies, focusing mainly on securities companies listed on the Vietnam stock market.

The research of these dissertations focuses on assessing the current situation and then proposing solutions to improve the competitiveness of an industry or sector such as construction, post and telecommunications, paper, commercial banks and the research subjects of these dissertations are mainly the competitiveness.

### **2.3. Research gaps**

- *First:* The above studies mainly focus on the competitiveness and solutions to improve it. However, those studies have not studied in details financial solutions to improve the competitiveness of enterprises.

- *Second:* Up to now, there has been no empirical research in a doctoral dissertation to fully and systematically research financial solutions to improve the competitiveness of Vietnam Industrial Construction Corporation. Therefore, the research topic ensures necessity and does not overlap with any previous research projects.

#### **\* *Research direction of the dissertation***

With the above-mentioned research gap, the dissertation deeply researches the current state of using financial solutions to improve the Corporation's competitiveness, thereby evaluating the achievements, limitations and causes thereof in using financial solutions to improve the competitiveness. On that basis, it proposes contents to complete financial solutions to improve the competitiveness for the Corporation.

## **3. Research objectives and tasks of the dissertation**

### **3.1. Research objectives**

The research objective of the dissertation is to “Propose solutions to complete financial solutions to improve the competitiveness of Vietnam Industrial Construction Corporation”.

### **3.2. Research tasks**

- Systematizing and clarifying theoretical and practical issues on the competitiveness and the impact of financial solutions on the competitiveness. Analyzing and evaluating the current state of the competitiveness and of using financial solutions that impact the competitiveness of Vietnam Industrial Construction Corporation. Proposing to complete financial solutions to improve the competitiveness of Vietnam Industrial Construction Corporation.

### **4. Research methods**

To carry out the above-mentioned research tasks, the dissertation uses the following research methods:

#### ***Research issue approach***

The research mainly uses the research issue approach from the perspective of overall research on enterprise competitiveness. Through the research situation, the dissertation proves that the current state of the competitiveness and of using financial solutions to improve Vinaincon's competitiveness still have many shortcomings, thereby showing the need to introduce financial solutions to improve the competitiveness for Vinaincon.

#### ***Data system***

To collect data, the PhD student collects data from two main sources: primary data sources and secondary data sources.

- Primary data source: is data that is collected by the author, unprocessed, collected for the first time and directly from the unit through enterprise surveys and interviews with managers of Vinaincon's parent company and subsidiaries.

- Secondary data source: is processed and synthesized data collected by the PhD student from the state management documents related to the topic as well as research projects and reports related to construction sector, construction enterprises and consolidated financial statements of Vietnam Industrial Construction Corporation from 2017 to 2022. In addition, data related to the Corporation used in the topic is also collected through data sources of the Ministry of Construction and the credit information center.

### ***Data processing and analysis methods***

#### **- Analysis and summary method:**

The analysis is carried out through detailed research on the current state of competitiveness and of using financial solutions of the Corporation. Then, it will be summarized to have a more comprehensive view of the results achieved by the Corporation in recent times.

#### **- Comparison method:**

The topic is used to compare the Corporation's data with that of competitor enterprises to help the PhD student evaluate the Corporation's competitiveness. This period's data is compared with the previous period's one to study the fluctuations in business activities to evaluate the competitiveness of Vietnam Industrial Construction Corporation.

- Expert method: Consult with experts, managers and researchers on competitiveness at Vietnam Industrial Construction Corporation.

### **5. Research subject and scope**

- **Research subject:** The research subject of the topic is "Theory and practice of financial solutions to improve the competitiveness of Vietnam Industrial Construction Corporation"

#### **- Research scope**

Regarding space: The topic does research within Vietnam Industrial Construction Corporation.

Regarding time: the period from 2017 - 2022

Regarding contents: These are financial solutions from the enterprise's perspective to improve the competitiveness of Vietnam Industrial Construction Corporation. Therefore, the dissertation focuses on researching, specifically: capital mobilization, capital use management, cost management and profit distribution solutions.

### **6. Scientific and practical significance**

- **Theoretical significance:** The dissertation contributes to systematizing basic theoretical issues about competition, competitiveness and the impact of financial



solutions on improving the competitiveness of enterprises. It has provided experience in using financial solutions to improve the competitiveness of foreign and domestic enterprises, thereby drawing lessons for Vietnam Industrial Construction Corporation.

**- Practical significance:**

The dissertation analyzes and evaluates the current state of competitiveness, factors affecting the competitiveness and the current state of using financial solutions to improve the competitiveness of Vietnam Industrial Construction Corporation. Based on the study of theoretical and practical issues, it proposes a number of financial solutions and makes recommendations to improve the competitiveness of Vietnam Industrial Construction Corporation.

**7. Structure of the dissertation**

In addition to the introduction, conclusion, list of references and appendices, the dissertation is divided into 3 chapters as follows:

**Chapter 1:** Theories of competitiveness and financial solutions to improve the competitiveness of enterprises.

**Chapter 2:** Current state of competitiveness and financial solutions to improve the competitiveness of Vietnam Industrial Construction Corporation.

**Chapter 3:** Completion of financial solutions to improve the competitiveness of Vietnam Industrial Construction Corporation

# **CHAPTER 1: THEORIES OF COMPETITIVENESS AND FINANCIAL SOLUTIONS TO IMPROVE THE COMPETITIVENESS OF ENTERPRISES**

## **1.1. Theories of competitiveness of enterprises**

### **1.1.1. Concepts of competition and competitiveness of enterprises**

#### **A. Competition**

Competition is a fierce struggle between economic entities to gain market share, customers and favorable conditions in their production and business activities with the goal of maximizing their profits.

#### **B. Competitiveness**

The competitiveness of an enterprise is the ability to use all internal resources including financial capacity, technologies, human resources, management and marketing organization to maintain and create its advantages over competitors in order to gain profits, along with increasing quality of products and services while improving its position compared to competitors in the market.

### **1.1.2. Criteria for evaluating the competitiveness of enterprises**

*1. Profit and profit margin:* Profit is a comprehensive quality indicator that shows the results and efficiency of all production and business activities. Profit margin is an indicator that reflects the efficiency of the enterprise's production and business activities, evaluated based on the profits gained by the enterprises. Therefore, profit and profit margin are comprehensive indicators to evaluate the competitiveness of enterprises.

*2. Market share of enterprises:* Any enterprise that wants to survive and be competitive must occupy a market share, whether large or small.

*3. Product quality:* If an enterprise produces many good quality products, it will attract many customers, helping to create and build reliability with customers, increasing the enterprise's reputation, thereby assessing its competitiveness.

*4. In the field of construction, construction capacity is one of the important criteria to evaluate the competitiveness of enterprises.*

### **1.1.3 Evaluation of the enterprise's competitiveness based on the model**

#### **A. EFE (External Factor Evaluation) Matrix**

The EFE Matrix is a model that helps analyze an enterprise's external environment, based on which enterprise administrators will be aware of the opportunities and risks that their enterprises may face, thereby make judgments and evaluate the impact of those factors whether they are favorable or difficult to the enterprises, and their competitiveness will be evaluated through their ability to respond to the external environment.

#### **B. IEF (Internal Factor Evaluation) Matrix**

The IEF matrix is a matrix that evaluates internal factors in an enterprise in order to review the ability to react and recognize the strengths and weaknesses of the enterprise, thereby making the most of the strengths and effectively overcoming the weaknesses. Through the IEF matrix, we can evaluate the competitiveness of an enterprise based on its ability to react to the effects of internal factors within the enterprise.

### **1.1.4. Factors affecting the competitiveness of enterprises**

One of the important factors affecting the competitiveness is “**Financial solutions**”.

## **1.2. Theories on financial solutions to improve the competitiveness of enterprises**

### **1.2.1. Concept of financial solutions**

"Financial solutions from an enterprise's perspective" is understood as follows: a system of financial measures implemented by business administrators to manage financial resources that are formed, created, distributed and used to maintain and expand production and business for enterprises.

### **1.2.2. Contents of financial solutions to improve the competitiveness of enterprises**

#### **1.2.2.1. *Capital mobilization solutions***

When enterprises mobilize capital fully and promptly, helping them seize business opportunities, they will have capital to innovate machines and equipment, improve technological processes, diversify products, lower product prices and create

competitive advantages, which has a great impact on improving their competitiveness, ensuring that they can win in competition. In addition, choosing the appropriate form and method of mobilizing capital will reduce capital costs, helping enterprises increase profits. Therefore, when enterprises' successful capital mobilization will have a positive impact on improving their competitiveness.

#### ***1.2.2.2 Capital management and use solutions***

Effective capital management and use helps enterprises save capital, reduce use costs, increase accumulation for reproduction, invest in the right direction and increase profitability, thereby improving their competitiveness.

#### ***1.2.2.3. Cost management solutions***

Cost management is part of business growth strategies to not only help enterprises reduce costs, increase profits but also create clear competitive advantages in the market, thus affecting positively to improve their competitiveness.

#### ***1.2.2.4 Profit distribution solution***

Profit increase and proper distribution will become the driving force to promote production and business development, demonstrating the solid financial strength of enterprises, enhancing their value, facilitating to expand production and business; thus, it will have a positive impact on improving the competitiveness and creating momentum for enterprises to continue to develop their position.

### **1.2.3. Relationship between financial solutions and competitiveness of enterprises.**

Enterprises' financial solutions and competitiveness have a cause-and-effect relationship, are closely linked, impact and complement each other. Financial solutions create the necessary conditions for enterprises to improve their competitiveness. On the contrary, when enterprises' competitiveness is improved, it will support the implementation of financial solutions more easily and contribute to the successful implementation of financial solutions.

#### **1.2.4. Factors affecting financial solutions to improve the competitiveness of enterprises**

The enterprises' implementation of financial solutions is affected by many different factors, including: macro environment, quality of human resources, corporate governance capacity, governance structure and finance and accounting activities of enterprises.

### **1.3. Domestic and international experience in using solutions to improve the competitiveness for construction enterprises.**

#### **1.3.1. International experience**

##### ***1.3.1.1 Experience from China***

To mobilize capital by issuing bonds, China Construction Corporation prices its corporate bonds based on government bonds. In cost management, the Corporation classifies costs according to different criteria and uses standard cost methods to determine, control costs and evaluate its operations.

##### ***1.3.1.2. Experience from Japan***

Prioritizing financial lease of construction machines, appreciating the role of cost accounting in cost management, planning and control.

##### ***1.3.1.3. Experience from the US***

The US construction enterprises have applied cost management accounting in the field of logistics. Most US construction enterprises organize their accounting to calculate product and service costs through the ABC (Activity-Based Costing) model.

#### **1.3.2. Domestic experience**

##### **1.3.2.1. Experience from Hoa Binh Construction Group Joint Stock Company**

Always focusing on improving technical and technological capacity, promoting research and application of scientific and technical achievements in construction, etc. and developing foreign markets.

##### **1.3.2.2. Experience from Vietnam Construction and Import-Export Joint Stock Corporation (vinaconex)**

Continuing to maintain and expand relationships with domestic and foreign banks and credit institutions to ensure to be proactive in capital sources. Applying

new technologies in design, project management and construction, etc. and always making specific plans in each construction stage.

### **1.3.3. Lessons for Vietnam Industrial Construction Corporation**

Continuously improving technical and technological capacity, financial capacity and human resources. Establishing and maintaining relationships with owners, customers, credit institutions, etc. and promoting foreign market development. It is necessary to choose an appropriate cost management and accounting organization model to save costs, lower product prices, etc. Paying more attention to the use of financial lease products.

## **CONCLUSION OF CHAPTER 1**

## **CHAPTER 2: CURRENT STATE OF COMPETITIVENESS AND FINANCIAL SOLUTIONS TO IMPROVE THE COMPETITIVENESS OF VIETNAM INDUSTRIAL CONSTRUCTION CORPORATION.**

### **2.1 Overview of Vietnam Industrial Construction Corporation (VINAINCON)**

#### **2.1.1 History of formation and development of Vietnam Industrial Construction Corporation (VINAINCON)**

Vinaincon was established on the basis of merging Vietnam Steel Corporation, construction units under Vietnam Electricity, Vietnam National Chemical Corporation and other specialized construction companies in 1998. In order to increase the efficiency of production and business activities and reduce the pressure on supply of materials to the projects constructed by the Corporation, Branch for Management, Procurement and Construction of Vietnam Industrial Construction Corporation (VINAINCON MPC) was established under the Decision No. 147/QD-VINAINCON-HDQT dated November 18, 2015 of the Board of Directors of VINAINCON.

#### **2.1.2. Business lines and business lines' characteristics**

**a. Main business lines:** Construction and installation; design consulting; industrial production; transportation and tourism

**b. Business lines' characteristics:** Compared to other production industries, the construction industry has unique economic and technical characteristics, clearly shown in construction products and the process of creating products, specifically: Large scale; fixed production locations while production conditions must move according to product locations.

#### **2.1.3. Governance model of the Corporation**

Vinaincon's current organizational structure includes: Parent company and dependent units, 13 subsidiaries and 8 affiliated companies.

#### **2.1.4. Vinaincon's ability to provide inputs and consumption methods**

\* Main products and services: Vinaincon's main production and business fields currently are construction, design consulting and construction supervision and management.

\* Ability to supply materials and inputs: With proactive sources of building materials such as cement, soil and stone, steel structure processing factory system, etc. from member units (subsidiaries, joint ventures and associates), it can be assessed that the enterprise's material sources and inputs fluctuate but do not greatly affect its business operations.

\* Consumption method: Most projects implemented by Vinaincon are carried out in the form of the parent company carrying out bidding procedures, and after receiving the bid, it will assign them to the branches or member units for construction and only collect management fee of 3-5%.

#### **2.1.5. Production and business situation of the Corporation**

In recent years, Vinaincon has suffered losses of some of its subsidiaries, amounting to several hundred billion dong each year, mainly from Quang Son Cement Company Limited. Therefore, although the Corporation gains high revenue, among the top companies with revenue of trillions dong, its production and business situation is not good, with negative profits.

### **2.2 Current state of competitiveness of Vietnam Industrial Construction Corporation**

#### **2.2.1 Evaluation of Vinaincon's competitiveness based on some criteria**

##### **2.2.1.1. VINAINCON's market share**

VINAINCON's revenue market share has not been stable over the years and has been much lower than its two competitors, Vinaconex and Construction Corporation No 1 - Joint Stock Company, in which Vinaconex has the highest revenue market share reaching 37.5% by 2022 while VINAINCON only has 11.7%.



## **2.2.1.2 Profit and profit margin of the Corporation**

### **a. Profit of the Corporation**

Vinaincon's profit after tax was continuously negative in the period of 2017 - 2022 while its competitor, VINACONEX, achieved profit after tax of VND520 to VND1690 billion, showing the Corporation's low competitiveness during the past periods.

### **b. Profit margin**

The Corporation's weak profitability is shown through three indicators, namely ROA, ROE and ROS. In the period of 2017 - 2022, the Corporation's ROA and ROS are both negative. Compared to Vinaincon's competitors, Vinaconex achieved the highest ROE, 6.54% in 2016 and 8.91% in 2022, up by 3.58% over 2021 but down by 12.63% compared to 2020. Thus, based on 3 indicators of ROA, ROE, ROS, the Corporation's competitiveness is low in the recent years.

## **2.2.1.3. Construction and production capacity**

Vinaincon constructs the country's key medium-scale and large-scale projects with high technical and aesthetic requirements, urgent schedule, foreign investment and which meet international standards and are highly appreciated by customers.

### **2.2.1.4. Product quality**

Vinaincon has a testing laboratory system that ensures the ability to analyze quality indicators of materials, semi-finished products and products during the production process.

## **2.2.2. Analysis of VINAINCON's competitiveness based on the model**

### **2.2.2.1. IEF (*Internal Factor Evaluation*) Matrix**

With a total score of 2.1, it shows that the ability to promote the Corporation's internal resources is not strong, so the Corporation's competitiveness is low.

#### **2.2.2.2. EFE (External Factor Evaluation) Matrix.**

With a total score of 2.27, it shows that the Corporation's ability to respond to external factors is at an average level, and its competitiveness in the recent periods is low.

*Therefore, the current state of the Corporation's competitiveness assessed through the model and some indicators shows the Corporation's low competitiveness. One of the important reasons affecting Vinaincon's competitiveness is the current financial solutions applied by the Corporation in recent times.*

### **2.3. Current state of using financial solutions to improve the competitiveness of Vietnam Industrial Construction Corporation**

#### **2.3.1. Capital mobilization solutions**

The Corporation's mobilized capital sources are not diversified, so its capital scale is limited, without being proactive in capital and depending on partners while the need for investment capital is very high, so it has also slowed down many investment projects, affecting the Corporation's implementation schedule. Thus, the Corporation's ineffective implementation of capital mobilization solutions has had a negative impact on its competitiveness and in the period of 2017 - 2022. The Corporation's competitiveness is at a low level compared to its competitors.

#### **2.3.2. Capital and asset management and use solutions**

The Corporation does not focus on investing in its main business areas but invests a lot in other business lines, leading to its low investment efficiency, so it cannot promote the capital efficiency. Inventory management is not good while the Corporation reserves a lot of inventories, causing its capital to be stagnant, increasing storage costs, low receivables turnover resulting in its very low receivable conversions into cash and the speed of customer debt recovery is very slow. The Corporation's implementation of capital management solutions is ineffective and has many limitations, affecting the results of production and business activities, leading to low profits, affecting its reduced competitiveness in recent times.

### **2.3.3. Cost management solutions**

In the cost of goods sold, the Corporation has monitored material costs, each type of material and each source of purchase, but the monitoring is not strict and detailed, so the Corporation still does not well control the value and quality of input materials. Its cost management is ineffective, the cost of goods sold, financial costs and corporate management costs are very high, negatively affecting its production and business activities, leading to its very low profits and financial capacity, which, thus, has had a negative impact on its competitiveness, resulting in the Corporation's low competitiveness in recent years.

### **2.3.4. Profit distribution solutions**

In recent years, the production and business situation of some companies under the Corporation has encountered difficulties with losses or low profits, so the Corporation has not accumulated its capital. With negative profits, the Corporation cannot set aside corporate funds, including funds for investment and development and pay dividends. The reward and welfare fund is limited, so it does not encourage its employees much to actively contribute to the enterprise.

## **2.5. Evaluation the current state of using financial solutions to improve the competitiveness of Vietnam Industrial Construction Corporation**

### **2.5.1. Achievements**

+ The Corporation has mobilized certain capital sources to meet its working capital needs and maintain production and business activities.

+ The Corporation has used capital to invest in improving its capacities in some areas, including: training, retraining, new training to improve the capacity of managers.

+ Implementing financial restructure to help the Corporation focus on core business areas and reduce scattered investments

+ Ineffective production and business units have been fully divested by VINAINCON, restructuring investments to help reduce member units.

## **2.5.2. Limitations and causes**

### **A. Limitations**

+ *First*: In recent years, the Corporation's financial capacity has not been good due to ineffective investments in projects.

+ *Second*: The Corporation has mobilized capital entirely from outsiders, mainly from bank credit.

+ *Third*: Capital and asset use management is not good; debt collection is slow, and capital is misappropriated.

+ *Fourth*: The Corporation uses costs ineffectively.

### **B. Causes**

- Subjective causes

+ The subsidiaries' scale is still small, and they operate in multiple industries and products, so they are still fragmented and scattered.

+ The Corporation's training and fostering of human resources is not regular and timely.

+ In recent times, the Corporation has delayed to innovate machines and equipment, as well as rarely applied technical improvements.

+ Mobilizing too large capital sources to invest in projects, diversify business lines and establish additional affiliated companies while management capacity and financial capacity is limited has led to high debt to equity ratio, negatively affecting financial capacity and capital use efficiency at Vinaincon.

+ Currently, Vinaincon's business portfolio is still fragmented, with many small-scale companies operating in the same business lines, leading to internal competition. Investment is still overlapped, not focused on specialization, leading to low efficiency, and investment management at some companies is still inadequate. Ineffective capital investment has scattered resources.

- Objective causes

+ Frequent fluctuations in material prices and transportation costs have affected the Corporation's production and business plans as well as overall efficiency.

+ Member units, after equitization, face difficulties in accessing business and investment capital. Bank interest rates are increasingly high, significantly affecting the Corporation's production and business results.

+ Investing in the Quang Son Cement project is not effective because the supply and demand factors of the cement market depend largely on the construction industry.

+ The business and investment environment is still not clear, leading to enterprises in general and the Corporation in particular to face many risks.

## **CONCLUSION OF CHAPTER 2**

## **CHAPTER 3: COMPLETION OF FINANCIAL SOLUTIONS TO IMPROVE THE COMPETITIVENESS OF VIETNAM INDUSTRIAL CONSTRUCTION CORPORATION**

### **3.1. Development orientation of the Corporation in the coming time**

#### **3.1.1. Development prospects of construction industry**

With the orientation of promoting industrialization and modernization in the macroeconomic goals for the period of 2023 - 2030 and especially the strong development of industries, construction, traffic infrastructure and urban areas, etc., Vinaincon will have many opportunities and face challenges to stand firm and develop.

#### **3.1.2. Development orientation of the Corporation in the coming time.**

##### **(1). Objectives of the Corporation**

- To build Vinaincon to become a strong, large-scale, technologically advanced corporation.

- To reduce focal points and to highly specialize to prevent internal competition and improve the effectiveness of direction, management and administration;

- To enhance the reputation, brand and competitiveness of Vinaincon and each subsidiary in domestic and foreign markets.

##### **(2). Development orientation of the Corporation**

- Implementing the motto of diversifying products across production and business areas. Promoting and gradually increasing the proportion of industrial production in the total product structure of the Corporation.

- Applying new scientific and technological advances, improving the business and project management.

### **3.2. Basic perspectives guiding the use of financial solutions to improve the competitiveness of Vietnam Industrial Construction Corporation**

- Financial solutions must be consistent with international economic integration commitments.

- Financial solutions must be consistent with modern business methods.

- Ensuring equal competition between enterprises
- Ensuring systematic synchronization and stability.

### **3.3. Completion of financial solutions to improve the competitiveness of Vietnam Industrial Construction Corporation**

#### **3.3.1. Diversify capital mobilization channels for the Corporation**

The Corporation's mobilized capital sources have currently not been diverse and rich in forms, mainly from bank credits and credit institutions. In addition, in the current context, the stock market is considered a capital mobilization solution that brings great efficiency to enterprises, but up to now, the Corporation has not been able to issue bonds.

##### *\* Solution contents*

Vinaincon needs to diversify forms of capital mobilization, including mobilizing idle capital from officers and employees within the Corporation and external sources in the forms of issuing bonds or increasing capital mobilization through joint ventures and associates with domestic and foreign partners or mobilizing capital through financial lease, etc.

#### **3.3.2. Manage and improve the efficiency of capital and asset use**

The management of equity capital, working capital and asset use is not good. Fixed capital use efficiency and receivable, inventory turnover is low. Therefore, improving the efficiency of current capital use of the Corporation is very necessary, and the Corporation needs to implement some of the following specific solutions.

##### *\* Solution contents*

- Vinaincon needs to develop a financial plan to determine the capital sources to be used. It needs to take measures to restructure assets by continuing to transfer and merge ineffective or unnecessary projects and investments to focus resources on main business activities.
- The Corporation must determine to participate in bidding for projects with clear capital sources, payment according to project items and proactively propose to the owners for acceptance when the projects are completed.

### **3.3.3. Promote debt collection**

In the period of 2017 - 2022, the Corporation's capital turnover speed is very slow; receivables always account for a high proportion of total current assets; capital is heavily occupied and the Corporation's solvency is very low.

*\* Solution contents*

- First: Strengthen the organization of receivable management
- Second: Regularly monitor and manage trade receivables
- Third: Flexibly and thoroughly apply forms of debt collection
- Fourth: The Corporation needs to finalize the projects on time

### **3.3.4. Strengthen cost management measures within enterprises**

In the recent period, the Corporation's cost management has not been good; The ratios of cost of goods sold, financial costs and general and administration expenses to net revenue are very high.

*\* Solution contents*

+ Implementing debt restructure: Restructuring all debts as soon as possible through finding and replacing short-term, high-interest loans with long-term, low-interest loans, contributing to reducing interest expenses as well as creating additional capital for production and business activities.

+ During the construction process, it is necessary to rely on the Corporation's resources and surrounding resources such as labor, materials, etc. to have fast and safe construction plans to help speed up the construction progress and save a huge amount of costs.

+ Improving labor productivity: Focusing on investing in improving science and technology capacity and innovation, applying advanced and modern technology to production and business management.

### **3.3.5. Other solutions**

3.3.5.1 Forecast revenue and profit

3.3.5.2 Strengthen technological innovation, pay attention to investment and scientific and technical creativity



3.3.5.3. Attract and develop human resources

3.3.5.4. Solutions in the fields of operation of the Corporation

3.3.5.5 Solutions to improve competitiveness for the Corporation based on the swot model

### **3.4. Some recommendations to the state agencies**

- Optimizing the enterprise management and supervision mechanism and business environment.

- Strengthening the leadership of the State, maximizing the role of professional associations

- All science and technology sectors need to invest more capital in enterprises to install creative, autonomous construction equipment.

- The State continues to amend, supplement and perfect legal regulations

- The State needs to issue policies to encourage and facilitate construction enterprises

## **CONCLUSION OF CHAPTER 3**

### **CONCLUSION**

### **LIST OF THE AUTHOR'S PUBLISHED WORKS**

<b>No.</b>	<b>Name of works</b>	<b>Year of publication</b>	<b>Name of journals</b>
1	Industrial revolution 4.0 and impacts on higher education in Vietnam	2020	Journal of finance & accounting research
2	The impact of corporate social responsibility (CSR) on labor productivity of Vietnamese small and medium enterprises	2020	Journal of Finance and Accounting Research
3	Competitiveness of Vietnamese enterprises today: Current situation and solutions	2021	Journal of Finance and Accounting Research
4	International experience on improving the competitiveness for Vietnamese construction enterprises	2022	Journal of Finance and Accounting Research