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The Competitive Capacity of Enterprises Developing Social Housing: An Theoretical Approach

Tran Thi Nga

Vietnam Construction and Investment-Design Joint Stock Company, Vietnam

Corresponding Author: **Tran Thi Nga**

Abstract

Competition is a fundamental aspect of market economies, driving entities to utilize their strengths for market share, brand enhancement, and sustainable growth. The World Economic Forum defines national competitive capacity as macroeconomic efficiency, pivotal for sustainable growth and societal well-being. Sectoral competition, especially in social housing development, relies on product quality, market share, financial prowess, marketing strategies, management efficacy, and corporate responsibility. Evaluating competitive capacity involves assessing financial health, marketing capabilities, management quality, operational efficiency, and social responsibility. External

factors like policies, culture, and economic conditions, alongside internal elements such as business strategy, human resources, and technological prowess, significantly impact competitive capacity. Effective risk management, technological innovation, and skilled leadership are crucial internal determinants. The integration of modern technology, efficient machinery, and construction equipment enhances productivity and product quality, bolstering a company's competitive edge. Understanding and evaluating these factors are vital for social housing enterprises to thrive in a competitive market landscape and contribute to societal well-being.

Keywords: Competition, Competitive, Market Share, Capacity, Marketing

1. Introduction

Competition is one of the fundamental laws of a market economy. It is the constant striving to utilize one's advantages and strengths to make breakthroughs, seize market share, and achieve maximum benefits, thereby enhancing the brand and reputation of entities involved. Competition exists in every field, and if it is healthy, it serves as a driving force to promote development, stimulate creativity, and at the same time, prevent monopolies and safeguard the interests of customers.

According to the World Economic Forum (WEF), national competitive capacity is understood as "the strength manifested in macroeconomic efficiency, which is the ability of an economy to achieve and maintain sustainable growth, attract investment, ensure socio-economic stability, and improve people's lives based on defining relatively sustainable policies, institutions, and other economic characteristics. Competition between sectors is the competition among businesses in different production sectors with the aim of making more profitable investments, resulting in average profit rates and production values. Sectoral competitive capacity is often used for manufacturing sectors within a country, reflecting the industry's ability to cope with challenges arising from foreign competitors.

From the analyses and concepts regarding social housing, social housing development, competition, and competitive capacity mentioned above, the competitive capacity of enterprises in social housing development can be summarized as the overall advantages and internal resources of investors operating in the field of social housing development that can be utilized to sustain and grow businesses, attract customers, dominate the market, and enhance their influence and brand. Studying the competitive capacity of social housing enterprises is crucial and will provide managers and policymakers with a more realistic view of this market.

2. Criteria for Evaluating the Competitive Capacity of Social Housing Development Enterprises

2.1 Product, Market Share, and Brand:

Products are the goods or services created and supplied by enterprises to the market to satisfy real market needs, or in other

words, to meet consumer demands. A successful enterprise is one that has successful products. Successful products are those that reach many consumers, not only that, but they also create new experiences for customers and stimulate new customer demands, which the market has not yet addressed. For social housing development enterprises, good social housing products must be suitable for the construction planning of each locality, region, and must meet all the standards and regulations of the specialized legal framework. It must ensure fairness and transparency in the evaluation of purchase and sale documents while providing support to the prioritized target groups. Besides general standards, aesthetic appeal, product quality, surrounding landscapes, and post-handover customer care are indispensable factors for enterprises, which are also their competitive advantages when competing with other competitors.

When an enterprise successfully produces a product that is well-received by many, and even becomes a role model or a benchmark for other enterprises to follow, its market share expands and its brand reputation is enhanced. These three factors are closely related to each other. The more products the enterprise distributes to consumers, the larger its market share becomes, which also implies rapid business development. It demonstrates the enterprise's market dominance over competitors in the same segment and product category. This also enhances the competitive advantage of the enterprise. A strong brand and good reputation are the distinguishing factors between this enterprise and others, attracting customers and continuously increasing market share.

2.2 Financial Capacity and Marketing:

Financial Capacity

Financial capacity refers to the ability to control capital sources or mobilize capital for the enterprise to ensure its operations are not interrupted or harmed by the risks inherent in the market. Financial capacity also reflects the management's ability to use capital efficiently. Effectively utilizing capital will increase profits, enhance the company's reputation and brand, and increase the ability to access new capital sources for reinvestment. Financially healthy enterprises will have a proactive position and more opportunities when choosing investment or business activities, especially for enterprises operating in the social housing development sector, where corresponding capital needs are significant. Enterprises with strong financial capacity can quickly implement tasks such as land clearance, infrastructure construction, tax payments to government agencies, etc., thereby shortening the project implementation time. When projects are completed within the expected timeframe, enterprises can also quickly recover capital and reinvest effectively. Thus, financial capacity not only reflects the internal strength of an enterprise but also indicates its future prospects.

The financial capacity of an enterprise is reflected in the following factors:

Assessment of asset situation: This includes activities comparing total assets at the end and beginning of the period, considering the proportion of each asset in the total assets, and observing trends to determine whether the proportion is high or low and whether it is suitable for the type of business. For social housing, which offers a variety

of choices and products with varying estimates, assessing asset situations helps manage inventory, increase products in demand in the market, and balance production and business activities.

Assessment of capital situation: This involves analyzing the fluctuation and structure of capital sources to determine whether the enterprise is financially independent or dependent and to understand its current difficulties. For real estate enterprises, project lifecycles are prolonged due to various external factors such as policy changes, economic fluctuations, consumer preferences, and especially the cyclical nature of the real estate market. Enterprises with limited capital or relying on short-term capital for long-term projects will be vulnerable to unexpected risks. Regular assessment of capital sources helps enterprises maintain autonomy, plan timely responses, and mitigate risks.

Business Performance Evaluation: This includes the activity of creating annual business performance analysis tables and project business results, examining fluctuations to determine if the business is profitable, thereby identifying whether the financial capacity is strong or weak, and if the expenses are reasonable.

Marketing Capability: Marketing capability is the ability to identify and create a market for one's product. First and foremost, marketing capability involves understanding customers, grasping market trends, and understanding one's competitors well enough to forecast market trends and identify one's strengths and weaknesses.

With an understanding of the market, investors can identify a market segment that aligns with the capabilities (and needs) of the enterprise, enabling them to concentrate resources to serve and meet customer needs effectively and develop an efficient competitive strategy. Furthermore, marketing helps bring products to the market through distribution channels. It may involve gaining and dividing market share across existing channels or establishing a new channel where the enterprise has an advantage to outperform competitors, leveraging this new channel to create more value for customers.

2.3 Management Capability and Quality of Human Resources:

Management capability is the ability to balance the resources of an enterprise to help it adapt to market fluctuations, overcome difficulties, and crises. It is also a system of principles, mechanisms, and regulations through which the enterprise is operated and controlled. Good enterprise management is also about balancing the interests of stakeholders such as shareholders, customers, employees, local authorities, and the community. Management in an enterprise must ensure four basic functions: Planning and forecasting, organizing implementation, Leading and directing, Monitoring and controlling and making adjusting decisions. Good management capability is closely related to the quality of human resources because the quality of human resources, also known as the capacity of the workforce, is manifested through three factors:

Intellect is the capacity of intelligence, the premise, and the foundation of labor. Especially in the current era of knowledge economy, the ability to innovate and think critically plays an extremely important role in determining the success or failure of the workforce. Heart is the spirit of responsibility and dedication of employees to the work they are undertaking. It is also the criterion for measuring their

satisfaction and level of attachment to the enterprise. The unanimity and determination of employees are the key factors driving the development of the enterprise. Physical health, together with heart and intellect, forms a solid foundation for the workforce. Good physical health ensures sustainable labor and the ability to adapt and withstand the harshness of the environment and work. A physically healthy workforce prevents labor disruptions in production and business, making it easier for the enterprise to achieve its goals.

2.4 Business Production and Operation Efficiency:

Business production and operation efficiency is simply understood as a measure reflecting the utilization of resources: machinery, equipment, technology, capital, human resources, etc., to achieve the highest business results and profits. Typically, after each project, enterprises/investors conduct evaluations and summaries to compare the costs incurred and the results obtained, thereby adjusting the enterprise's objectives in a timely manner. Good business operation efficiency also reflects the competitiveness, position, and influence of the enterprise in the market.

2.5 Corporate Social Responsibility:

Corporate social responsibility is the commitment of the enterprise to contribute to the sustainable development of the nation, people, and localities. Through these contributions, it helps improve the lives of workers, communities, and society as a whole.

Corporate social responsibility includes:

+ *Legal Responsibility:* Any worker, customer, partner, or shareholder of the enterprise wants to work with a law-abiding enterprise. Compliance with regulations, principles, and accountability is essential. Along with the rights enjoyed by the enterprise, its legal responsibilities are the obligations that the enterprise must fulfill as required by the state. In addition to general obligations, in each specific field, sector, or business, the enterprise must also comply with specific obligations stipulated by specialized laws. Enterprises operating in the real estate sector must comply with land law, housing law, and real estate business law. Social housing development enterprises must also comply with regulations, decrees, and circulars issued by the state, government, relevant ministries, and local authorities concerning social housing. Compliance with legal responsibilities ensures fairness and minimizes risks for customers, workers, shareholders, partners, as well as reduces losses for the state and society.

+ *Economic Responsibility:* This involves the contributions of the enterprise to ensure income and improve the lives of workers. It entails fulfilling financial obligations to state agencies, maintaining the growth of the enterprise, and improving the socio-economic situation. While operating for profit, businesses must do so within the framework of preserving and promoting national traditions, thereby creating stable and sustainable development.

+ *Environmental Responsibility:* Environmental issues are a pressing concern in Vietnam today. Business activities have a significant impact on the environment, affecting the living conditions of society. We cannot live well in a polluted environment, despite having good material conditions. For social housing development enterprises, before construction begins, they must prepare an environmental impact

assessment report approved by the Department of Natural Resources and Environment of the respective localities. After approval, the enterprise must strictly adhere to the specified criteria to minimize environmental impact.

+ *Ethical Responsibility:* The ethics of a business are closely linked to its survival and development, as well as its brand and reputation.

+ *Humanitarian and Charitable Responsibility:* These are the contributions of the enterprise to the community through activities such as monetary donations, provision of material facilities, volunteer time from employees to individuals, social organizations, or localities facing difficulties, disasters, or humanitarian purposes. These activities go beyond the economic interests of the enterprise, demonstrating its humanitarian values and commitment to positive values. This also contributes to enhancing the reputation of the enterprise in the market.

3. Factors Affecting the Competitive Capacity of Enterprises in Social Housing Development

3.1 External Factors

▪ *Mechanisms, Policies, and Legal Factors:* Mechanisms, policies, and legal frameworks directly influence the competitive capacity of businesses involved in social housing development. These are systems of regulations that businesses must adhere to. Over the years, the Party's orientations on social housing policies, numerous legislative documents, and policy mechanisms related to social housing development have been relatively comprehensively issued by the National Assembly, the Government, the Prime Minister, and various Ministries and local authorities, with many innovative breakthroughs to promote social housing development, especially preferential policy mechanisms to support social housing development to address the urgent housing needs of social policy beneficiaries, including those with low incomes in urban areas. However, there are still many shortcomings both in regulations and in implementation. Therefore, it requires a considerable amount of time for adjustment, supplementation, replacement, and innovation.

Stable politics and clear, coherent legal frameworks will create favorable conditions for businesses to engage in competition and compete effectively.

▪ *Cultural and Social Factors:* Cultural and social factors encompass beliefs, ideologies, ethics, demographics, population density, gender, age, population growth, urbanization rate, etc., which directly impact transactions such as buying, selling, transferring, mortgaging, and methods of payment. Moreover, in the current era of globalization and a flat world, the cultural environment of countries outside Vietnam, as well as the cultural environments and customs of different regions within the country, interact and influence each other directly, affecting trends in approaching and the community's demand for social housing.

▪ *Economic Factors:* The economic environment includes economic growth rates, inflation rates, exchange rates, stock market conditions, deposit interest rates, per capita income, etc., which determine the stability of the economy. When the economy thrives, labor incomes rise, leading to increased accumulation

and thus increasing demand for social housing. Conversely, in a weak economy with high interest rates, reduced employment opportunities, stagnant incomes, and lack of accumulation, people tighten their spending and wait for favorable times to buy houses, resulting in a sharp decrease in supply and demand for social housing. In this era, mastering advanced modern science and technology enhances a company's competitive edge against competitors. Effective application of science and technology reduces production costs, saves input costs, improves quality, enhances aesthetics, and enables quick access to a wider customer base, allowing prompt handling of crises or unfavorable information.

- **Level of Competition among Competitors:** This factor assesses the barriers that new companies must overcome to enter the industry. These barriers may include large capital investments, extensive customer relationships, high brand recognition, capacity for handling paperwork, construction capabilities, etc. If the barriers to entry are high, it becomes difficult for other businesses to enter the industry. Therefore, businesses face less pressure when there is less new competition, allowing them to maintain their position within the industry and in the market.

3.2 Internal Factors

- **Business Strategy:** Business strategy refers to visionary initiatives aimed at creating core values for the enterprise and its stakeholders. Strategies are typically comprehensive and long-term, helping to shape the development trajectory of the business, outline directions and objectives for its operations, enabling quick adaptation to market fluctuations, and preventing risks, thereby establishing, maintaining, and developing new competitive advantages. Strategies also foster unity among all members of the company, rallying them towards common goals.
- **Human Resources:** Human resources are manifested through the quantity and quality of the workforce, including educational levels, skills, health, and work culture. Enterprises with high-quality human resources gain significant competitive advantages. Products from companies with high technical content command higher prices and larger sales volumes, leading to increased revenue and profits. Additionally, a workforce with high professional competence, dedication, and loyalty helps improve labor productivity, reduce costs, lower product prices, and enhance the competitive capacity of the enterprise in the market.
- **Production and Business Capacity**
- + **Financial Capacity:** Capital is the foremost resource that a business needs because without capital, it cannot operate. A competitive enterprise is one that possesses abundant capital resources and can always ensure the mobilization of capital when necessary. A lack of capital severely restricts the outcomes of a business's operations, such as investing in modern technological innovations, limiting the ability to train and enhance the skills of employees, conducting market research, and unable to sustain losses during difficult periods. Financial capacity is a crucial factor in assessing the strength or weakness of a business. This criterion includes various key indicators:

Indicators evaluating capital structure: Debt ratio = Total liabilities / Total capital (%). A lower ratio indicates that the business is less dependent on external borrowing.

- *Indicators assessing payment ability:*

- * Quick ratio = (Cash / Total short-term liabilities). This ratio shows how much short-term debt is covered by available cash. A higher ratio is better, but it is necessary to carefully consider the impact of accounts receivable on the company's payment ability.

- * Current ratio = Total current assets / Total short-term liabilities. This ratio shows how much short-term debt is covered by liquid assets. If this ratio is too low, the company may face insolvency. If it is too high, it means the company has invested too much in liquid assets without providing long-term benefits.

- *Group of indicators evaluating efficiency:*

- * Profit margin / revenue = Profit / Revenue (%). This index indicates how much profit is earned per unit or 100 units of revenue. A higher index is better.

- * Profit margin / equity = Net profit / Total equity (%). A high value of these criteria will help the business to have competitive capacity compared to its competitors.

- + *Marketing Capability*

Market research and marketing are extremely important factors for businesses. Proper market research helps in selecting the right target customers. A thorough market research enables businesses to minimize risks in their operations, reduce unnecessary costs, make decisions on what to sell, who to focus on, how to promote and price products, and which distribution channels to use. Conversely, if market research collects inaccurate information that does not reflect the real market situation and is not based on solid information, the decisions made will not be aligned with reality, leading to ineffective business operations and wastage of resources. Effective marketing satisfies the needs and desires of customers, ensures stable supply of products or services with quality as per requirements, and offers appropriate prices, helping businesses to win in competition and achieve long-term profitability. Marketing helps businesses choose customers, identify their competitors, and promote the reputable image of their business in the market. The higher quality and wider reach of a business's marketing activities, the more competitive advantages it can gain over its competitors.

- + *Risk Management Capability*

Risk management is the process of analyzing, identifying, and recognizing situations, issues, or events that may impact the business in the future, thereby devising adaptive measures to prevent and mitigate damages to the maximum extent. Risk management is typically carried out by senior personnel or the leadership team. The leadership team of an organization plays a crucial role as they oversee the entire resources of the organization, chart strategic directions, policies, operational plans, guide, supervise, and evaluate all activities of departments to ensure the highest efficiency. A competent leadership team possesses specialized skills, interpersonal skills, understanding of human nature, strategic awareness, management skills, operational capabilities, and sensitivity to changes in the business environment to forecast and develop adaptive strategies.

- + Technological Level, Machinery, and Equipment for Construction

Technology is the method, secret, or formula for creating products. To use technology effectively, businesses need to choose suitable technologies to produce products that meet market requirements; they must train workers with sufficient skills to control and manage technology. Otherwise, modern technology will be inefficiently utilized. To evaluate a company's technology, the following aspects need to be considered. To have competitive capability, businesses must equip themselves with modern technologies, which are technologies that require less labor, have short product creation times, low energy and material consumption, high productivity, high flexibility, good product quality, and do not cause environmental pollution. The more advanced a company's technology, the higher the labor productivity, the lower the production cost, and the better the product quality. Therefore, modern technology helps increase labor productivity, reduce production costs, improve product quality, thereby enhancing the competitive capability of products and ultimately improving the competitive capability of the business.

4. Conclusion

In conclusion, competition serves as a cornerstone of market economies, driving entities to leverage their strengths for market share, breakthroughs, and brand enhancement. Healthy competition fosters development, innovation, and prevents monopolies, benefiting consumers. According to the World Economic Forum, national competitive capacity hinges on sustainable growth, investment attraction, and socio-economic stability, propelled by sound policies and institutions. In the realm of social housing development, competitive capacity encompasses investors' resources to sustain growth, attract customers, and dominate markets. Evaluating this capacity involves several criteria. Firstly, product quality, market share, and brand reputation are pivotal. Successful products tailored to local planning regulations and customer needs bolster market dominance and brand allure.

Financial capacity, including asset and capital assessments, underpins operational continuity and investment agility. Meanwhile, marketing prowess aligns products with market demand, enhancing customer reach and revenue. Effective management, driven by skilled and committed human resources, ensures operational efficiency and crisis resilience. Moreover, production efficiency, corporate social responsibility, and adherence to legal, economic, environmental, and ethical standards are integral. External factors like policies, culture, and competition dynamics, coupled with internal facets like strategic vision, human resources, and technological proficiency, collectively shape competitive capacity.

Ultimately, understanding and enhancing competitive capacity in social housing enterprises are vital for sustainable development, informed decision-making, and positive societal impact. By embracing innovation, fostering talent, and upholding ethical standards, these enterprises can thrive amidst evolving market landscapes, driving inclusive growth and societal well-being.

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