ENHANCING THE COMPETITIVE CAPACITY OF REAL ESTATE ENTERPRISES IN HO CHI MINH CITY

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Abstract: ***This study examines key factors influencing the competitive capacity of real estate (RE) enterprises in Ho Chi Minh City, including strategic vision, market research, financial access, technology adoption, organizational culture, and branding. Using a mixed-method approach with SmartPLS analysis, findings highlight financial access, strategic vision, and market research as the most impactful factors. Organizational culture and branding also contribute, while technology adoption shows no direct influence, indicating integration challenges. The study underscores the need for a holistic strategy combining financial, strategic, cultural, and branding efforts to sustain competitiveness in a dynamic market.***

• Keywords: *competitive capacity, real estate enterprises, strategic vision, branding.*

Date of receipt: 20th Dec., 2024
Date of delivery revision: 23th Dec., 2024
Date of receipt revision: 10th Apr., 2025
Date of approval: 28th May, 2025
DOI: https://doi.org/10.71374/jfar.v25.i3.26

1. Research rationale

The real estate sector in Ho Chi Minh City (HCMC), Vietnam, has boasted 35% and 41% profit margins (Nguyen & Chinda, 2018). This matches real estate market knowledge in developed and emerging nations (Nguyen & Chinda, 2018). The city faces various hurdles that real estate companies must overcome to stay competitive.

Rapid urbanisation and population growth in HCMC are serious challenges. More than 13 million people live, study, and work in the 9-million-person city, expanding by 200,000 annually (Nguyen et al., 2022). Seo et al. (2021) report a housing shortage and an expansion in informal slums in the city's periphery. Despite foreign direct investment in residential real estate development, most developers have focused on high-end, expensive home projects, causing a housing market imbalance (Seo et al., 2021).

To address this, real estate enterprises need to focus on developing affordable housing projects that cater to the needs of the growing middle-income population *(Seo et al., 2018)*. This can be achieved through public-private partnerships, which have been recognized as an option to resolve the infrastructure development challenges in HCMC *(Nguyen et al., 2020)*.

Rising real estate competition is another issue. Real estate firms must implement competitive strategies. Outsourced marketing can save costs, enhance revenue, free up time for specialised tasks, boost brand equity, and boost rental room system recognition (Dung, 2024).

Additionally, real estate enterprises can enhance their competitive capacity by focusing on factors that influence customers' purchase intention, such as location, financial status, corporate reputation, and private living space *(Le-Hoang, 2021; Le-Hoang et al., 2020)*. The location factor is particularly important in the context of HCMC, as it is the most influential factor in customers' intention to buy real estate *(Le-Hoang, 2021; Le-Hoang et al., 2020)*.

Real estate companies can also use CSR to gain a competitive edge. Legal, economic, philanthropic, ethical, and environmental CSR efforts can boost employee loyalty and business reputation, giving real estate companies a competitive edge (Mai, 2023).

Real estate companies must also adapt to digital transformation and evolving technology. Real estate companies can get a competitive edge from digital transformation leadership, government support, competitive pressure, IT expertise, and organisational agility (Phi, 2024).

Finally, real estate companies must examine HCMC's architectural dialectics of heritage and modernity and design sustainable architectural growth strategies (Dong & Sarena, 2024). This can include blending traditional components and design concepts into modern real estate developments while addressing city environmental and sustainability issues (Dong Ming Hui & Sarena Abdullah, 2024; Thi, 2023).

Enhancing the competitive capacity of real estate enterprises in HCMC requires a multifaceted approach that addresses the challenges of rapid population growth, housing affordability, competition, technological change, and sustainable development. By adopting strategies that focus on these key areas, real estate

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enterprises can strengthen their competitive position and contribute to the overall development of HCMC.

2. The theoretical framework for the competitive capacity of real estate enterprises

This study's theoretical framework includes models and concepts that evaluate internal and external factors affecting RE firms' competitiveness. External factors like economic conditions, legal frameworks, and market trends affect RE firm competitiveness. This study uses Porter's Diamond Model, Value Chain Theory, and sustainable development principles to analyse these dynamics.

2.1. Porter's diamond model

Porter's Diamond Model is a foundational framework for analyzing industry competitiveness. It identifies four key determinants influencing the competitive capacity of an industry or nation:

- Essential resources including skilled labour, natural resources, and infrastructure are factor conditions. This could include land, skilled labour, and transportation in the RE industry.

- Demand Conditions: Domestic demand affects industry competitiveness. For instance, real estate companies improve their products due to rising demand.

- Related and Supporting Industries Well-developed associated industries and suppliers can boost competitiveness. Construction and building materials support RE.

- Strategy, Structure, and Rivalry: Industry organisations and competition effect corporate competitiveness. RE companies must build market-leading strategies.

2.2. Value chain theory

Another useful tool for competitive capacity analysis is Michael Porter's Value Chain Theory. It divides company operations into major and support functions. Research and development, production, marketing, and customer service are primary activities; human resource management, financial management, and IT are supporting. Value chain optimisation in RE can boost efficiency and cut costs. Investing in IT helps streamline project management, increasing competitiveness. Strategic partnerships with suppliers and customers boost value and competitiveness.

2.3. Principles of sustainable development

Sustainability is increasingly important for RE competitiveness. Businesses must weigh earnings against social and environmental impacts. Research shows that sustainable practices give companies a long-term edge. Recycled materials and energy-efficient designs reduce environmental impact and attract eco-conscious customers. Customers and investors like RE companies with strong social responsibility, which increases their competitiveness.

3. Hypotheses development and research model

Porter's Diamond Model highlights four primary factors influencing the competitive capacity of an industry: factor conditions, demand conditions, related and supporting industries, and firm strategy, structure, and rivalry. Drawing on this framework, prior studies by Hui et al. *(2010)* categorize the determinants of competitiveness in the real estate *(RE)* sector into similar groups. This approach enables enterprises to identify their strengths and weaknesses within the competitive landscape.

In addition, organizational culture plays a crucial role in enhancing competitiveness. Research by Wang *(2019)* demonstrates that a green organizational culture positively influences green performance and competitive capacity. This suggests that cultivating a robust organizational culture, especially one aligned with modern values, can establish sustainable advantages for RE enterprises.

Another significant factor is business strategy. According to Malancea *(2022)*, competitive strategies centered on building a strong corporate image significantly impact competitiveness. A well-established and reputable brand can help attract customers and differentiate a company from its competitors. Moreover, research by Giantari and Sukaatmadja *(2021)* highlights the role of green marketing strategies in creating competitive advantages for RE developers.

Access to capital also emerges as a critical determinant. Li et al. *(2021)* emphasize that financial resources and effective financial management directly impact the competitive capacity of RE enterprises. Companies must efficiently mobilize capital to invest in projects and develop products that deliver customer value and improve competitiveness.

The application of technology is becoming increasingly vital for competitiveness in the RE sector. Sümer *(2019)* notes that information technology governance significantly enhances a company's competitive positioning. Investing in innovative technologies and optimizing workflows can improve operational efficiency and reduce costs, resulting in a sustainable competitive edge.

Lastly, sustainability strategies are essential in today's market. Farida *(2022)* finds that sustainable development approaches not only meet customer demands but also protect the environment and contribute to societal progress, creating long-term competitive advantages for RE companies.

Based on the above analyses, the following hypotheses are proposed:

H1: A clear and appropriate strategic vision positively affects the competitive capacity of RE enterprises.

H2: Comprehensive market research and an understanding of customer needs positively affect the competitive capacity of RE enterprises.

H3: Access to financial resources significantly impacts the competitive capacity of RE enterprises.

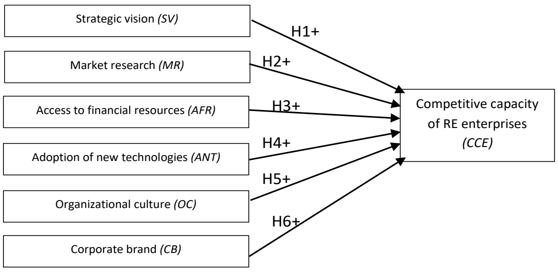
H4: The adoption of new technologies positively affects the competitive capacity of RE enterprises.

H5: A strong organizational culture, particularly one fostering collaboration and knowledge sharing, positively affects the competitive capacity of RE enterprises.

H6: Building a strong corporate brand and image positively affects the competitive capacity of RE enterprises.

From these hypotheses, the following research model is proposed:

Figure 1. Research model



Source: Developed by the authors

4. Research methodology

4.1. Data collection

The poll included 221 participants and a 70% response rate, ensuring good dependability. From July to October 2024, the survey was conducted, with data processing and study completed in the following month.

Sample representativeness was achieved via stratified random sampling. Senior management, key workers, and RE sector competitive capability experts attended. The selected companies showcase Ho Chi Minh City's RE industry, from large organisations to SMEs.

4.2. Data analysis

Quantitative data analysis was conducted using SPSS software, employing multivariate regression techniques to examine the relationships between the independent variables *(e.g., strategic vision, market research, capital access, technology, organizational culture, and branding)* and the dependent variable *(competitive capacity)*. This analysis provides an assessment of the relative influence of each factor, enabling the identification of the most critical determinants of competitiveness.

4.3. Research sample characteristics

The sample predominantly consists of RE enterprises that have been operating for 11–15 years *(92.3%)*, indicating a stable presence in the industry. Medium-sized enterprises *(100–200 employees)* account for the majority of respondents *(54.3%)*, followed by small and large enterprises. Most enterprises operate in the residential real estate sector *(63.8%)*, with a smaller focus on commercial real estate and land plots.

Table 1 summarizes the characteristics of the surveyed enterprises and participants

Variable	Category	Freq.	Percent (%)
Years of Operation	Less than 5 years	5	2.3
	5–10 years	2	0.9
	11–15 years	204	92.3
	Over 15 years	10	4.5
Enterprise Size	Small *(<100 employees)*	37	16.7
	Medium *(100–200 employees)*	120	54.3
	Large *(>200 employees)*	53	24
	Listed companies	11	5
Business Focus	Residential real estate	141	63.8
	Commercial real estate	43	19.5
	Land plots	35	15.8
	Industrial real estate	2	0.9
Position of Participants	Project managers	22	10
	Department managers	75	33.9
	CEOs	92	41.6
	Real estate experts	32	14.5
Total		**221**	**100.0**

Source: From the authors' data analysis results

4.4. Analytical approach

The regression analysis examines how independent variables affect RE business competitiveness. The study validates measurement scales using Cronbach's Alpha reliability tests to contain only reliable variables. Multivariate regression analysis determines how each component affects competitiveness.

This methodological rigour ensures statistically robust findings and actionable insights for improving RE firms' competitiveness in Ho Chi Minh City.

Table 2. Reliability and discriminant validity tests

	α	CR *(rho_a)*	CR *(rho_c)*	AVE	AFR	ANT	CB	CCE	MR	OC	SV
AFR	0.822	0.826	0.875	0.583							
ANT	0.608	-0.044	0.616	0.406	0.122						
CB	0.823	0.890	0.886	0.723	0.134	0.085					
CCE	0.765	0.765	0.865	0.681	0.751	0.097	0.207				
MR	0.820	0.826	0.881	0.649	0.539	0.093	0.091	0.770			
OC	0.821	0.849	0.872	0.576	0.107	0.106	0.232	0.417	0.116		
SV	0.795	0.806	0.859	0.550	0.272	0.144	0.110	0.570	0.238	0.124	

Source: From the authors' data analysis results

Table 2 shows high construct reliability and validity. Most constructs, including Access to Financial Resources (AFR), Corporate Brand (CB), and Organisational Culture (OC), have Cronbach's Alpha (α) values above 0.7, indicating excellent internal consistency. The Adoption of New Technologies (ANT) measurement scale has a lower Cronbach's Alpha of 0.608, suggesting it should be improved. All categories have Composite Reliability (CR) ratings above 0.7, with Corporate Brand (0.886) and Access to Financial Resources (0.875) being particularly reliable. These results demonstrate measurement model consistency and dependability.

Convergent validity is confirmed by most constructions' AVE values above 0.5. Corporate Brand (0.723) and Competitive Capacity of Enterprises (CCE) (0.681) have high AVE values, indicating that latent variables explain a lot of the variance in their observable measures. However, the Adoption of New Technologies (ANT) has an AVE value of 0.406, which is below the acceptable level, suggesting that this construct may need more development to increase its validity. Despite this, cross-loadings and the Fornell-Larcker criterion show that the constructs are sufficiently separate, maintaining the study model's structural integrity.

5. Structural equation modelling

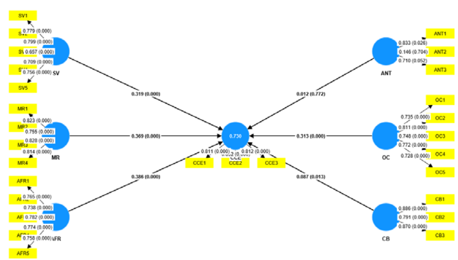
Table 3. Path coefficients and hypotheses testing

Hypothesis	Relationship	Original sample	Mean	STDEV	T statistics	P values	Result
H1	SV -> CCE	0.319	0.316	0.033	9.641	0.000	Acepted
H2	MR -> CCE	0.369	0.365	0.044	8.347	0.000	Acepted
H3	AFR -> CCE	0.386	0.384	0.043	8.871	0.000	Acepted
H4	ANT -> CCE	0.012	0.000	0.041	0.290	0.772	Rejected
H5	OC -> CCE	0.313	0.312	0.037	8.559	0.000	Acepted
H6	CB -> CCE	0.087	0.088	0.035	2.487	0.013	Acepted

Source: From the authors' data analysis results

Table 3 shows that most independent variables affect real estate (RE) firms' competitiveness. H1, H2, H3, H5, and H6 are allowed due to significant route coefficients (p-values < 0.05). Access to financial resources (H3) affects competitive capacity the most with a path coefficient of 0.386. This suggests that strong financial resources enable project investments and operational improvements, making RE firms more competitive. Strategic vision (H1) and market research (H2) also have high effects (0.319 and 0.369). To remain competitive, a clear, forward-looking strategy and a strong understanding of market dynamics are essential.

Figure 2. Result of PLS-SEM structural model path coefficient



The hypothesis that new technologies are adopted (H4) is rejected due to its low path coefficient (0.012) and low statistical significance (p-value = 0.772). This shows that technology adoption may not immediately affect RE firms' competitiveness in Ho Chi Minh City. Insufficient technical deployment or difficulty matching these technologies with organisational aims may be to blame. Organisational culture (H5) and corporate branding (H6) both significantly affect competitive capability with values of 0.313 and 0.087 (Figure 2). These findings emphasise the importance of a collaborative, knowledge-sharing culture and a strong corporate image for long-term competitive advantage. The results reveal the dominance of financial, strategic, and market-driven elements in RE competitiveness.

6. Discussions

This study reveals the key elements affecting Ho Chi Minh City real estate (RE) firms' competitiveness and their relative relevance. Financial resources had the greatest impact, with a path coefficient of 0.386. This shows how financial capacity helps companies invest in huge projects, innovate, and manage market changes. To be competitive in the capital-intensive RE sector, financial management must be strong, according to previous studies. Strategic vision (0.319) and market research (0.369) are strongly correlated with competitive capacity, emphasising the need for forward-thinking plans and market trends. These characteristics help companies anticipate client wants, spot market possibilities, and react to changing business conditions.

The study reveals that adopting new technologies (H4) does not significantly affect competitive capability, as shown by its low path coefficient (0.012). Technology adoption is often seen as a competitiveness driver, although its influence may depend on organisational strategy integration and alignment. RE firms in Ho Chi Minh City may face issues such limited technology infrastructure, a shortage of skilled workers to integrate new technologies, or an emphasis on old business strategies. This finding suggests a thorough investigation into sector technology adoption constraints and targeted initiatives to incorporate technology into fundamental business operations to uncover its potential advantages.

The large contributions of organisational culture (0.313) and business branding (0.087) to competitive capability demonstrate the relevance of intangible assets in long-term success. Strong organisational cultures encourage staff collaboration, innovation, and knowledge-sharing, which improve operational efficiency and customer happiness. Customer trust and loyalty are strengthened by a strong business brand, giving it an edge in a crowded market. These findings demonstrate that RE firms must invest in strong internal systems and a positive public image beyond financial and market strategies. The discussions suggest that RE firms in Ho Chi Minh City need a holistic approach that balances financial, strategic, cultural, and branding initiatives to improve their competitiveness.

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