

Better Management in Real Estate Industry from Quality Perspectives - A Case in Real Estate Industry in Vietnam

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Abstract: There are several factors affecting enhancing management capabilities of real estate companies in Vietnam. For instance: management of quality of construction and real estate projects, better organization of human resources, better practices of corporate governance, etc. With OLS regression method, the article suggests a total quality management perspective for managing real estate activities and propose recommendations for macro policies that affect firm performance. For instance, exchange rate policy need to be in favor of USD/VND just little bit while inflation policy need to be controlled well. Moreover, Applying TQM not only improves the quality of products and services but also improves the operational efficiency of the whole system thanks to the principle of always doing the right thing the first time. Limitation of the research is that the model can be expanded for other markets.

Keywords: Management capabilities, Real estate industry, Vietnam, TQM.

INTRODUCTION

We will analyze solutions to enhance better management capabilities for real estate industry in Vietnam, in a special case of DMC corporation. Sustainability of real estate market in Vietnam can be affected by policies suggested from this study.

Real estate management need to pay attention to quality management to reduce risks happening. For instance,

TQM applying as follows

Demonstrate the quality of each product that will be driven through the customer.

Good assurance on the leadership of the company.

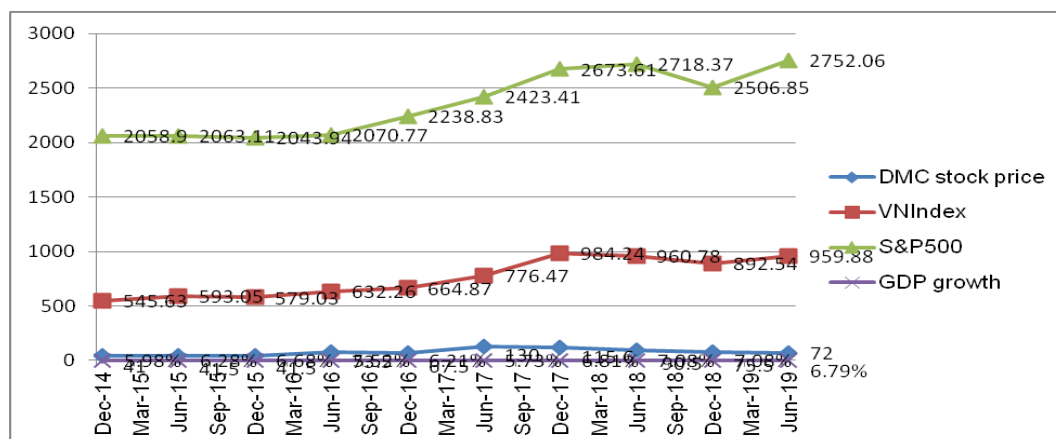
Quality is constantly improving.

Show uniqueness as well as systematic.

With the participation of departments and employees at all levels.

Use more scientific and technical thinking methods. Such as statistical techniques.

DMC business is going with economic growth of Vietnam. We can see DMC stock price fluctuates in the same trend with other macro factors.



The paper is organized with introduction, literature review, methodology, main results, discussion and conclusion.

CONTENT

Research Questions

Question 1: What are the effects of above 6 macro factors on DMC stock price?

Question 2: What are management implications for DMC and real estate firms?

LITERATURE REVIEW

We summarize relating studies in below table:

Table 1: Summary of previous studies

Authors	Year	Results, contents
Trình Minh Quang et al	2019	Referring to factors of market change will strongly affect the share prices of large companies
Patro et al	2002	They found that a number of variables including imports, exports, inflation, market capitalization, dividend yield, and a book-to-book price ratio significantly influence a person's world market risk at national level.
Butt et al	2010	The results revealed that market returns are primarily changes in stock returns, but macroeconomic variables and industry-related variables add explanatory power in describing volatility. stock returns.
Claudia et al	2010	The risk of about a third of US banks increases in response to monetary easing.
Saeed và Akhter	2012	In Karachi stock market, Regression results show that exchange rate and short-term interest rate have a significant impact on the Banking index. Macroeconomic variables such as money supply, exchange rate, industrial production and Short-term interest rate and exchange rate have a negative effect on banking index while oil price has a positive effect on the bank index. Banking index.
Ahmad and Ramzan	2016	Choosing investment portfolios, investors care about effects of macro to manage it

METHODOLOGY AND DATA

Our OLS regression:

$$Y \text{ (DMC stock price)} = f(x1, x2, x3, x4, x5, x6) = ax1 + bx2 + cx3 + dx4 + ex5 + fx6 + k$$

With: x1: GDP growth rate (g), x2: inflation, x3: VNIndex, x4: lending rate, x5: risk free rate (Rf), x6: USD/VND rate

All data is reliable from stock exchange and Bureau of Statistics and bank system.

MAIN RESULTS

Overall Analysis

First of all, The below charts tell us: Between Y and GDP growth, CPI, VNIndex, exchange rate there is positive correlation, while negative relationship with other factors.

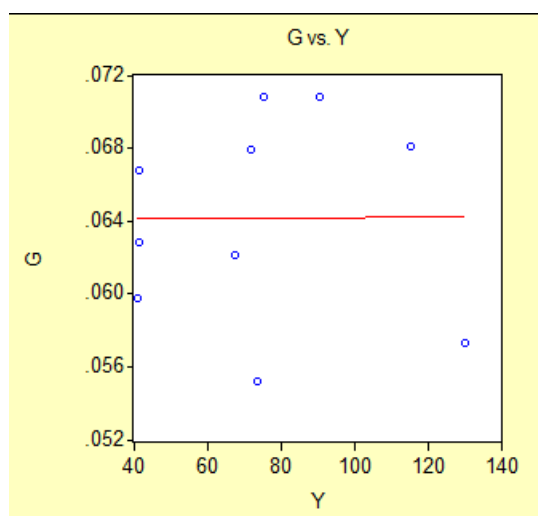


Chart 1: DMC stock price (Y) vs. GDP growth in Vietnam (G)

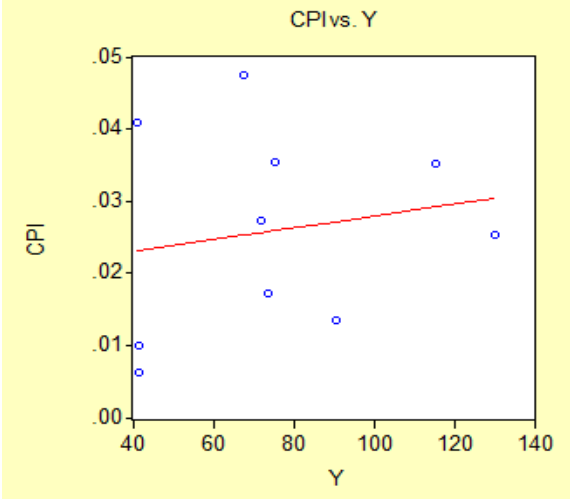


Chart 2: CLG stock price (Y) vs. Inflation (CPI)

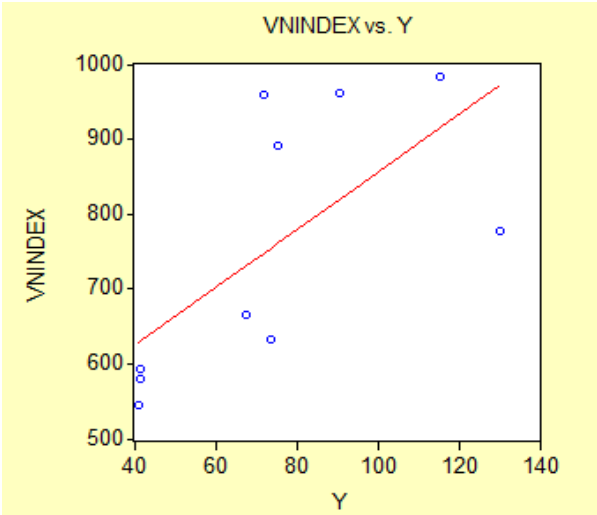


Chart 3: Y vs. VNIndex

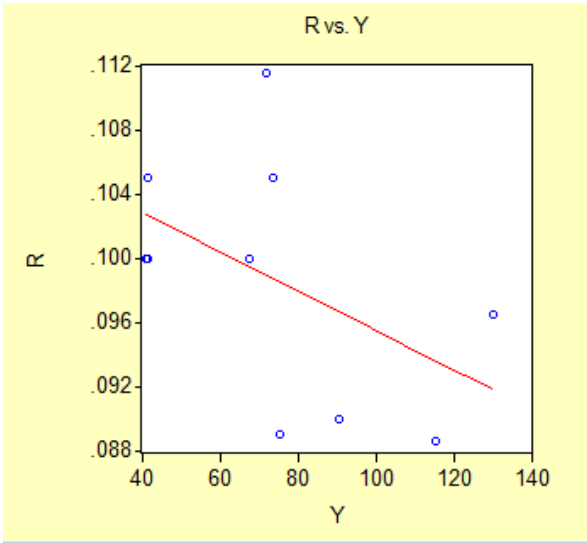


Chart 4: Y vs. Lending rate (r)

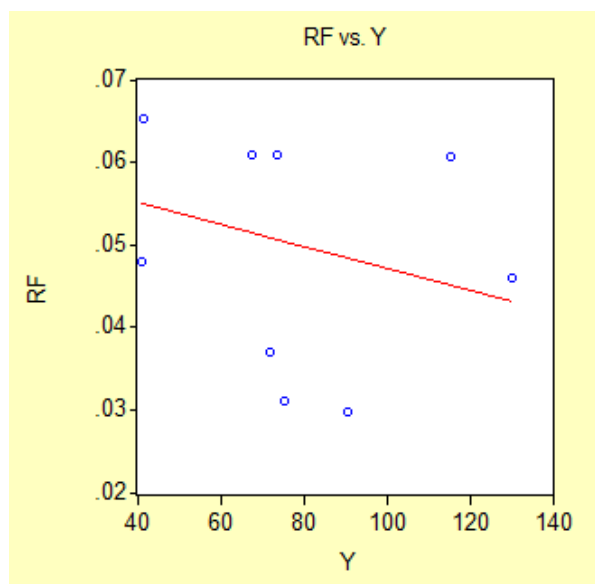


Chart 5: Y vs. Risk free rate (Rf)

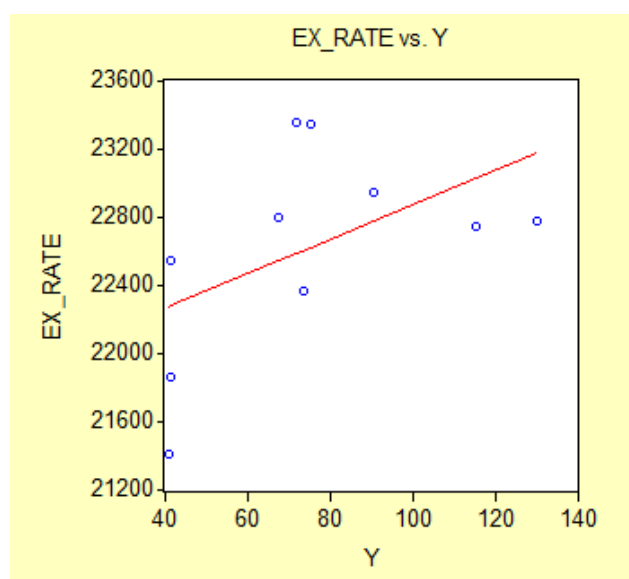


Chart 6: Y vs. Exchange rate (Ex_rate)

On the other hand, we could see statistical results: below table tell us standard deviation of exchange rate and VNIndex are the highest values

Table 2: Statistics for macro economic factors

Unit: %

	DMC stock price	GDP growth	Inflation (CPI)	VN Index	Lending rate	Risk free rate	USD/VND rate
Mean	74.86	0.06416	0.02588	758.875	0.09856	0.050485	22611.7
Median	72.75	0.0648	0.0264	720.67	0.1	0.05435	22757.5
Maximum	130	0.0708	0.0474	984.24	0.1115	0.06535	23350
Minimum	41	0.0552	0.0063	545.63	0.0886	0.0297	21405
Standard dev.	30.517	0.005549	0.013884	176.483	5	0.007636	610.2313

Table 3: Correlation matrix for seven (7) macro-economic variables (GDP growth, inflation in VN, market interest rate, Risk free rate, exchange rate and DMC stock price)

Correlation Matrix								
	Y	G	CPI	VNINDEX	R	RF	EX_RATE	SP500
Y	1.000000	0.007831	0.181794	0.669173	-0.489881	-0.290871	0.505773	0.651558
G	0.007831	1.000000	-0.050535	0.653067	-0.390583	-0.474076	0.564582	0.634468
CPI	0.181794	-0.050535	1.000000	0.146050	-0.220576	-0.158705	0.082310	0.183559
VNINDEX	0.669173	0.653067	0.146050	1.000000	-0.440372	-0.634696	0.777514	0.983824
R	-0.489881	-0.390583	-0.220576	-0.440372	1.000000	0.302601	-0.154750	-0.374293
RF	-0.290871	-0.474076	-0.158705	-0.634696	0.302601	1.000000	-0.521420	-0.677534
EX_RATE	0.505773	0.564582	0.082310	0.777514	-0.154750	-0.521420	1.000000	0.755250
SP500	0.651558	0.634468	0.183559	0.983824	-0.374293	-0.677534	0.755250	1.000000

The above table 2 shows us that correlation among 7 macro variables. An increase in exchange rate and decrease in lending rate might lead to an increase in DMC stock price.

Regression Model and Main Findings

1) Scenario 1: Regression model with 1-6 variable: analyzing impact of GDP growth (G) and other factors on DMC stock price (Y)

Note: C: constant

Using Eview gives us the below results:

	Coefficient					
	1 variable	2 variables	3 variables	4 variables	5 variables	6 variables
G	43.06	93.8	-1148.7	-4616	-4514.3	-4762.4
CPI		401.4	104.4	-215.6	-187.4	-206.7
R			-2242	-1472	-1469	-1783
Rf					319	344.5
VNIndex					0.19	0.15
Ex_rate						0.015

The above table tells us: between DMC stock price and Rf, VNIndex and exchange rate there is positive correlation, while negative relationship with CPI and R.

DISCUSSION AND FURTHER RESEARCHES

In case of 6 variables above: we recognize that stock price decrease (Y) much affected by G (increase), then increase R and decrease Rf.

CONCLUSION AND POLICY SUGGESTION

CPI (inflation) and R (lending rate) need to be controlled rationally by the government up to stage of economy, Ministry of Finance and State Bank of Vietnam consider to control inflation more rationally, i.e not increasing much.

Beside, Real estate management need to come from quality perspectives:

First, senior leaders must be directly responsible for the quality of the organization or enterprise. According to Juran: "80% of quality failures are caused by management " This proves that this principle is fundamental and important.

The second principle that values of people, in the organization must create an environment in which people actively operate with mutual understanding all for the purpose of the organization.

LIMITATION OF RESEARCH

Other variables such as deposit rate and unemployment rate into our above econometric model.

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