

# Factors Affecting the Competing Capability of Banks in Vung Tau city

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**Abstract :-** The study was conducted to test the impact of factors affecting the competing capability of banks in Vung Tau city. The study used qualitative research method (group discussion) combined with quantitative research (linear regression analysis). The results of the linear regression model show that there are 05 factors that positively affect the competing capability of banks. Levels of influence on competing capability are in the following order: (1) Personnel quality ( $\beta = 0.273$ ); (2) Financial capacity ( $\beta = 0.26$ ); (3) Marketing ability ( $\beta = 0.213$ ); (4) Management ability ( $\beta = 0.161$ ) and (5) Technological factor ( $\beta = 0.127$ ). The level of explanation of the above 5 factors to competing capability is 23%. The study has made both theoretical and practical contributions. In terms of theory, the topic has re-examined the new space of the impact of factors on competing capability. From a practical perspective, the research results have important implications for the bank managers. Bank managers need to improve factors such as financial capacity, personnel quality, marketing ability, technological factor, and management ability to increase competitiveness the banks' competing capability.

**Keywords:** Competing capability, Banks, Vung Tau

## I. INTRODUCTION

In order to stand firm in the fierce competition taking place in the banking sector, there are many opinions that one of the indispensable factors for businesses operating in the banking industry is to strengthen the manage and improve service quality to retain customers. This is also one of the factors that requires businesses to actively research and apply advanced and modern technology to meet quality and service time.

So the research questions posed are:

- (1) How do banking enterprises improve their competing capability in the current trend?
- (2) What factors affect the competing capability of banking enterprises.

Thus, in order to answer the above two questions, the research on the factors affecting the competing capability of banks in Vung Tau city is conducted.

The study explores the factors affecting the competing capability of banks in the area of Vung Tau city. On that basis, the study proposes managerial implications to increase the competing capability of banking enterprises.

## II. LITERATURE REVIEW

The competing capability of an enterprise represents the strength and advantages of the enterprise compared to its competitors in best satisfying the requirements of customers in order to gain higher profits. Thus, the competing capability of the enterprise must first be created from the strength of the enterprise.

Research by Nguyen Van Thuy (2015) studied the influence of competing capability on the performance of commercial banks. The main factors of competing capability of commercial banks include: (1) Management ability, (2) Marketing ability, (3) Financial capacity, (4) Product-service innovation ability, (5) Service organizing capability and (6) Risk management capability.

Research by Nguyen Thi Phuong Dung (2015) evaluated the influence of factors on the competing capability of Vietnam Prosperity Joint Stock Bank. The influencing factors include: (1) Executive management capacity and management team qualifications, (2) Diversity of products and services to satisfy employees, (3) Quality of personnel and ability to attract human resources, (4) Advanced technology and research and development capabilities, (5) Financial potential and business efficiency. Based on Thompson and Strickland model, research by Nguyen Van Thuy (2015) and Le Thi Phuong Dung (2015) proposed factors affecting the competing capability of enterprises in Khanh Son area.

The research model includes 5 factors as independent variables: (1) Marketing ability, (2) Financial capacity, (3) Personnel quality, (4) Technological factor and (5) Management ability. The dependent variable is the banks' competing capability.

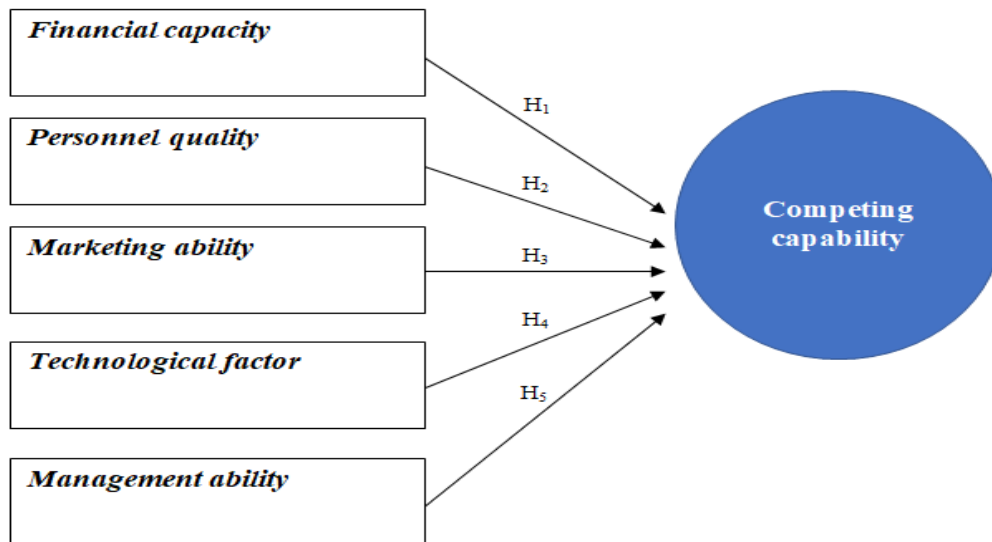


Figure 1: Proposed research model

**III. RESEARCH METHODS**

The study applied two research methods which are qualitative and quantitative methods.

- Qualitative research: Conducted through group discussion technique for the purpose of discovering, correcting and developing the scale of factors related to competing capability.

- Quantitative research: Conducted through the survey method by direct questionnaires from managers and

employees using banking services. Quantitative research aims to collect primary data, analyze data, test scales, test research hypotheses and research models. The steps are performed as follows: (1) reliability analysis of the scale through Cronbach's Alpha coefficient; (2) exploratory factor analysis EFA; (3) correlation analysis; (4.1) model verification; (4.2) correction of model violations (if any); and finally (5) research hypotheses testing.

**IV. RESEARCH RESULTS**

Table 1. Regression results

Model	Unnormalized coefficients		Normalized coefficient	t	Sig.	Multicollinearity	
	B	Standard error	Beta			Tolerance	VIF
1	(Constant)	1.731E-16	.061		.000	1.000	
	NLTC	.260	.061	.260	4.256	.000	1.000
	CLNS	.273	.061	.273	4.467	.000	1.000
	MARK	.213	.061	.213	3.480	.001	1.000
	CN	.127	.061	.127	2.084	.038	1.000
	QT	.161	.061	.161	2.639	.009	1.000

a. Dependent variable: NLCT

Hypothesis H1: Financial capacity has a positive influence on the competing capability of banks. The estimated results show that this hypothesis is accepted. The research results are similar to the study of Nguyen Van Thuy (2015). Compared with the study of Nguyen Thi Phuong Dung (2015), this study added the financial capacity factor in the factors affecting the competing capability of a bank.

Hypothesis H2: Personnel quality has a positive influence on the competing capability of banks. The estimated results show that this hypothesis is accepted. The research results are similar to those of Nguyen Thi Phuong Dung (2015). Compared with the study of Nguyen Van Thuy (2015), this study added the Personnel quality factor in the factor affecting the bank's competing capability.

Hypothesis H3: Marketing ability has a positive impact on the competing capability of banks. The estimated results show that this hypothesis is accepted. The research results are similar to those of Nguyen Thi Phuong Dung (2015). Compared with the study of Nguyen Van Thuy (2015), this study added the factor of marketing ability to the affecting factors of the bank's competing capability.

Hypothesis H4: Technological factor has a positive influence on the competing capability of banks. The estimated results show that this hypothesis is accepted. The research results are similar to those of Nguyen Thi Phuong Dung (2015). Compared with the study of Nguyen Van Thuy (2015), this study added technological factor among the factors affecting the banks' competing capability.

Hypothesis H5: Management ability has a positive influence on the competing capability of banks. The estimated results show that this hypothesis is accepted. The research results are similar to the study of Nguyen Van Thuy (2015). Compared with the study of Nguyen Thi Phuong Dung (2015), this study added the factor of management ability in the factors affecting the bank's competing capability.

## V. CONCLUSION

The study contributes to highlighting the factors constituting the competing capability of banks in the area of Vung Tau city. The study results are considered as a reference basis for other more in-depth studies to increase the competing capability of enterprises in the future.

The research identifies the factors constituting the competing capability of banks, provides scientific arguments to help bank leaders/managers recognize what actions needed to be improved, identify strengths and weaknesses in the process of operation and development to create the right direction for the bank.

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