



# International Journal of Multidisciplinary Research and Growth Evaluation



International Journal of Multidisciplinary Research and Growth Evaluation

ISSN: 2582-7138

Received: 26-11-2019; Accepted: 27-12-2019

www.allmultidisciplinaryjournal.com

Volume 1; Issue 1; January 2020; Page No. 67-72

## QSPM matrix based strategic organizational diagnosis. A case of Nguyen Hoang Group in Vietnam

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### Abstract

Vietnam's education industry promises to record impressive growth with a value of up to 89 billion USD by 2026. When the scale and profits are large enough, domestic and foreign investors are taking a strong hand, poured trillions of capital into universities. That's why it is a lucrative cake for businesses. Recently, Nguyen Hoang Group has attracted public attention when becoming a private enterprise that is considered the largest in the field of education in Vietnam. Nguyen Hoang is operating 50 educational institutions in 18 provinces and cities, meeting the learning needs of tens of

thousands of students, from preschool to postgraduate training. As of July 2019, 4 universities under Nguyen Hoang Group including Ba Ria - Vung Tau, Hong Bang, Gia Dinh, Hoa Sen have attracted nearly 50,000 students. The growth of Nguyen Hoang Group shows that investments in higher education are increasingly attractive. This study applies the QSPM matrix to develop and propose business strategies, contributing to helping the company get the right direction to improve its competitiveness in the coming time.

**Keywords:** business analysis, Nguyen Hoang Group, QSPM matrix

### 1. Introduction

Business strategy plays a very important role for the existence and development of every business. The right business strategy will create a good direction for the business, the business strategy can be considered as a guideline to guide the business in the right direction. In fact, there are many entrepreneurs who, thanks to the right business strategy, have achieved much success, surpassing competitors and creating a position for themselves in the marketplace. Business strategy brings a lot of benefits to businesses, its importance is shown in the following aspects:

1. Business strategy helps businesses orient their activities in the future through analyzing and forecasting the business environment. Business is an activity that is always influenced by external and internal factors.
2. Business strategy helps businesses be both flexible and proactive to adapt to market fluctuations, while also ensuring business operations and development in the right direction. That can help businesses strive to improve their position in the market.
3. Business strategy helps enterprises to grasp the opportunities as well as the full range of threats to the development of the enterprise's resources. It helps businesses exploit and rationally use resources, promoting the strength of the business.
4. Strategies create an operating trajectory for the business, helping businesses link individuals with other interests towards a common goal, jointly developing the business. It creates a strong bond between employees and between managers and employees. Thereby enhancing and further enhancing the internal strength of the enterprise.
5. Business strategy is an effective competitive tool of enterprises. In the current conditions of globalization and economic integration, the influence and interdependence between businesses have been created. That process has created fierce competition among enterprises in the market. In addition to competitive factors such as price, quality, advertising, and marketing, businesses also use business strategy as an effective competitive tool.

### The significance of the study for management practice

In today's increasingly fierce competition, planning a right strategy will help businesses gain a sustainable competitive advantage to maintain stable growth and sustainable development. For Nguyen Hoang Education Group, which specializes in education business in Vietnam. The company has a large role and degree of influence in society. That's because of the company's product-the training system from preschool to doctorate. Highly socialized, is the basis for the development of education in Vietnam. Contributing to the growing economy. However, in the course of business operations, the Company still has obstacles and limitations in orienting a long-term strategic development plan in order to achieve the goals and high efficiency in business.

At the same time, it is possible to partially limit the risks that may occur, especially now that the Company is operating in a market mechanism with increasingly fierce competition. By its efforts, Nguyen Hoang Group is on the way to asserting itself as a reputable enterprise. One of the factors that brought about this achievement was that the company chose the right direction. However, the constantly changing business environment requires each company to have a business strategy for each stage of development. Stemming from the above issues, business Strategy is extremely necessary in building a leading corporation in the country as well as in the region.

### Objectives of the study

#### General objective

On the basis of analyzing and comparing the results of the Group's strategy implementation in the past time, assessing the company's potentials, advantages, opportunities and challenges in the coming time, proposing solutions for strategic planning. business strategy to maintain stable growth and sustainable development.

#### Specific objectives

1. Systematize theoretical and practical issues of the Group's business strategic planning.
2. Analyze and evaluate the situation of the Group's business strategy planning.
3. Recommende business strategies and solutions

## 2. Theoretical basis's

### 2.1. Business analysis matrices

#### SWOT Matrix

The SWOT matrix is an important combination tool that helps managers combine strengths (S), weaknesses (W), opportunities (T) to form four strategic groups:

1. SO strategy (strengths - opportunities): using internal strengths to exploit opportunities in the external environment.
2. WO (weakness - opportunity) strategy: take advantage of external opportunities to improve internal weaknesses. These weaknesses prevent you from exploiting opportunities, so you need to fix them as quickly as possible.
3. ST strategy (strengths - challenges): using the strengths of the business to avoid or minimize the damage caused by the influence of external threats.
4. WT strategies (weaknesses - challenges): these are defensive strategies to reduce internal weaknesses and avoid external threats. An enterprise that encounters external threats combined with internal weaknesses is facing great risks, that business is likely to have to associate, merge, limit spending or even go bankrupt produce.

#### Space Matrix

This matrix helps businesses choose the most appropriate strategy of attack (Aggressive), (Conservative), (Defensive) or (Competitive). The axes of the SPACE matrix represent 2 internal factors of the organization: financial strength, competitive advantage, 2 external factors and industry strength. These four factors are important factors that determine the overall strategic position of an enterprise. Depending on the type of organization, there are many possible events within the elements representing the

items of the SPACE matrix. Several variables are commonly used: return on investment, leverage, solvency, working capital, and cash flow are often cited as determinants of an organization's financial strength.

#### BCG Matrix

When an enterprise operates in many different industries, it is necessary to define a separate strategy for each of its business divisions. The BCG matrix is intended to determine the capital requirements (cash flow) and where investment capital can be generated in different strategic business units (SBUs) within the business structure of the enterprise. On that basis, appropriate strategies for each SBU will be decided.

#### IE Matrix

The IE (Internal – External Matrix) matrix puts the different SBUs of an enterprise into a table with 9 cells. This matrix is based on two main aspects: t him important points of IFE matrix shown on the X axis; the total number of important points of the EFE matrix shown on the Y-axis. Each SBU must establish the IFE and EFE matrix on the basis of which the company's IE matrix is established. The X-axis shows the total score of the IFE matrix: If the total score between 1.0 - 1.99 is internally weak, if the total score between 2.0 - 2.99 is average, if the total score between 3.0 - 4.0 is strong. The Y-axis represents the total score of the EFE matrix where: If the total score between 1.0 - 1.99 is low, if the total score between 2.0 - 2.99 is moderate, if the total score between 3.0 - 4.0 is strong.

#### QSPM Matrix

The strategic planning matrix decision tool has the ability to choose. The QSPM matrix is a powerful tool that allows experts to objectively evaluate the possible strategies. The strategies selected for inclusion in the QSPM matrix are not all strategies found in the SPACE matrix. Therefore, the QSPM matrix requires sharp, accurate intuitive judgment of experts.

### 2.2. QSPM Matrix

The QSPM (Quantitative Strategic Planning Matrix) matrix is built for the main purpose of allowing strategic managers to compare and choose between different strategies; help strategic planners objectively evaluate the list of possible strategies through the quick, sharp judgments of these experts. The matrix shows which strategy works best based on the basic success factors of the business. The relative attractiveness of each strategy in a set of options is calculated by determining the cumulative effects of each of the major internal and external success factors.

The key internal and external success factors that have been identified are included on the left side of the QSPM matrix; and on the top row are the possible strategies to choose from. The information is taken directly from the IFAS and EFAS models and fed into the left column of the QSPM matrix. In addition to the key success factors column, the table also has a corresponding categorical column for each factor in the EFE matrix and the IFE matrix. The potential business strategies selected during the SWOT analysis are placed in the top row of the QSPM matrix.

From the results obtained with each strategy in the QSPM matrix, the strategy manager chooses the strategy with the highest score as a basis.

In general, each stage in the process of building a business's strategy will apply different separate tools. Specifically, in the early stages of the EFE matrix, competitive imaging and IFE are used; In the matching phase, the SWOT, SPACE, BCG, IE and grand strategy matrix tools are used to identify potential strategies for the business. However, at the final stage, the QSPM matrix is the only tool that helps planners fulfill the requirements at this stage.

The advantage of QSPM is that a group of strategies can be reviewed continuously and concurrently. There is no restriction on the number of strategies evaluated or the number of groups of strategies that can be considered simultaneously when using QSPM. At the same time, QSPM requires strategists to link appropriate internal and external factors into the decision process; QSPM development will reduce the possibility of important factors being overlooked or underestimated. QSPM attracts important relationships that influence strategic decisions.

The QSPM matrix is the result after the decision makers discuss and exchange. The attractiveness of different strategies is determined by the QSPM matrix based on leveraging or improving the fundamental success factors of the internal and external environment of the enterprise. The most appropriate decision is made based on the evaluation of the important relationships affecting the decision through the QSPM matrix. The application of the QSPM matrix is relatively wide for both small-scale enterprises and multinational enterprises.

### Construction method

QSPM matrix is built in 5 steps as follows:

- **Step 1:** List the basic opportunities/threats and strengths/weaknesses in the left column of the QSPM matrix. The matrix should include about 10 critical success factors external and internal to the business;
- **Step 2:** Determine a scale for each of the basic internal and external success factors (can be obtained directly from the EFE and IFE models);
- **Step 3:** List the types of strategies that the business is expected to follow;
- **Step 4:** Determine the attractiveness score for each factor for each strategy;
- **Step 5:** Calculate the total score of the total attractiveness score for each type of strategy.

### 2.3. Strengths and Weaknesses of QSPM Matrix

On the basis of the SWOT matrix, Wheelen and Hunger (2002) built the EFAS model to evaluate the synthesis of external environmental factors and the IFAS model to evaluate the internal environmental factors. From there, managers will list out a list of possible strategies that businesses can implement in the near future. In this stage, a tool that can be used to choose a strategy is the quantitative strategic planning matrix (QSPM).

#### Strengths

1. Each stage in the process of building a business strategy will apply different separate tools. However, at the final stage, the QSPM (Quantitative Strategic Planning Matrix) is the only tool that helps the planner to fulfill the requirements at this stage.
2. The second positive point of this Matrix is that a group of strategies can be considered continuously and simultaneously. There is no restriction on the number of

strategies evaluated or the number of groups of strategies that can be considered simultaneously when using the QSPM Matrix.

3. In addition, the QSPM Matrix requires strategists to link appropriate internal and external factors into the decision process; QSPM development will reduce the possibility of important factors being overlooked or underestimated. QSPM attracts important relationships that influence strategic decisions.
4. The application of the QSPM Matrix is relatively wide for both small and multinational enterprises.

#### Weaknesses

1. The QSPM matrix uses critical success factors as the basis of the analysis. This can be a good starting point for an existing organization. However, these factors do not exist with the start-up organization and another approach such as using core competencies may be more suitable for some organizations.

### 3. Research Methods

#### 3.1. Data sources and methods of collection

##### Secondary data collection

1. Published scientific research works, textbooks, lectures, monographs, articles published in newspapers, specialized journals, proceedings of scientific conferences, information from internet sources, internal documents...
2. General reports, reports on production and business activities, financial statements of Nguyen Hoang Group.
3. Legal documents related to the field of study.

##### Primary data collection

1. Research and interview the Director and the departments directly under the company to determine the views, vision and goals and advantages and disadvantages of Nguyen Hoang Group.

#### 3.2. Research methods

Most of us use research methods that are statistics, synthesis, collection, survey and comparison of data. The method stains statistical, aggregated data collected for comparison mainly learn and retrieve data from the Internet and some books. Although these steps are important steps and have a material influence on the research results, but because of limited information sources. Nguyen Hoang Group is a large corporation; it is difficult to ask or find out information from they are an almost impossible thing for students. Conduct a number of surveys and interviews with students, students who are studying at schools under the education system of Hoang Nguyen Group. From research methods to analyze, compare and give solutions and recommendations to Nguyen Hoang Group.

#### 3.3. Research process

1. Read and understand the topic to be analyzed. Find out information about Nguyen Hoang Group through the Internet, books, and newspapers.
2. Develop a work assignment table for each specific team member, then develop a research plan.
3. Select the necessary data sources for the research purpose, suitable to the group's resources.
4. Collect data sources learned, gather, then analyze and compare to produce a table of research results.

## 4. Research results and discussion

### 4.1. Business analysis for NHG using QSPM matrix

Along with the development of the country, the education system is increasingly improved in terms of quality and infrastructure. Accordingly, the system of universities, colleges, high schools, almost all types of education, from preschool to university and graduate level are also increasing. Nguyen Hoang Group has used its own strengths and seized opportunities from the real situation outside the society. They have focused on investing in the education system comprehensively, diversifying the curriculum and learning system. Being the first corporation to build a city education model.

Specifically, seizing opportunities, current trends and future developments. In order to build a civilized society and a strong country in terms of economic potential, the most important issue is nothing more than putting people at the center, investing in brainpower, investing in the economy nursery education for generation's m roaring for the future.

They have strong points in professionalism in administration and training, transparency in finance. Along with that, Hoang Nguyen Group has a team of experienced leaders who are experts in many fields. Financial resources help them build and expand a high-quality comprehensive education system. After a long way from the day they took their first steps, they also participated in many different fields, but when they found it inappropriate, they gave up and followed the path of investing in the field of knowledge, bringing the boat of knowledge to dock with talented people for the future of the country.

In order to match social needs and integration issues, in addition to expanding the education system to diversify professions and levels, Hoang Nguyen Group also invests in developing professional qualifications. Foreign languages for students. With bilingual training systems, they attract a large number of students, in addition, it will improve the output quality of students.

### 4.2. Discuss the results of the above business analysis

Currently, there are quite a few corporations investing in the field of education, which is also a big threat to Hoang Nguyen Group. Although, Hoang Nguyen Group is a strong corporation, their steps are the right steps, specific strategies and strictly controlled by a good management team. But in order for the development trend of the group to increase to a new level, Hoang Nguyen Group should have long-term strategies to invest in other fields to create a mutually supportive relationship. In addition, for an Eastern country like Vietnam, people still prefer to send their children to public schools in their thinking, with the thought that from the past until now, the public education system is still better than the private system. Shrewd. And part of us chooses to send our children to public schools because there is a reasonable tuition fee. In order to better change our human mindset, Nguyen Hoang Group needs to have strategies and consider for the application of a tuition fee suitable to the income level of Vietnamese people.

## 5. Conclusions and recommendations

### 5.1. Conclusions

Over the course of 21 years of development (1999-2020), Nguyen Hoang has become an education group with many schools and member companies. By putting people at the center of life, NHG has invested with all its heart, creating a

complete international education ecosystem, from preschool to doctorate, from international integration model, international bilingual model to a fully international model, including 50 educational institutions, spanning 18 provinces and cities across the country with more than 65,000 students and more than 4,000 employees. As a large education enterprise, thereby contributing to the construction and development of the country. A large enterprise always has the leading strategies to maintain its position in the domestic market as well as reach out further when given the opportunity. Nguyen Hoang Group needs to make full use of existing competitive advantages, anticipate new trends to adapt to day-to-day changes and come up with appropriate development strategies to overcome outstanding limitations. In recent years to be able to maintain the development at a high growth rate. The business strategies outlined above are for reference only, but hopefully through the analysis, evaluation and strategy formulation based on the data, it can help Nguyen Hoang Group have more choices necessary for strategic planning and development, serving the mission of the Company.

### 5.2. Recommendations and suggestions

#### For leaders of NHG

1. Develop and consider strategies to reduce costs for students, students studying at schools under the education system of Nguyen Hoang Group.
2. Having a transparent policy on finance and issues that can be brought out so that partners, parents and students can trust and put their trust in Nguyen Hoang Group.
3. Strengthen the relationship between leaders at all levels in the group.

#### For leaders of the university system in NHG

1. In addition to selecting experienced teachers, lecturers need more elements of foreign languages, creativity, and always ready to absorb new things of society.
2. There are recruitment plans to be ready to replace positions that will be retired.
3. Building a friendly environment, there are opportunities for exchanges between students and students, students and students, and especially between students, students and teachers and lecturers.
4. Building and improving models and programs with practice so that students can apply theory into practice.

#### For leaders of the rest of NHG's business units

1. To coordinate between universities and the remaining business units of the corporation, it is necessary to have leaders who manage directly and closely between the units.
2. Develop a strategy to connect activities between units together to create a sustainable relationship.
3. It is necessary to research and build a system suitable to social needs to train knowledge and skills for subjects with moderate incomes.
4. Facing the complicated situation of society, the country has many changes, leaders need to redefine the mission, analyze opportunities for cooperation with other industries.
5. Need to improve cooperation with schools, academies, domestic and international businesses.



### 5.3. Solution for coordination between universities and other NHG's business units

1. For the preschool to high school system (K-12), it is necessary to coordinate to improve students' skills in using computer technology, early access to information technology, and proficiency in computer features calculate and continue the process of improvement when entering university, contributing to the conformity with the progress of industrialization and modernization, the 4.0 technology revolution.
2. Mr. Hoang Quoc Viet, Chairman of NHG's Board of Directors emphasized: "Currently, in Vietnam, when students join the workforce, there is still a shortage of technology and computer science skills, including students studying in the field engineering and technology. This skill shortage is making students lack the ability to access the labor market or find a job, but have poor career development and poor performance. On the other hand, the lack of technological capacity for schools is a risk that makes the teaching and learning process lag behind, the whole system can lose its creativity. The cooperation between Microsoft and NHG will contribute to supplementing this skill shortage for 3 students."
3. Reform and change the way of teaching, in which the educational method is the key step to achieve the goal of educational innovation so that learners have learning methods and develop their own thinking to adapt to society. Nguyen Hoang Group trains the system from preschool to doctorate, and that is also the development process, the stage of human growth, needs as well as physical, intellectual, and emotional also depend on each stage. Therefore, understanding the mind takes into account the learner's receptive ability to come up with effective ways of teaching and learning for each specific period.
4. Improve the level, initiative and creativity of lecturers, especially young lecturers who avoid teaching in the traditional way, with low receptivity and low efficiency. Closely linking teaching and research, improving the interaction between teaching and research to have good researchers and human resources.
5. Maintain and develop a marketing system that provides training information, attracts and creates trust for parents when sending their children to the school's training system, links schools with businesses, and creates job opportunities.
6. Support tuition fees for students, students studying from K-12 system to university, encourage students to study intensively, develop capacity.

**Acknowledgement:** We acknowledge the support of time and facilities from Van Hien University (VHU) for this study.

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