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**IMPROVING THE CAPITAL STRUCTURE IN
CONSTRUCTION COMPANIES LISTED ON VIETNAM'S
STOCK MARKET**

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EXECUTIVE SUMMARY OF PHD DISSERTATION THESIS

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INTRODUCTION

1. Rationale

The economy in Vietnam is currently in a period of great transformation, with the government's policy of diversifying economic sectors, in which the government encourages the development of non-state economic sectors. In addition to new policies and mechanisms of the Party and the State, enterprises especially construction enterprises, increasingly enjoy favorable conditions for business activities such as incentives in terms of taxes, capital, premises, services ... However, it can be seen that in recent years, the performance of construction firms has not been good and there have been many inadequacies in financial management. One of the main reasons for the given situation is the existence of an unreasonable, unsafe, risky and inefficient capital structure which mainly comes from the needs of enterprises. The capital structure of construction firms contains high leverage, accounting for average 70% - 80% of total capital. In the past, when the real estate market boomed, businesses just wanted the project to be profitable, but at present in all segments of the construction market, there are signs of oversupply. In this context, the use of financial leverage becomes a burden for businesses. Therefore, in order to be able to develop steadily and sustainably, construction companies need to set up a reasonable capital structure to promote the efficiency of the capital structure and maximize profitability.

Over the past years, construction firms have had different capital structures mainly set up in accordance with the capital requirements of each enterprise, but there has been no research and improvement in a more reasonable capital structure. Moreover, the research just focused on general theories or on the scope of all enterprises in general and there has been no systematic research on building the structure of capital in the construction firms. Therefore, the

reasoning, practical study of to find the optimal capital structure is very important and necessary, for both scientific contribution and urgent requirement not only in construction companies but also in the whole economy in the process of restructuring. Derived from the above issues, the author has selected the topic *"Improving the capital structure of construction companies listed on the stock market of Vietnam"* for the doctoral thesis.

2. Research objectives and aims

- Research objectives:

To establish a scientific basis to propose solutions to improve the capital structure of construction companies listed on the stock market of Vietnam.

- Research Aims:

Firstly, systemize the basic theoretical review of capital structure in enterprises: Capital structure, factors affecting capital structure, basis and model of optimal capital structure.

Secondly, evaluate the real situation of capital structure in construction firms listed on Vietnam stock market.

Thirdly, proposing opinions, solutions and routes to improve the capital structure of listed construction firms on Vietnam stock market

3. Objects and scope of research

- Research objects:

The research object of the thesis is the capital structure of construction companies listed on Vietnam stock market.

- Research scope:

+ Research space: Construction firms listed on the stock market.

+ Research period: The dissertation used data collected from the financial statements of 93 construction companies listed on Vietnam stock market between 2012 and 2016.

4. Research Methods

- Based on the dialectic materialist methodology and historical materialism, the thesis employs the following research methods: statistical method, analytical and synthesis method, comparative method, reconciliation, inheritance from previous research to clarify research issues.

- The econometric method is used with the econometric model to analyze the data, test the relevance of the model in order to study the impact of the factors on the capital structure of enterprises and test hypotheses about the meaning of the regression coefficients.

5. Research overview

5.1. Overview of research related to thesis topic

5.1.1. Research in other countries

The thesis studied research in other countries on capital structure in three research directions: (1) Factors affecting the capital structure of enterprises, (2) Development trends of capital structure, (3) Reasons why firms prefer debt financing over equity financing.

5.1.2. Research in Vietnam

The author mentioned six scientific studies and five PhD theses in Vietnam related to capital structure under different perspectives.

5.2. Research gap

In the world and in Vietnam, there have been a variety of studies related to the capital structure of enterprises, some of which have been analyzing factors affecting the capital structure of enterprises. However, the optimal capital structure for construction firms has not been studied in detail. In the world and in Vietnam, many models have been proposed to determine the optimal capital structure. However, applying this structure to construction companies in Vietnam at present is still not appropriate. In this study, the author will present the concepts, contents, criteria for evaluating the optimal capital structure and propose the optimal capital structure model for the existing construction enterprises.

5.3. Research questions

Based on the analysis, the objectives of the thesis are detailed into the following research questions:

(i) What involves in improving the capital structure of construction companies listed on the stock market?

(ii) Which factors affect the capital structure of construction firms in the stock market?

(iii) What are the solutions to improve the capital structure of construction companies in Vietnam stock market?

6. The scientific and practical significance of the thesis

- Scientific significance:

The thesis presents the general theoretical background and the basis for the analysis of capital structure in construction enterprises used as the scientific basis for implementing solutions to improve the capital structure of construction firms listed on Vietnam stock market.

- Practical significance:

Through the survey of real situation in construction companies listed on the stock market, the thesis proposed key views and solutions to improve the capital structure for these companies.

Chapter 1
LITERATURE REVIEW
ON THE CAPITAL STRUCTURE OF ENTERPRISES

1.1. OVERVIEW OF CAPITAL STRUCTURE OF ENTERPRISES

1.1.1. Enterprises and capital of enterprises

1.1.1.1. The concept and classification of enterprise

a. The concept of enterprises

Enterprises are organizations with their own names, assets and head office, which are registered under the provisions of law for business purposes.

b. Classification of enterprises

According to business fields

The study of enterprises types by business sector is important in studying the capital structure of enterprises, because it affects the business risks of different types of enterprises, thereby affecting the cost of using funds. In the economy, it can be classified into 6 basic types: business enterprises in the fields of industry, agriculture - fisheries, trade - services, transportation, construction and other enterprises (such as finance, insurance ...).

According to legal forms of organization

According to the Laws on Enterprises of Vietnam passed by the National Assembly in 2014, the legal forms of organization include the following types: limited companies, state-owned enterprises, joint stock companies, partnerships, private companies.

The classification of enterprises according to the legal form shows the difference in the way of capital mobilization, which also affects the adjustment of capital structure of various types of enterprises.

1.1.1.2. Sources of capital in enterprises

a. The concept of capital sources in enterprises

The capital of enterprises reflects the source of capital mobilized for business activities of enterprises. Therefore, capital is the source of the assets of the enterprises.

b. Classification of capital in enterprises

- Based on relationship of capital ownership: regarding this criterion, the capital source is formed from two main sources: owner's equity and debts.

- Based on the time of mobilization and use of capital: regarding this criterion, capital is divided into permanent capital and temporary capital.

- Based on the scope of capital mobilization: regarding this criterion, capital of enterprises is divided into internal capital and external capital.

1.1.2. Capital structure of enterprises

1.1.2.1. The concept of capital structure

a. Capital structure

Normally, in capital structure theories, capital structures refer to long-term capital, including long-term debts and owner's equity. However, in developing countries, such as Vietnam, due to the fact that enterprises are often small and medium-sized businesses, long-term loans are often limited. It is important for businesses to borrow short-term loans. The real conditions enable most businesses use short-term debts, short-term loans such as permanent capital and the proportion of long-term debts accounts for a very small percentage in total capital. Therefore, the capital structure evaluation only based on long-term loans and owner's equity can not give a comprehensive view on capital

structure of enterprises. Therefore, when assessing the capital structure of enterprises in Vietnam, it is necessary to look at the capital structure including capital sources used by enterprises, which means that capital structure of enterprises refers to the proportion of capital sources in enterprises.

b. Characteristics of capital structure

- Choosing capital structure is a very important financial issue for each enterprise.

- The capital structure depends greatly on the characteristics of each enterprise, therefore there is no optimal capital structure for all enterprises.

c. Optimal capital structure

A capital structure is considered as optimal one when the average cost of capital use is the lowest, at the same time the value of enterprises achieved is the largest. The optimal capital structure relates to the tradeoff between costs and benefits of the enterprise. The basis for establishing the optimal capital structure is the cost of capital use, the relationship between the cost of capital use and the value of the enterprise.

1.1.2.2. Theories of capital structure

The thesis studies the contents of four theories of capital structure: the Modigliani and Miller (M & M) theory, the Trade Off Theory, the Pecking Order Theory, Market Timing Theory. Based on these theories, the thesis also mentioned the advantages and disadvantages of each theory of capital structure.

1.1.3. Factors affecting the capital structure of enterprises

1.1.3.1. Internal factors

Internal factors affecting the capital structure of enterprises include: business growth, size of business, business risk, equity ratio,

asset structure, level and habits of corporate debt management, type of business, industry characteristics, relationship between pre-interest margin and tax on total assets (BEP) with interest rates, business leverage, lifecycle and development stages of enterprises, the control of enterprises, profitability, liquidity.

1.1.3.2. External factors

External factors affecting the capital structure of enterprises include: economic growth rate, inflation rate, interest rate, tax rate. In addition to the macro-factors mentioned above, other macroeconomic policies such as fiscal policy, monetary policy ... are also factors affecting the capital structure of enterprises.

1.1.4. The impact of capital structure on business performance and financial risk of enterprises

1.1.4.1. Impact of capital structure on business performance of enterprises

The impact of capital structure on business results, profitability of enterprises can be investigated through the impact of capital structure on return on equity (ROE).

Case 1: If $BEP > i$, the exacerbating financial leverage increases the return on equity, but it also imposes significant financial risks on the firm.

Case 2: $BEP = i$, when using more debt financing or less debt financing, ROE is independent of capital structure, only different in level of risks.

Case 3: $BEP < i$, exacerbating financial leverage decrease the return on equity and increase financial risks.

1.1.4.2. Impact of capital structure on financial risk of enterprises

It is possible to determine the net working capital (NWC) to assess the level of risks of the business.

NWC = Total permanent working capital minus long-term assets

- NWC <0: This model has low cost of capital use but high liquidity risk because the company uses short-term capital to finance long-term investment.

- NWC = 0: Applying this model helps to limit the risk of payment but the flexibility in the capital use is low.

- NWC > 0: This model increases the cost of capital use in enterprises but increases the ability to pay, lower financial risks. But in the case of NWC > 0 and continuously increase due to liquidation, sale of fixed assets reduces the size of fixed assets, it is not possible to ensure the safety and ability to pay of enterprises.

1.1.4.3. Impact of capital structure on cost of capital use

The use of debt financing from a tax savings helps the company to have lower capital expenditures than other sources of financing, therefore it is believed that the use of financial leverage will decrease the average cost of capital use. When first using financial leverage, the impact of tax savings lowers the average cost of capital use. As businesses increase their leverage, financial risk also increases, thus investors will require a higher rate of return. When leverage exceeds a certain limit, the risk of insolvency is high and the risk increases, which causes the lender to demand higher interest rates. Profit margins skyrocketed, as a result the average cost of capital use increases.

1.2. IMPROVING THE CAPITAL STRUCTURE OF ENTERPRISES

1.2.1. The concept and necessity to improve the capital structure of enterprises

1.2.1.1. The concept of improving capital structure of enterprises

Improving capital structure of enterprises is the process of changing current capital structure into the optimal capital structure. Therefore, the goal of improving capital structure of enterprises is to achieve the optimal capital structure, balance between risks and profitability to achieve the largest corporate value.

1.2.1.2. The necessity of improving the capital structure of enterprises

Improving capital structure is often considered when enterprises face financial difficulties. Depending on specific circumstances, enterprises will choose an appropriate way to perfect the structure of capital. The reasons for enterprises to improve the capital structure include: business enterprises suffered losses for a long time, the business growth is too "hot" leading to unbalanced capital structure, new business structure changes or mergers or acquisitions

1.2.2. Principles of improving capital structure of enterprises

The principles include: Principles for ensuring compatibility, the principle of balance between profit and risks, the principle of market value of enterprises, the principle of using flexible funding policy, the principle of timing, the principle of ensuring the control of enterprises, the principle of minimizing the cost of capital use.

1.2.3. Criteria for evaluating optimal capital structure of enterprises

The criteria include: minimizing the cost of capital use, in accordance with the risk management capabilities of enterprises; the capital structure is feasible with the enterprise.

1.2.4. Steps for improving capital structure of enterprises

The optimal capital structure planning process is a multi-step system of budget decisions that meet the needs of investment, business production, building target capital structure, and determining the impact

of capital expenditures. , dividend payment policy to target capital structure, determination of feasibility in mobilizing capital, influence of target capital structure on risks and profitability of enterprises. Optimal capital structure then can be constructed meets the ultimate goal of maximizing corporate value.

1.3. INTERNATIONAL EXPERIENCE IN IMPROVING CAPITAL STRUCTURE IN BUSINESSES AND LESSONS FOR CONSTRUCTION COMPANIES LISTED ON VIETNAM STOCK MARKET

The thesis has mentioned the experience of improving the capital structure of enterprises in some countries with similar market conditions such as China, Korea, from which the author proposed 6 lessons on improving capital structure for construction companies listed on Vietnam stock market.

Chapter 2

SITUATION OF CAPITAL STRUCTURE OF CONSTRUCTION COMPANIES LISTED IN VIETNAM SECURITIES MARKET

2.1. OVERVIEW OF CONSTRUCTION COMPANIES LISTED IN VIETNAM SECURITIES MARKET

2.1.1. Overview of the development of construction companies listed on Vietnam stock market

2.1.2. General characteristics of business activities of construction business enterprises

Construction companies have specific characteristics that can affect the capital structure: characteristics of products, the role of construction enterprises, characteristics of speed and size of investment.

2.1.3. Overview of the research sample

In the study of the thesis, the author selected 93 sample companies listed on the stock market in the period 2012-2016, including 62 companies listed on the Hanoi Stock Exchange and 31 listed companies on the Ho Chi Minh Stock Exchange

2.2. SITUATION OF CAPITAL STRUCTURE OF CONSTRUCTION ENTERPRISES LISTED IN VIETNAM SECURITIES MARKET

2.2.1. Overview of financial situation of construction companies listed on the stock market

2.2.1.1. The size of capital in construction companies listed on the stock market

Most companies have total assets of less than 500 billion VND, ranking the second including companies with capital of over 1,000

billion VND. In recent years, the size of capital in listed construction companies increased significantly.

2.2.1.2. Business results of construction companies listed on the stock market

Through the overview of business results of the listed construction companies, it can be seen that from 2012 to 2016 the income tended to increase. Although the total cost also increased in accordance with the change in total revenue, but the growth rate was slower than before. As a result, the profit before tax tended to increase. The recession of the economy in 2012 and 2013 caused the performance of the construction business enterprises to slowdown or increased slightly. Since 2014, the construction market has experienced a difficult period, showing signs of recovery, resulting in a relatively higher increase compared to the previous year.

2.2.1.3. Some financial indicators of construction companies listed on the stock market

a. Criteria of asset structure

In most construction firms, current assets account for 70% - 90% of total assets. The high proportion of short-term assets in the construction companies is due to the specific characteristics of the industry, which means that enterprises only receive money provided by investors in advance in certain stages. Therefore, businesses have to invest their capital in advance for the construction, increasing short-term assets. In addition, the characteristics of construction products are: the construction period lasts long, maybe several years, when the works are not completed, the value of finished products is included in inventory. creating a large short-term assets. Short-term asset proportion tended to decrease between 2014 and 2016.

b. Criteria for capital structure

In general, construction firms have a low proportion of equity, with the percentage of owners' equity ranging from 0 to 0.3; in which Investment and Construction Joint Stock Company No. 18 (L18) has the lowest equity ratio (equity ratio is 0.12). However, the equity ratio of construction enterprises has tended to increase over the past years.

c. Performance criteria

The average ROA and ROE of the listed construction companies in the stock market has also fluctuated according to the profit criteria. ROA and ROE decreased in the period of 2012-2013 and increased during 2014 – 2016

2.2.2. Real situation of capital structure of construction companies listed on the stock market

2.2.2.1. Capital structure in relation to capital ownership

Gearing of listed construction firms was quite high and tended to decrease slightly in the period 2012 - 2016. Average debt ratio of enterprises was in the range of 0.66 - 0.70 but this indicator in each enterprise shows quite large differences, over 40% of enterprises (38/93 enterprises) had average debt ratio of over 0.7; the others had the debt ratio of below 0.7; But most of them were in the range of 0.5 - 0.7.

Among three groups of enterprises classified by size, the smallest group has the lowest average debt ratio but many enterprises had the highest leverage.

2.2.2.2. Capital structure classified by the time of capital mobilization

Based on data collected from real situation, the structure of assets in listed construction companies is highly inclined to short-term assets, in which most of the enterprises had short-term assets of 80% - 85% compared to total assets. Although in listed construction firms, short-term debts accounted for a high proportion of total debt, they still used

permanent capital to finance a portion of short-term assets, which shows that most listed construction firms have a safe capital structure that meets their financial needs.

2.2.2.3. Debt structure and equity structure

a. Debt structure

Debt structure classified by time

Construction firms in general had a high proportion of short-term debt compared to high total outstanding loans, ranging from 65.92% to 73.44% in 2012 and 2016. Although the proportion of short-term debts tended to increase, but the level of risks remained high due to the size of long-term capital.

Large scale enterprises have higher long-term debt than the other two groups. Longer-term debt financing at higher levels made large scale enterprises safer in term of financial risks.

The channels of long-term capital mobilization are loans from banks, credit institutions (usually financial leasing), bond issuance and other loans.

Debt structure classified by debt financing

The liabilities of listed construction companies are mainly formed from short-term loans and payables, including payables to suppliers, other accounts payables

b. Equity structure

Equity in listed construction companies is composed of two main sources: retained profit and capital from issuing new shares.

Issuing new common shares

54 companies issued shares in the period from 2012 to 2016, in which in 2015 many new companies issued shares (27 companies). In the period 2012-2014, issuing shares of listed construction companies

slowed down compared to previous years, due to less effective operation, the demand of increasing the size of enterprises decreased, the lower demand for mobilization of capital.

2.3. ANALYSIS OF THE IMPACT OF FACTORS ON CAPITAL STRUCTURE AND IMPACTS OF CAPITAL STRUCTURE ON BUSINESS EFFICIENCY OF LISTED CONSTRUCTION ENTERPRISES IN SECURITIES MARKET

2.3.1. Analyzing the impact of factors on the capital structure of construction companies on the stock market

2.3.1.1. External factors

The thesis analyzes the external factors affecting the capital structure of construction companies in stock market including: economic growth, inflation rate, fluctuation of interest rate, tax rate.

2.3.1.2. Internal factors

The thesis analyzes the internal factors influencing the capital structure of listed firms on the stock market: size of business turnover, business risk, long-term asset structure, state ownership.

2.3.1.3. Examining the impact of internal factors on the capital structure of construction firms on the stock market

The thesis examines the impact of internal factors on the capital structure using the econometric model and presents the regression model for the model of factors affecting the capital structure.

2.3.1.4. Discussion of the research results

The thesis has clearly explained the impact of factors on capital structure and explains why some factors do not affect the capital structure of construction enterprises.

.3.2. Analyzing the impact of capital structure on business performance of listed construction firms on the stock market

2.3.2.1. The impact of capital structure on the return on equity of firms

- In order to study the impact of capital structure on ROE in listed construction firms, we analyzed the relationship between the economic return of assets (BEP) and average lending interest rate .

Over the past five years, listed construction firms have had a relatively low BEP, with the lowest BEP in 2013 at 3.31%. Although the average lending interest rate of businesses was equal to the interest cost on total debt (capitalized loans are considered as zero-interest loans), BEP was lower than the average borrowing rate for the enterprise, only 2013 the average BEP was less than the interest rate. In the case when average BEP is larger than the average interest rate, the more higher leveraged businesses are, the more the equity margins will be and the more risky the business is.

2.3.2.2. Impact of capital structure on financial risk of enterprises

The impact of capital structure on financial risk of listed construction firms focus on the impact of capital structure on financial balance, financial autonomy and liquidity of these enterprises.

2.3.2.3. The impact of capital structure on cost capital use in enterprises

This includes the impact of capital structure on the cost of equity and the cost of borrowing in listed construction firms.

2.4. EVALUATION OF CAPITAL STRUCTURE IN LISTED CONSTRUCTION ENTERPRISES ON STOCK EXCHANGE

2.4.1. Achievements

The listed construction companies in the stock market have achieved the following results: Capital structure is relatively stable,

capital structure ensures compatibility with the structure of assets, the proportion of equity is increasing

2.4.2. Limitations

Including: The structure of capital is not reasonable, reflected in low performance of the business, the low proportion of long-term loans in total loans, capital structure is highly leveraged, debt structure is not reasonable.

2.4.3. Causes of limitation in capital structure of construction companies listed on the stock market

2.4.3.1. Subjective reasons

a. Construction firms are not large enough, therefore limited financial capacity, low business efficiency are factors that inhibits self-financing.

b. The problem of determining and building optimal capital structure has not been considered.

c. The cost of capital use is not fully calculated.

d. Enterprises have not built a strategy to raise capital

2.4.3.2. Objective reasons

a. The State policies are lack of synchronism, containindmany inadequacies, not encouraging businesses to borrow capital, and the control over the level of loans in enterprises is not appropriate.

b. The stock market has not developed properly, the investment is the market is considered weak, especially the flow of capital from foreign investors, the liquidity of the market is not high.

c. Information disclosure in the market remains low

Chapter 3
SOLUTIONS TO IMPROVE THE CAPITAL STRUCTURE
OF CONSTRUCTION COMPANIES LISTED
ON VIETNAM STOCK MARKET

3.1. THE SITUATION OF MACROECONOMICS AND THE DEVELOPMENT STRATEGY FOR VIETNAMESE CONSTRUCTION ENTERPRISES

3.1.1. Some macroeconomic forecasts in the near future

Including forecasts on economic growth, inflation, interest rates, credit growth in the coming time.

3.1.2. Development trend of construction industry in the world and in Vietnam in the future

3.1.2.1. Development trend of construction industry in the world

The world construction industry is still recovering. According to recent research, the construction sector will grow by 4.5% per year. The most concentrated and the most influential growth is in the markets of the United States, China and India. Due to the current fierce competition of capital markets from China, Asian countries are attractive choices for investors. Meanwhile, European and American construction companies shifted their focus to Africa and the Middle East. While some of Europe's biggest investors have been unable to stay successful in revenue and profit margins, some have fallen to near-crisis levels, but since 2015 the prospects have been good for construction companies.

3.1.2.2. Trends in construction industry in Vietnam

The construction sector in Vietnam has a lot of positive prospects in the coming years.

- Civil construction: The economic situation in Vietnam has been improved with the support of the government which includes reducing basic interest rates and stimulus policies. The real estate market has

started to warm up by the end of 2014 and forecasting this trend will continue in the upcoming years.

- Industrial construction: The investment capital in the manufacturing industry always accounts for the highest proportion in the structure of FDI (40% - 50%), equivalent to the disbursed amount of \$4 billion - \$5 billion per year. Currently, Vietnam is negotiating six new FTAs, including TPP, along with improvements in logistics and business environment. Therefore, the prospect of industrial construction is optimistic in the coming years.

- Infrastructure construction: According to given statistics, Vietnam has about 40% of road traffic in low quality traffic system, therefore the estimated capital needed for upgrading the road system to be equivalent to the current demand. Annual investment is about 202,000 billion VND / year. In addition, the government plans to build 26 airports by 2020. The government also plans to develop 75,000 megawatts of generating capacity, more than double the total installed capacity. Total investment for this plan in 2011-2020 is estimated at \$ 48.8 billion, equivalent to the investment demand of 125,000 billion per year.

In addition, the further improvement of the legal framework for PPP will open the prospect of attracting private capital investment in the field of infrastructure.

3.1.3. Development orientation of construction business enterprises in Vietnam

Based on the strategy and vision for the sector by 2030, the construction sector is gradually completing 12 key tasks and accordingly improving capital structure to gain operational efficiency, which is also an important condition for the construction industry to perform its important tasks in the future.

3.2. THE TARGET OF IMPROVING THE CAPITAL STRUCTURE IN CONSTRUCTION COMPANIES LISTED ON VIETNAM STOCK EXCHANGE

- Build a stable capital structure, ensuring payment ability.
- Build the capital structure that can achieve the lowest cost of capital use.
- Build a reasonable capital structure to increase the value of corporates, in accordance with enterprise risk management

3.3. SOLUTIONS TO IMPROVE CAPITAL STRUCTURE OF LISTED CONSTRUCTION ENTERPRISES IN VIETNAM

3.3.1. Direct solutions

3.3.1.1. Making the right investment decisions

Investment decision plays a strategic, decisive role to the existence and development of enterprises. Investment decisions affect not only the proper investment, but also the capital structure. When businesses want to expand their production, they must invest more in fixed assets, meanwhile the capital for acquiring fixed assets is the owner's capital, thus the equity will increase. If businesses want to expand commercial activities, it is necessary to add working capital. In this case, businesses should use the debts for quick working capital rotation, then accounts payable tends to increase in the capital structure.

3.3.1.2. Structuring capital in the direction of increasing equity and financing capacity of enterprises

To increase equity, businesses need to fully exploit internal capital from retained earnings. In addition to mobilizing the maximum capital from the retained earnings, businesses need to find the most effective way to mobilize external capital sources such as issuing more shares, calling for joint venture capital.

3.3.1.3. Increasing long-term debt to ensure the safety and stability of the financing of enterprises

Measures to increase long-term debts should be appropriate to the actual situation of each enterprise such as: For enterprises which have difficulty in paying debts but still have the ability to operate should apply measures to improve liquidity such as negotiating with creditors in reducing interest rates, debt freezing ... The above measures will help businesses reduce the pressure to pay, focusing on improving the efficiency of operations. Businesses need to find sources for debt settlement. In some cases, turning debts into equity contribution is also an effective solution for enterprises.

3.3.1.4. Applying a bankruptcy risk detector to adjust debt level to safe levels

Using the Z indicator as a bankruptcy risk detection tool to adjust the level of debt use to safe levels. For construction companies listed on the stock market, using model 2 to determine safety limits in the appropriate use of debt. According to data in the financial reports in 2016, it is possible to calculate the Z ratio of listed construction firms on the stock market in 2016, from which the ratio of equity to total debt can be calculated at a safe level for businesses.

3.3.1.5. Improving access to and diversification of funding forms

Currently, construction firms mainly borrow from commercial banks with limited capacity, small scale, mainly short-term loans, which is a disadvantage for the expansion of loans in the capital structure. For capital mobilization channel from credit institutions, businesses need to expand the borrowing from foreign credit institutions because of limited borrowing conditions in Vietnam. However, the bank loans force enterprises to complete many procedures, have collateral, especially when borrowing long term loans. In case of improper conditions, enterprises can choose the form of financial leasing with high rates but helping businesses save time and seize the opportunity.

Apart from raising capital from domestic and foreign banks, enterprises can choose to raise capital by issuing bonds.

3.3.1.6.Reducing risks

Construction firms often face the following risks: interest rate risk, price fluctuation risk, trade credit risk, financial leverage risk and liquidity risk.

3.3.1.7. Improving leverage efficiency

By examining the impact of internal factors on the capital structure of listed construction companies, the long-run asset ratio has a positive impact on capital structure and liquidity. When companies want to change the capital structure, they can use measures to affect the long-term assets and liquidity of enterprises

3.3.1.8. Improving the quality of debts in enterprises

Improving the quality of debt using the following solutions:

- Developing a debt monitoring system for enterprises and perfecting the regulation to manage the debts in 3 phases: debt mobilization, loan use management, debt repayment management.

- Building a reasonable debt structure.

3.3.2. Supportive solutions

3.3.2.1. Solutions to factors affecting the capital structure

- a. Proposing risk management policies and raise the risk management in enterprises

- b. Keeping the growth rate stable

- c. Increasing in size of enterprises

3.3.2.2. Business management solutions

3.3.2.3. Disclosure of information on finance - accounting

3.3.2.4. Improve financial management capacity

3.4. RECOMMEND CONDITIONS OF IMPLEMENTATION

- To maintain stable macroeconomic growth, control inflation, stabilize the money market, credit

- To strengthen and promote the development of the financial market.

CONCLUSION

With the objective of improving the theoretical background as well as finding solutions to improve the capital structure of construction companies listed on the stock market, the thesis has resolved the following basic problems:

1. Theoretically, the thesis has outlined the nature of capital structure, factors affecting capital structure, clarifying the impact of capital structure on business efficiency of enterprises. The thesis also clarifies the principles of improving the capital structure and stages of completing the capital structure of enterprises. From the experience of improving the capital structure of enterprises in some countries in the region, the thesis has drawn lessons that can be applied for the construction companies listed on Vietnam stock exchange.

2. Practically, the thesis gives an overview of construction companies on the stock market in recent years; Analyzing the real situation of capital structure of construction enterprises, analyzing the impact of factors on capital structure and impact of capital structure on the business performance of construction companies on the stock market. Accordingly, the author has pointed out the achievements and limitations of the capital structure of construction enterprises and the causes of these limitations.

3. Based on theoretical and empirical analysis, the thesis proposes basic views to improve the capital structure of construction firms. Possible solutions to improve capital structure are divided into two groups: direct solutions (8 solutions) and supportive solutions (4 solutions). The thesis also proposes some suggestions to improve the capital structure in construction companies listed on the stock market.

**LIST OF PUBLICATIONS OF THE AUTHOR
RELATED TO THE THESIS**

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