



**THE DEVELOPMENT STRATEGY OF WUHAN CITY  
INVESTMENT COMPANY BASED ON PORTER'S  
COMPETITIVENESS MODEL AND SWOT ANALYSIS**

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**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT OF  
THE REQUIREMENTS FOR THE MASTER'S DEGREE OF BUSINESS  
ADMINISTRATION GRADUATE SCHOOL OF BUSINESS SIAM  
UNIVERSITY**

**2023**



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This Independent Study has been Approved as a Partial Fulfillment of the  
Requirement of International Master of Business Administration

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**Title :** The Development Strategy of Wuhan City Investment Company Based on Porter's Competitiveness Model and SWOT Analysis

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**Major:** International Business Management

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3 / 4 / 2024

## ABSTRACT

As China's urbanization rate continues to rise, city investment companies have been established one after another, and investment in infrastructure projects in various regions has gradually become market-oriented. However, at the same time, there are many problems due to the backward operation and management model of local city investment companies. The main objectives of this study were: 1) To analyze the current situation of Wuhan City Investment Company; 2) To analyze the impact and factors on Wuhan City Investment Company through Porter's Five Forces model; 3) To analyze the competitiveness of Wuhan City Investment Company through SWOT analysis; and 4) To provide suggestions for the development strategy of Wuhan City Investment Company.

This paper adopted the documentary research method, Porter's Five Forces model, and SWOT analysis. The conclusions were drawn: 1) Wuhan City investment Company faces the problems of rigid corporate organization, excessive debt risk, and weak market competitiveness; 2) Through the analysis of Porter's Five Forces model, Wuhan City Investment Company's competitiveness is weak, mainly reflected in its single business and over-reliance on the government; 3) Through SWOT analysis, the advantage of Wuhan City Investment Company is that it is a subordinate unit of the original government department and can receive a large number of government orders. The disadvantage is that excessive reliance on the government leads to a decrease in administrative efficiency. The crisis lies in the financial risks caused by excessive debt. The opportunity lies in its huge transformation potential, and it can expand its business by receiving orders from other industries through government orders; 4) Wuhan City Investment Company should, firstly, improve its financial risk management capabilities and establish complete financial risk management the company; Secondly, in the face of organizational rigidity, it is recommended that the company re-examine its organizational structure, simplify processes, and strengthen horizontal communication; Thirdly, to better respond to market competition, the company needs to strengthen market research and understand customer needs and competitor dynamics; And, to effectively manage financial risks, the company should establish a relatively complete risk management system, introduce a professional risk management team and adopt advanced risk management tools.

**Keywords:** strategic planning, Porter's competitiveness model, SWOT analysis.

## **ACKNOWLEDGEMENT**

First of all, I sincerely express my gratitude to my tutor who is knowledgeable, self-disciplined, and innovative. His selfless work attitude and innovative spirit deeply influenced me. Secondly, I would like to say thanks to my classmates and friends who have been helping me and have put forward many valuable suggestions in the thesis-writing process. Finally, I would like to express my special thanks to my family for their understanding and support. In a word, thank you for all you have done for me.



## DECLARATION

*I, Wu Keyang, hereby certify that the work embodied in this independent study entitled “Business Administration” is result of original study and has not been submitted for a higher degree to any other university or institution.*



.....WU KEYANG

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Jan 29, 2023

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# Chapter 1 Introduction

## 1.1 Background of the Study

The rapid urbanization that unfolded in China post-2000s represents a monumental phase in the country's development trajectory, characterized by a surge in infrastructure development across diverse regions. This transformative period not only witnessed the rapid construction of physical structures but also marked a paradigm shift in the financing mechanisms for such projects. The emergence of city investment companies in various regions played a pivotal role in shaping a market-oriented approach to infrastructure investment (Jiang Waley P,2020).

Over the course of nearly three decades, city investment companies have demonstrated unwavering dedication and achieved remarkable growth. Their contributions have been instrumental in expediting the orderly and rapid completion of urbanization construction projects. These endeavors have not only propelled economic development but have also contributed to the improvement of living standards in urban areas(Zhao& Simon XB, and Li Zhang,2007).

However, amidst these commendable achievements, the journey of city investment in different regions has encountered multifaceted challenges. Outdated business and management models, particularly in the realm of funds and financing, have emerged as significant obstacles. This has given rise to a myriad of issues that pose substantial threats to the sustained development of enterprises in the later stages. Many city investment companies find themselves grappling with the constraints of a single-functional business focus, high liabilities, and a lack of assurances for debt repayment as a going concern. The influence of national financing policies has further complicated the landscape, pushing several city investment companies into financial distress, with some teetering on the brink of bankruptcy(Davies & Ken,2013).

In parallel, as China's urbanization process evolves, the focus in the current stage of urban development has shifted from being construction-centric to emphasizing operational aspects. This transition brings forth new imperatives for the future development of city investment companies. Failure to promptly realign their functions with the evolving needs of urban development, coupled with a disregard for changes in the social environment, poses the risk of unsustainable development.

To ensure the continued relevance and success of city investment companies in the dynamic landscape of urban development in China, a proactive and adaptive approach is essential. It necessitates a comprehensive reassessment of business and management models, with a keen focus on modernizing funding and financing strategies. Additionally, companies must diversify their functional focus and actively manage liabilities to establish a more robust financial foundation. Government and industry collaboration becomes imperative in navigating the challenges posed by national financing policies, fostering an environment conducive to sustainable growth.

Moreover, the shifting emphasis on operational aspects in urban development calls for a strategic repositioning of city investment companies. They must embrace innovation, technology, and sustainability to align with contemporary urbanization trends. Awareness of and adaptation to changes in the social environment become critical factors in ensuring the continued success and relevance of these companies.

In conclusion, the narrative of China's urbanization post-2000 reflects a remarkable journey marked by achievements and challenges alike. City investment companies have played a pivotal role in this transformative process, contributing to the rapid development of urban infrastructure. However, the evolving landscape demands a proactive and adaptive response from these companies. Through strategic realignment, modernization, and collaboration, they can overcome current challenges and continue to thrive in the dynamic and ever-changing realm of urban development in China(Wang Yuning&Xiaohua Jin,2021).

## **1.2 Problems of the Study**

Wuhan City Investment Company is a unit established by the Chinese government to enable local governments to better perform their functions of infrastructure construction and market development. Most of the projects invested are public welfare projects that promote urban development. Compared with other enterprises, they undertake greater social responsibility. In recent years, as the Chinese government has strengthened its control over the investment behavior of Wuhan City Investment Company and banks have continued to tighten their policies on investment financing and lending, Wuhan City Investment Company has also encountered development bottlenecks.

Wuhan City Investment Company lacks effective planning and has high short-term debt repayment risks. According to relevant data, in practice, to ensure the normal operation of investment projects and other related businesses, Wuhan City Investment Company often uses short-term financing to obtain funds for long-term

Investment, this is very likely to cause the urban investment company's investment and financing to be inconsistent, which will directly or indirectly lead to an increase in the debt repayment pressure of the urban investment company. Most Wuhan City Investment Company short- and medium-term financing projects within 1 to 5 years account for more than 70% of the total financing projects. Most of the projects invested by Wuhan City Investment Company are public welfare projects with huge investment amounts but long investment recovery times. Most of the investment return cycles are more than ten years, which directly leads to higher short-term debt repayment risks for Wuhan City Investment Company.

The positioning of the Wuhan City Investment Company is unclear, and the equity holding company has not been effectively managed. There are many subsidiaries and branches under the Wuhan City Investment Company, including those directly controlled by the urban investment company and its subsidiaries in which it participates, and branches. Wuhan City Investment Company has long-term problems of unclear positioning in the management and control of their parent companies and subsidiaries, resulting in the failure to formulate and implement strict management methods for the management and control of their parent companies and subsidiaries, and has not established an effective and complete decision-making execution management mechanism. This directly or indirectly leads to the problems of loose connections and improper control between the parent and subsidiary companies of Wuhan City Investment Company. This leads to chaotic management of Wuhan City Investment Corporation and rigid organization, making the entire company inefficient.

Wuhan City Investment Company has imperfect governance structures and unclear business sectors. Compared with ordinary companies, Wuhan City Investment Company is unique in that they are state-owned enterprises in nature and have independent legal persons. In addition, Wuhan City Investment Company often carries out some public welfare investments and construction during operations, but sometimes fails to receive corresponding fees in time, which leads to Wuhan City Investment Company often experiencing imbalances in revenue and expenditure. This phenomenon of imperfect governance structure and unclear business sectors has also directly led to the problem of Wuhan City Investment Company investment strategy deployment and relatively narrow space for independent business development.

### **1.3 Objectives of the Study**

This paper adopted Porter's Five Forces analysis and SWOT analysis to analyze the current competitive environment of Wuhan City Investment Company.

1. To analyze the status of Wuhan City Investment Company.
2. To study the influences of the bargaining power of suppliers and buyers, threat of new entrants, threat of substitutes, and competitive rivalry on Wuhan City Investment Company.
3. To analyze the marketing strategy of Wuhan City Investment Company through SWOT analysis.
4. To provide suggestions for the development strategy for Wuhan City Investment Company.

### **1.4 Scope of the Study**

At present, relevant research on city investment companies is not in-depth enough. There are not many relevant documents about "city investment company" on CNKI, there are only 13 documents, 2 of which are duplicates, and the other 11 are newspaper reviews. Most of these literatures focus on the analysis and evaluation of specific events occurring in specific city investment companies, without in-depth research on the operating rules, internal environment, strategic research, etc. of city investment companies. At the same time, from the perspective of time distribution, the research on city investment companies is mainly concentrated after 2010, with only one article in 2008. In foreign literature, there is no clear definition of a city investment company, and there is no literature on related vocabulary in SPE. Searching for "City Investment Company" and "Urban Investment Company" in CNKI's foreign literature database found no relevant literature.

This study conducted research in the form of literature review and analyzed the competitiveness of Wuhan City Investment Company through Porter's competitiveness model and SWOT analysis. First, it started with Wuhan City Investment Company's own resource capabilities, analyzed the company's current situation and operating conditions and models, supplemented with the analysis of Wuhan City Investment Company's competitive partners, and analyzed the advantages and disadvantages of Wuhan City Investment Company compared with its competitors. analyze its resource capabilities and the strengths, weaknesses, opportunities, and threats faced by its business, and the basic situation of Wuhan City Investment Company to clarify the

current competitiveness level of Wuhan City Investment Company, thereby formulating the development strategy of Wuhan City Investment Company and analyzing its implementation strategies and safeguards.

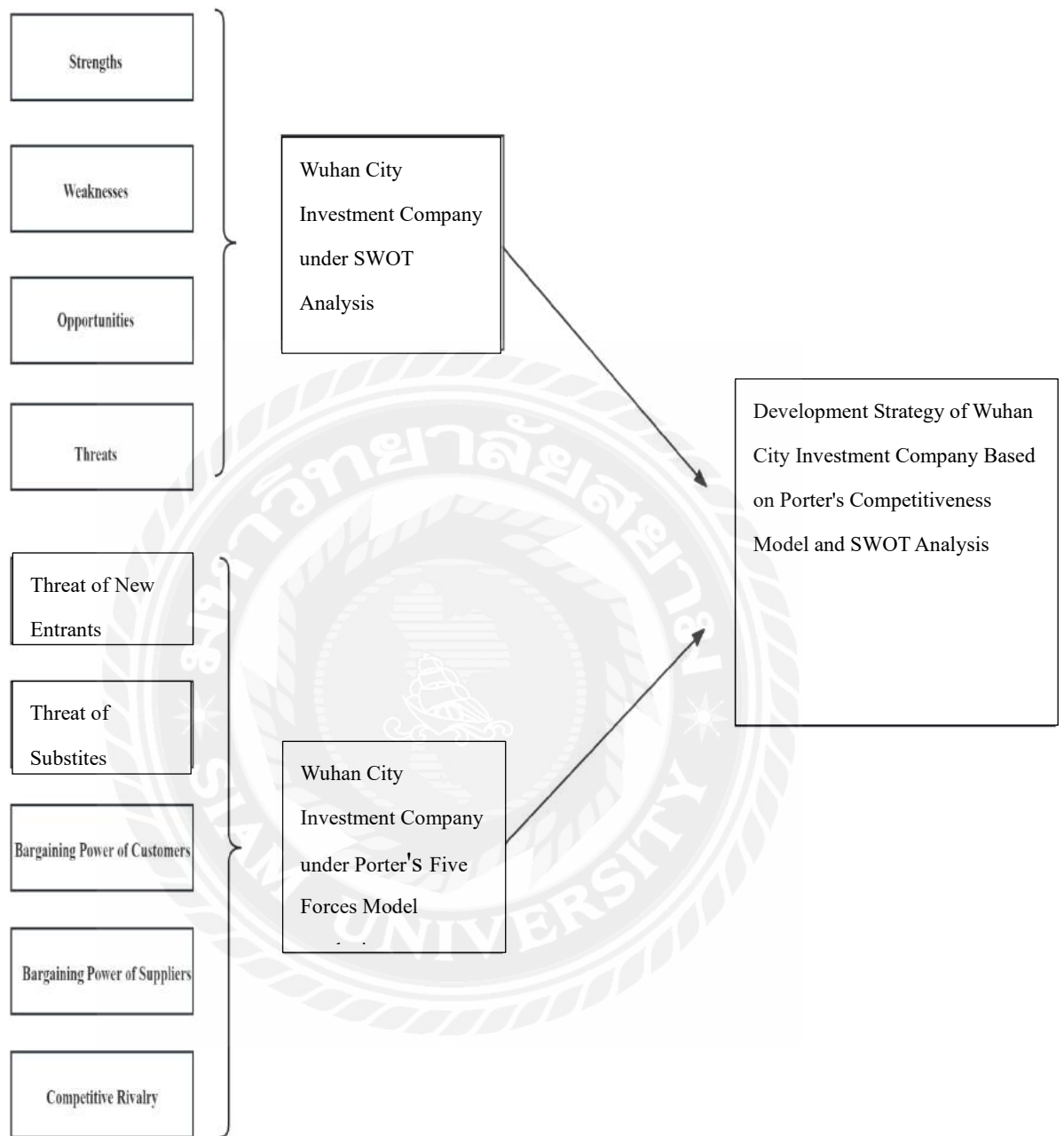
### **1.5 Significance of the Study**

At present, there are few academic studies on comprehensive city investment companies and no in-depth studies on corporate strategies. Therefore, this paper is based on the theory of corporate strategic management and uses the basic theories of strategic management and analysis to conduct an empirical study on Wuhan City Investment Company, enriching the study results on city investment companies' business management strategies and sustainable development-related topics. It has certain theoretical study significance (Fang,2019).

Under the current environmental background, Chinese urban investment enterprises are facing the requirements of transformation and development. Urban investment enterprises can seize the opportunity to expand their business, optimize their own industrial structure, enhance their operation and management capabilities, and strengthen risk prevention, and risk avoidance, in order to achieve orderly, healthy, and sustainable development (Lu&Liu, Zhang,2022).

From a practical perspective, this paper uses strategic analysis tools to select city investment companies for study. The company's future strategic transformation and development provide useful management tips, clarify the company's market positioning, and clarify the company's short-term and long-term development goals and directions. Planned utilization of resources and proposed corresponding guarantee plans to promote the implementation of enterprise development goals. Among them, the focus is on using objective and scientific methods to analyze the impact of internal and external factors on city investment companies, using corresponding evaluation methods to make selections, formulating development strategies that are most suitable for the company, and achieving unity with the company's own development vision to ensure that city investment companies Able to develop steadily towards development goals. It has positive significance for its later development and has great practical significance for the future development of Wuhan City Investment Company (Wu & Yang,2020).

## 1.6 Conceptual Framework



## **Chapter 2 Literature Review**

### **2.1 Introduction**

In this chapter, the researcher provides an overview of strategic planning. The researcher used a review of Porter's five forces model regarding the bargaining power of the firm's buyers, the bargaining power from suppliers, the threat from potential entrants, the threat from the firm's substitutes, and the threat from existing products. As well as related literature on strengths, weaknesses, crises, and opportunities in SWOT analysis.

### **2.2 Strategic Planning**

#### **2.2.1 Strategic Planning Overview**

Strategic planning is the process through which an organization defines its strategic direction and allocates resources to achieve its strategic goals. This process may also involve establishing control mechanisms to guide strategy implementation. Widely adopted by corporations since the 1960s, strategic planning remains a crucial component of strategic management. Typically led by strategic planners or strategists, this process engages multiple stakeholders and research sources to analyze the organization and its competitive environment.

While the term "strategy" encompasses various definitions, it generally entails setting strategic goals, identifying actions to achieve these goals, establishing timelines, and mobilizing resources accordingly. A strategy outlines how goals will be accomplished within a specified timeframe, often spanning two to five years in Strategic Planning. Generally, senior leadership within an organization is responsible for determining strategy, which can be either planned (intended) or observed as an emergent pattern of activity as the organization adapts to its environment or competes in the market.

Strategy formulation and implementation are essential components of strategy, and strategic planning plays a crucial role in coordinating these processes. While strategic planning primarily involves analytical thinking, strategy formation itself requires synthesis through strategic thinking. Consequently, strategic planning typically centers around the activity of strategy formation (Daft, Richard, 2008).

Strategic planning is applicable in Project Management, where it focuses on developing a standardized methodology that is repeatable and increases the likelihood

of achieving project objectives. This involves extensive thinking processes and interaction among stakeholders. In Project Management, strategic planning provides organizations with a framework for consistent action and ensures effective communication of overall goals, clarifying the roles of teams or individuals in achieving them. The commitment of top management is crucial throughout the process to minimize resistance to change, ensure acceptance, and avoid common pitfalls. While strategic planning does not guarantee success, it enhances an organization's likelihood of success (Kerzner, Harold ,2001).

Similarly, strategic planning is necessary in educational institutions, particularly during transitional periods when old practices require revision to meet the evolving needs of academia. Educational institutions must reorganize to adapt to the changing needs of society, which poses challenges in maintaining achievements while improving effectiveness. However, some strategic planners hesitate to address societal outcomes, assuming they will naturally occur without proactive intervention. Instead of defining a vision for the desired lifestyle for future generations, they focus solely on courses, content, and resources, neglecting to develop and implement a true strategic plan. This oversight undermines the effectiveness of strategic planning in educational institutions (McCune, S.D.,1986).

## **2.2.2 Strategic Planning**

### **2.2.2.1 Overview**

Strategic planning is a structured process characterized by inputs, activities, outputs, and outcomes. Like any process, it operates within certain constraints, whether formal or informal, and is usually iterative, incorporating feedback loops at various stages. Some aspects of the process are ongoing, while others are executed as distinct projects with defined start and end points. Strategic planning serves as the foundation for strategic thinking, which informs the actual formulation of strategy.

Typical strategic planning activities involve assessing the organization's mission and strategic challenges to enhance current practices and identify the need for new initiatives. The culmination of this process is the organization's strategy, which includes an analysis of the external environment and competitive landscape, a guiding policy outlining the organization's objectives, and specific initiatives or action plans designed to achieve these objectives.(Kaufman, R., & Herman, J. 1991)



#### **2.2.2.2 Inputs**

Data is collected from diverse sources, including interviews with key executives, analysis of publicly accessible documents related to competitors or the market, primary research (e.g., visiting competitor sites or conducting price comparisons), industry studies, reports on the organization's performance, and more. This data collection process may be integrated into a competitive intelligence program. The gathered inputs serve to establish a foundation and facilitate comprehension of the competitive landscape, including its opportunities and risks. Additionally, understanding the values held by key stakeholders, such as the board, shareholders, and senior management, is crucial. These values are often encapsulated in an organization's vision and mission statements.

#### **2.2.2.3 Activities**

Strategic planning involves meetings and communication among the leaders and staff of an organization to cultivate a shared understanding of the competitive landscape and determine the appropriate response. Various strategic planning tools may be utilized as part of these activities. (Ingram Richard,2015)

#### **2.2.2.4 Outputs**

The outcome of strategic planning includes the documentation and communication outlining the organization's strategy and its implementation, commonly known as the strategic plan. This plan typically encompasses a thorough analysis of the competitive landscape, a guiding policy to achieve organizational objectives, and detailed action plans for execution. Strategic plans are often multi-year documents that undergo periodic updates.

To gauge progress towards strategic goals and measures, organizations employ various measurement and monitoring methods such as balanced scorecards or strategy maps. Additionally, when developing strategic plans, organizations may also incorporate financial planning activities, including forecasting financial statements (such as balance sheets, income statements, and cash flows) for multiple years as part of the goal-setting process. Operational budgets, which project the expected financial performance for the upcoming year, are commonly used terms in this context. Capital budgets, particularly in relation to Information and Communications Technology, often form a critical component of strategic plans.

### **2.2.2.5 Outcomes**

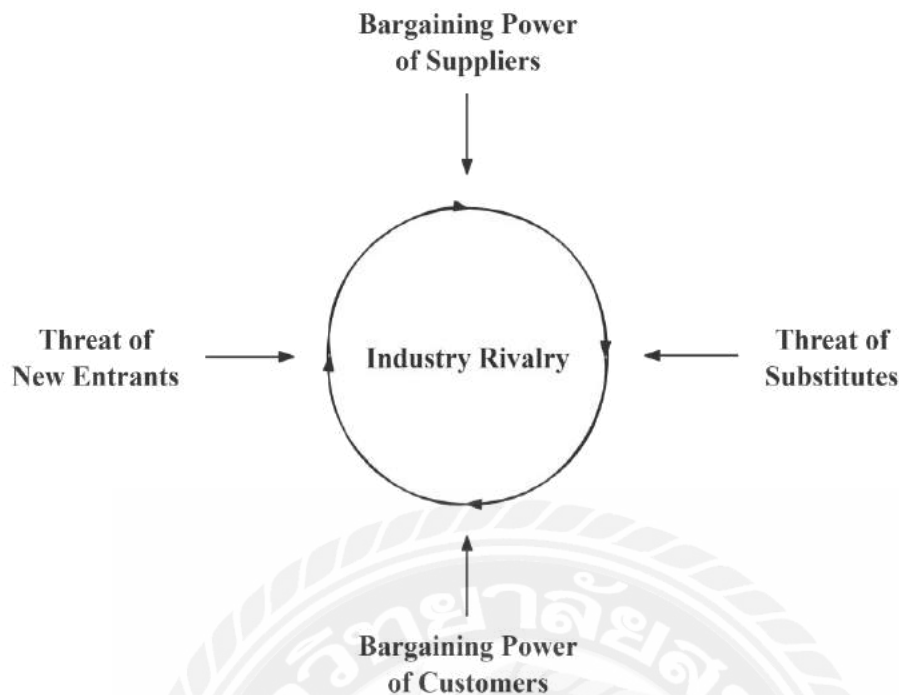
While the planning process generates outputs, the execution of the strategic plan produces outcomes. These outcomes may deviate from the initial strategic goals. The degree of alignment with the strategic goals and vision ultimately determines the success or failure of the strategic plan. Unintended outcomes may also arise, necessitating attention and understanding to ensure that strategy development and execution serve as genuine learning experiences. (Rumelt Richard P. ,2011)

## **2.3 Porter's Five Forces Analysis**

Porter's Five Forces framework is a method used to analyze the competitive landscape of a business's operating environment. It draws upon principles from industrial organization economics to identify five forces that shape the competitive intensity and attractiveness of an industry in terms of its profitability. An "unattractive" industry is characterized by these forces diminishing overall profitability, with the most unattractive being one resembling "pure competition," where profits are driven to normal levels across all firms(Michael E. Porter,1979).

Porter categorizes these forces as part of the microenvironment, distinct from the broader macroenvironment. They encompass factors close to a company that influence its ability to serve customers and generate profits. Changes in any of these forces typically prompt businesses to reassess the market dynamics in response to shifts in industry conditions. However, while industry attractiveness does not guarantee uniform profitability for all firms, companies can leverage their core competencies, business models, or networks to achieve profits above the industry average (Aubrey & Billy,2008).

Porter's Five Forces framework includes three forces related to horizontal competition—the threat of substitutes, the rivalry among established competitors, and the threat of new entrants—as well as two forces from vertical competition—the bargaining power of suppliers and customers (Augustin,2010).



### 2.3.1 Threat of New Entrants

The entry of new competitors into an industry creates pressure on existing organizations as they strive to capture market share. This competition drives down prices, increases costs, and necessitates higher levels of investment to maintain a foothold in the industry. The threat posed by new entrants is particularly significant when they enter from other markets, as they can capitalize on existing expertise, financial resources, and brand recognition, thus challenging the profitability of incumbent companies (Xiao,2014).

Barriers to entry serve to mitigate the threat of new entrants. High barriers diminish the likelihood of new competitors entering the market, while low barriers increase the risk of new ventures emerging in a given industry. These barriers represent advantages enjoyed by established companies over potential newcomers.

### 2.3.2 Threat of Substitutes

Currently, state-owned investment companies in China face limitations on their regional investments, primarily evident in their limited capacity to develop and expand their businesses. Their activities are largely confined to the infrastructure sector, which hampers their overall growth prospects. Furthermore, this constraint negatively impacts the company's development trajectory. Conversely, this situation presents potential

opportunities for competitors to emerge and thrive, especially through the introduction of new products.

Moreover, considering the cyclical nature of the national economy and the influence of various external factors, it becomes apparent that local state-owned investment companies are under pressure from multiple internal and external forces (Lu & Xu,2000).

### **2.3.3 Bargaining Power of Customers**

The bargaining power of customers, also known as the market of outputs, refers to customers' ability to exert pressure on a firm, impacting their sensitivity to changes in prices. Firms can mitigate buyer power by implementing strategies such as loyalty programs. Buyer power is high when customers have numerous alternatives and low when their choices are limited (John Wiley,1981).

State-owned investment companies in various regions continue to encounter challenges in the field of construction services for property owners. Key issues include inadequate staffing and limited project development channels. As a result, new projects and products developed by these companies often struggle to gain market acceptance, leading to insufficient innovation capabilities. Consequently, local state-owned investment companies are constrained by limited business coverage, inadequate innovation, and poor flexibility due to investment constraints. Since local consumers remain the primary consumers of such goods, their consumption patterns inevitably influence buyers' bargaining power (George A,1979).

### **2.3.4 Bargaining Power of Suppliers**

Supplier bargaining power refers to the ability of suppliers to negotiate prices and terms during transactions, encompassing factors such as pricing, payment terms, contract terms, and other transaction-related conditions. This power is influenced by various factors, including market competition, supplier market share, product or service uniqueness, and supply chain complexity (Monczka, R. M., Petersen, K. J., Handfield, R. B., & Ragatz, G. L.,1998).

Currently, state-owned construction investment companies primarily rely on fiscal funds and guarantees due to institutional restrictions and influences. Compared to private or joint ventures, state-owned enterprises have advantages in land resource development, construction material production, and facilities/equipment leasing and sales. These companies are perceived as less risky, reliable, and stable. Furthermore, most state-owned enterprises are inclined to adopt outsourcing or direct contracting

models during project development and product production processes. As a result, if a project is outsourced to a state-owned company, concerns about supplier bargaining power are alleviated. Additionally, utilizing foreign or private capital for market development may impact profitability due to the scarcity and irreplaceability of land resources (Ellram, L. M., & Siferd, S. P.,1998).

### **2.3.5 Competitive Rivalry**

Competitive rivalry assesses the level of competition among established firms, which may manifest in various strategies such as price reductions, increased advertising expenditures, or investments in product/service enhancements and innovation. These competitive moves can potentially erode profitability and escalate competitive dynamics within the industry (Wernerfelt, B. ,1984).

In most industries, the intensity of competitive rivalry plays a pivotal role in determining the overall competitiveness of the sector. Understanding industry rivals is crucial for effective product marketing. Positioning a product relies on how the public perceives it and differentiates it from competitors' offerings. Organizations must stay abreast of competitors' marketing strategies and pricing and be responsive to any changes in the competitive landscape.

## **2.4 SWOT Analysis**

SWOT analysis, a fundamental component of strategic management, serves as a robust tool for evaluating the internal strengths, weaknesses, external opportunities, and threats facing an organization, project, or individual. Through this comprehensive assessment, organizations gain valuable insights into their internal capabilities and external environment, enabling them to formulate informed strategies and make well-founded decisions (Gurl, Eme,2017).

Breaking down SWOT analysis into its four key components provides a nuanced understanding of the factors involved:

**Strengths:** These are positive internal factors, such as unique skills, abundant resources, extensive experience, or other advantages that contribute to the organization's ability to achieve its objectives.

**Weaknesses:** Focused on negative internal factors, weaknesses may include a lack of essential skills, limited resources, or other internal challenges that could hinder the organization's growth and success.

**Opportunities:** This aspect examines external factors and identifies favorable conditions in the external environment that the organization can leverage, such as emerging market trends, technological advancements, or changes in industry dynamics.

**Threats:** External factors posing potential risks are explored in this category, including competitive activities, regulatory changes, economic instability, or other factors that may pose challenges to the organization.

Presented typically in a four-quadrant matrix, SWOT analysis juxtaposes internal factors (Strengths and Weaknesses) with external factors (Opportunities and Threats). Each quadrant represents a strategic direction:

**SO Strategy (Strengths-Opportunities):** Leveraging strengths to capitalize on external opportunities.

**ST Strategy (Strengths-Threats):** Using strengths to mitigate or counteract external threats.

**WO Strategy (Weaknesses-Opportunities):** Addressing weaknesses to exploit external opportunities.

**WT Strategy (Weaknesses-Threats):** Mitigating weaknesses to reduce the impact of external threats.

SWOT analysis empowers organizations to develop targeted strategies that maximize strengths and opportunities, while simultaneously addressing weaknesses and mitigating threats. Widely utilized in business planning, project management, marketing, and various other fields, SWOT analysis remains an invaluable tool for strategic decision-making (Helms&Marilyn M.,2010).

## SWOT ANALYSIS



## **2.5 Introduction to Wuhan City Investment Company**

Wuhan City Investment Company were established in August 1997. It is the city's earliest established platform enterprise that has made the greatest contribution to Wuhan's urban construction and development, has the most business types, and bears the greatest social responsibility. The company is mainly responsible for urban infrastructure investment, financing and construction, urban infrastructure asset operation and development, and the preservation and appreciation of state-owned assets (Zhu,2022).

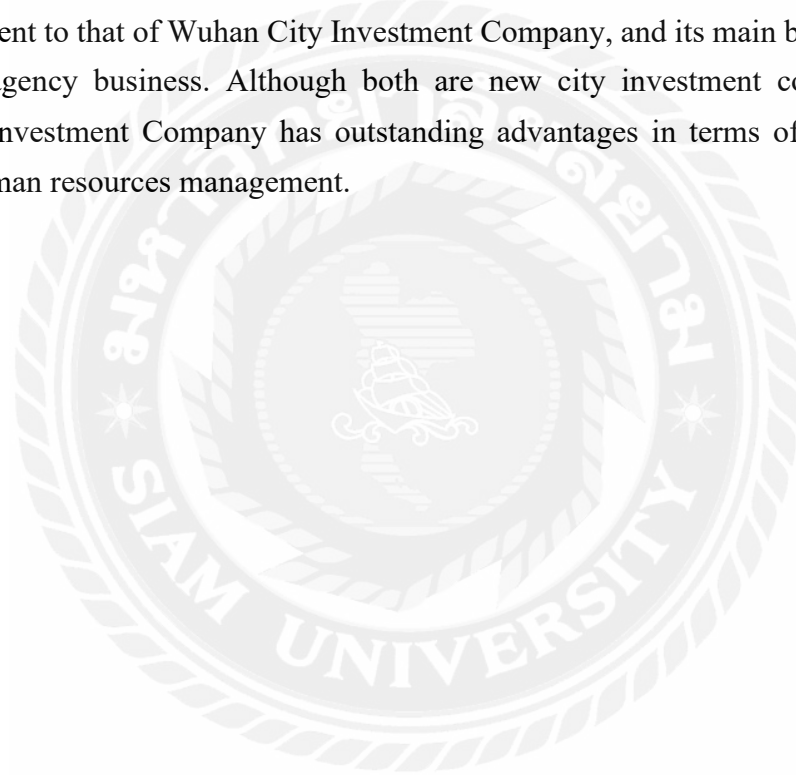
The company is responsible for ensuring water supply services in the central urban area of Wuhan and some distant urban areas. It has 12 water plants with a daily water supply capacity of 4.9 million cubic meters, accounting for approximately three-quarters of the city's total capacity. It is responsible for 80% of domestic sewage treatment in the central city And has 11 sewage treatment plants with a daily sewage treatment capacity of 3.26 million cubic meters.

The company is responsible for 2/3 of Wuhan's natural gas supply And has built more than 300 kilometers of high-voltage outer ring lines, more than 140 kilometers of transmission middle ring lines, and gas storage facilities with a reserve capacity of 30 million cubic meters to ensure the security of urban energy supply.

The company is responsible for the construction of major highways and highways in Wuhan. Since its establishment, it has implemented more than 700 urban highway infrastructure projects. It has successively improved the first ring, built the second ring, and connected with the third ring. It has built the first tunnel of the Yangtze River, the first phase of the first rail transit Line 1, the first BRT Xiong Chu Street line, as well as Tian Xing Zhou, Er Qi, Ying Zhou, and Yang Zhou. Eight bridges spanning the Yangtze River and Han Jiang River, including Si Gang, Qing Chuan, Gu Tian, Yue Hu Double Line, and Han Jiang Bay, have been newly renovated and expanded by more than 450 kilometers of urban ring lines, radial lines, and main roads.

The company currently has a total of 513 employees, including 133 employees at the headquarters. Among the company's existing employees, there are 1 person with a doctoral degree, 27 people with a master's degree, 182 people with a bachelor's degree, and 303 people with associate degrees and academic degrees; those who have obtained junior professional titles There are 406 people, 71 people have obtained intermediate professional titles, and a total of 36 people have obtained senior professional titles. Currently, Wuhan City Investment Company has 7 departments, and the company also has 7 major project management departments.

The company currently operates in three sectors: the project construction business sector. Based on the industrial ecological chain, it has subsidiaries such as Wuhan Luqiao Engineering Investment and Development Co., Ltd., Wuhan Luqiao Management Co., Ltd., Wuhan Luqiao Real Estate Development Co., Ltd., and Wuhan Luqiao Landscape Art Co., Ltd. The company, Wuhan Luqiao Advertising Co., Ltd., and Wuhan Expressway Construction and Development Co., Ltd. are dependent on the main business segment of engineering construction. The second segment is the building materials business segment derived from the project in the previous segment, which mainly consists of two branches: Wuhan Road and Bridge Engineering Materials Co., Ltd. and Wuhan Road and Bridge Xiangtong Co., Ltd. From this analysis, it can be seen that the comprehensive strength of Wuhan Road and Bridge Construction Group Co., Ltd. is equivalent to that of Wuhan City Investment Company, and its main business is construction agency business. Although both are new city investment companies, Wuhan City Investment Company has outstanding advantages in terms of projects, funds, and human resources management.





## **Chapter 3 Research Methodology**

### **3.1 Introduction**

This study adopted the documentary research method to gain in-depth insights into the literature related to Wuhan City Investment Company using Porter's Five Forces model and SWOT analysis, providing a comprehensive understanding and profound insights into the company. Through systematic searches in academic journals, books, conference papers, and relevant databases, This paper will collect literature specifically related to Wuhan City Investment Company, Porter's Five Forces model, and SWOT analysis, ensuring the comprehensiveness and depth of the research.

The paper discusses the current development status of the Wuhan City Investment Company, including its strategic deployment and planning. A detailed analysis of the company's competitiveness using Porter's Five Forces model and an examination of its strengths, weaknesses, crises, and opportunities through SWOT analysis is also conducted.

Through a comprehensive analysis of the literature, this study will provide a solid methodological foundation for an in-depth investigation into Wuhan City Investment Company. With this research approach, this paper aims to gain a comprehensive understanding of the company's development trajectory, and challenges, and offer guidance and insights for future research.

### **3.2 Research Tools**

Using Porter's Five Forces model and SWOT analysis to analyze the competitiveness of Wuhan City Investment Company is a systematic method that can help understand the company's position, advantages, and challenges in the market.

The following are the analysis steps using Porter's Five Forces model and SWOT analysis:

Porter's Five Forces model analysis:

(1) Threats from competitors: Assess the competitive landscape of the market where Wuhan City Investment Company located; analyze the number, scale, financial strength, and other factors of competitors.

(2) Bargaining power of suppliers: Investigate the relationship between Wuhan City Investment Company and suppliers; evaluate the impact of suppliers' bargaining power on the company's business.

(3) Bargaining power of buyers: Study the relationship between Wuhan City Investment Company and customers; understand customers' bargaining power for the company's products or services.

(4) Threat of substitutes or services: Analyze whether the products or services provided by Wuhan City Investment Company are easily substituted; examine other substitutable investment companies in the market.

(5) Threat of new entrants: Evaluate the difficulty of market entry to prevent the threat of new entrants;

Analyze whether Wuhan City Investment Company brand reputation and customer loyalty can withstand new competitors.

SWOT analysis:

(1) Strengths: Analyze the core competitiveness and unique advantages of Wuhan City Investment Company; study its advantages in resources, technology, brand reputation, etc.

(2) Weaknesses: Identify the disadvantages and weak links of Wuhan City Investment Company in the market; examine the problems existing in the company's internal management and operations.

(3) Opportunities: Explore opportunities in the market, such as emerging markets, technological innovation, etc.; analyze whether Wuhan City Investment Company can take advantage of external opportunities to achieve growth.

(4) Threats: Identify external factors that may pose threats to the company, such as regulatory changes, economic uncertainty, etc.; determine how Wuhan City Investment Company responds to potential threats.

## **Chapter 4 Findings and Conclusion**

### **4.1 Introduction**

Through literature review, given that China's overall real and virtual economy is currently not very prosperous, and the policy of renovating old houses in urban areas has also been proposed, the domestic land market is relatively developing upwards, and this paper can reconsider increasing investment in infrastructure construction. efforts and continue to develop in the direction of real estate development. At the same time, compare the excellent experience of peers, comprehensively consider and analyze internal and external environmental conditions, and establish a scientific development strategy to analyze the superior resources and weak links between WU HAN city investment companies and competitors. Combined with Porter's five forces analysis, the future development focus of Wuhan City Investment Company should be to increase efforts to accelerate land development and start with corporate debt to deleverage.

### **4.2 Current status of Wuhan City Investment Company**

#### **4.2.1 The Current Situation of Development Strategy of Wuhan City Investment Company**

From the previous analysis, the main problem faced by WU HAN city investment companies in the current development process is that although the company has developed a variety of businesses, it has not fully promoted and actively carried out the business. The company still operates infrastructure projects as its main business. In this business, there is obviously a problem that the project settlement progress lags behind the start of construction, leading to an overall increase in corporate liabilities and facing huge risks in the company's development.

Although WU HAN city investment companies cannot give up the core business of infrastructure projects, in order to avoid this business hindering the company's development or even restricting the company's development, the company must develop more businesses and seek more development, with infrastructure projects as the core. Only by continuously extending the business scope into related fields (such as energy development, industrial real estate development, and urban operations, etc.) this company can be able to stand up and develop sustainably in the long term.

Wuhan City Investment Company has established excellent talent teams in multiple business fields, especially in project engineering management. They should

grow rapidly, better adapt to the changing laws of the market, and improve themselves in stricter requirements. Seek breakthroughs and become an elite team.

Secondly, Wuhan City Investment Company have now established a relatively complete and stable financing operation platform. Whether they participate in PPP model construction or invest in their own projects, Wuhan City Investment Company have established a good foundation and have strong capital strength. rich operational experience can provide a strong guarantee for its development, transformation, and upgrading.

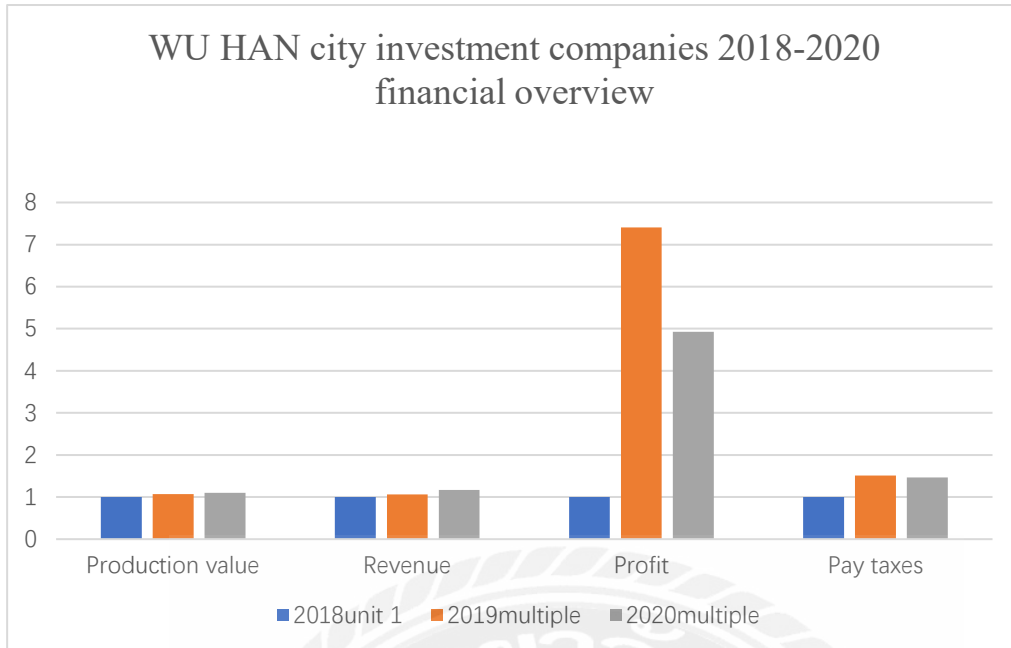
Finally, Wuhan City Investment Company have accumulated rich project practical experience in business operations and engineering construction and have accumulated a lot of market management and operation experience in building materials, commerce, transportation engineering, and other aspects of operation.

As a state-owned company, the development strategy choice of Wuhan City Investment Company needs to be combined with existing local policies, and the feasibility must be assessed before the project starts to make correct and reasonable plans. Only in this way Wuhan City Investment Company can achieve reasonable development and achieve a greater degree of development. to ensure the company's development and profits.

After years of hard work, Wuhan City Investment Companies have actively seized opportunities to develop continuously, completed a number of high-quality projects, and made great contributions to the transportation development of the city and surrounding areas. At the same time, the company has also participated in the construction of many important projects related to people's livelihoods.

From the analysis of business resources, Wuhan City Investment Company can see that Wuhan City Investment Company currently has three main types of business resources. The first type is construction agency business, the second type of resources is real estate project resources, and the third type is building materials project resources. The company's annual revenue exceeds.1 billion scale and has a good foundation in bank credit and financing.

As of 2020, the company's total liabilities are approximately 22.08 billion yuan. Since some of the information is confidential, it will be processed on a pro-rata basis based on 2018. The picture below shows the company's financial overview from 2018 to 2020.



#### **4.2.2 Current Status of Investment Strategy Deployment of Wuhan City Investment Company**

Some city investment companies lack effective planning and have high short-term debt repayment risks, according to relevant data.

In practice, in order to ensure the normal operation of investment projects and other related businesses, Wuhan City Investment Company often uses short-term financing to obtain funds for long-term investment. This is very likely to cause Wuhan City Investment Company to have inconsistencies between investment and financing. This directly or indirectly leads to increased debt repayment pressure on Wuhan City Investment Company. That is to provide financial support for long-term investment through short-term rolling financing behavior, which is very likely to cause serious short-term debt repayment risks. According to statistics from authoritative institutions, most city investment companies' short- and medium-term financing projects within 1 to 5 years account for more than 70% of the total financing projects. And projects invested by city investment companies.

Because most of them are public welfare projects, the investment amount is huge but the investment recovery time is long, and the investment return cycle is mostly more than ten years, which directly leads to the high short-term debt repayment risk of city investment companies. In addition, most city investment companies have not yet established a special debt repayment mechanism and lack special management plans for debt, which to some extent directly increases the debt repayment risks of city investment companies.

### **4.2.3 Wuhan City Investment Company Strategic Priorities**

Increase land development efforts. Wuhan City Investment Company should now re-adjust their direction and work hard to run the company's ongoing main business. For a large enterprise, this is the core lifeblood of the enterprise. Therefore, currently, Wuhan City Investment Company need to cooperate with relevant government departments in multiple ways, and constantly improve their own loan risk monitoring and internal business governance structure.

Strip the financing function of infrastructure construction. Due to the rapid development of Wuhan City Investment Company, many projects are carried out together. When the team members are limited and most of them are unprofessional, the development of their main business is ineffective. Moreover, there are corresponding financing functions in this process. However, infrastructure projects are not suitable for public welfare projects, the financing scale and project investment recovery period are long, and the project profitability is poor. Not only that, but the current asset-liability ratio of Wuhan City Investment Company is relatively large, and the business development has been subject to certain restrictions. Therefore, according to the actual situation of Wuhan City Investment Company and some current relevant policies, some infrastructure project financing should be decisively abandoned. Make relevant adjustments to the current financing functions of infrastructure projects, gradually get on the right track, and solve the difficulties of enterprises.

Focus on innovation. Innovation is an eternal theme for an enterprise. For Wuhan City Investment Company, the current main business is urban infrastructure construction and comprehensive development, without rare core competitiveness, so an innovative development system is urgently needed. Innovate inherent thinking, so as to improve the competitiveness of enterprises and achieve stable and sustainable development.

To sum up, Wuhan City Investment Company need to clarify their own advantages, divest themselves of the financing function of infrastructure construction, and continue to innovate. Ensure the smooth implementation of the turnaround development strategy.

## **4.3 Wuhan City Investment Company under Porter's Five Forces Model Analysis**

This paper mainly uses Porter's Five Forces Framework analysis method to analyze Wuhan City Investment Company from a micro perspective, clarify the current competitiveness level of Wuhan City Investment Company, and analyze the advantages and disadvantages of Wuhan City Investment Company compared with its competitors. On this basis, this paper intends to formulate the development strategy of Wuhan City Investment Company based on the successful development experience of other companies and analyze its implementation strategies and safeguards.

Wuhan City Investment Company was selected as the subject of this study, and the competitiveness of Wuhan City Investment Company is analyzed through Porter's five forces analysis. First, this paper needs to start with Wuhan City Investment Company own resource capabilities, analyze their resource capabilities and the political, economic, social, and technological environmental factors faced by the industry, and understand the basic situation of Wuhan City Investment Company. Then combined with these situations of the company and the existing operating conditions and models, combined with Porter's five forces analysis, the suppliers and buyers of Wuhan City Investment Company, as the vertical industry partners of Wuhan City Investment Company, Wuhan City Investment Company potential entrants and alternatives to the business as horizontal partners of Wuhan City Investment Company.

#### **4.3.1 Bargaining power of customers**

State-owned investment companies in various places still face certain problems in the field of construction services for owners. The most important ones are unreasonable staffing and insufficient project development channels. Because of this, companies' new projects and new products developed and produced are often not recognized by the market, and their innovation capabilities are insufficient. Therefore, due to the impact of investment, local state-owned investment companies are bound to face problems such as insufficient business coverage, insufficient innovation, and poor flexibility. In other words, local consumers are still the main consumers of such goods, so objectively speaking, consumption in this way will inevitably have an impact on buyers' bargaining. As for the business of commerce and building materials, Wuhan City Investment Company's current main business in these two business areas was originally construction agency business. Considering the brand effect of state-owned enterprises, consumers currently generally recognize the goodwill and reputation of WUHAN City investment company's building materials and trading company brand.

Analysis of the real estate business shows that Wuhan City Investment Company customers are mainly located in Wuhan City, and a large number of them are rigid customers. However, due to the heavy impact of inventory in this city, the Wuhan City Investment Company is currently facing a problem if there are no customers outside Wuhan City. facing greater inventory pressure.

#### **4.3.2 Bargaining power of suppliers**

Presently, state-owned construction investment companies heavily rely on fiscal funds and guarantees due to institutional restrictions and influences. Despite these limitations, state-owned enterprises (SOEs) possess notable advantages compared to private or joint ventures. Specifically, SOEs excel in developing land resources, producing construction materials, managing facilities, and engaging in equipment production, leasing, and sales. This not only reduces the level of risk but also ensures reliability and stability in their operations.

One significant advantage of state-owned companies is their inclination to adopt outsourcing or direct contracting models in project development and product production. This practice adds an extra layer of reliability and stability to the projects they undertake. Unlike their private counterparts, state-owned enterprises may not face the same level of market volatility and uncertainties.

In the context of the commercial and building materials sectors, Wuhan City Investment Company has effective cost-control mechanisms. This is attributed to the fact that industry guidance prices, set by the Municipal Construction Bureau, regulate the selling prices of essential construction materials like asphalt and cement. This regulatory framework contributes to cost predictability and stability in the construction projects undertaken by the company.

Analyzing the steel products sector, Wuhan City Investment Company leverages the current low domestic steel prices resulting from the negative impact of the financial crisis. The lower steel prices provide the company with increased bargaining power in the procurement of building materials. This strategic advantage allows the company to manage costs efficiently and potentially enhance overall project profitability.

Furthermore, utilizing foreign or private capital for market development might pose challenges, particularly in the context of the scarcity and irreplaceability of land resources. State-owned enterprises like Wuhan City Investment Company, with their stable financial backing and strategic advantages, can navigate these challenges more effectively, ensuring sustainable and reliable project outcomes.

#### **4.3.3 Threat of New Entrants**

Nowadays, most businesses have been fully marketized, but there are still many potential entrants that will pose a threat to existing companies in the industry. For example, various listed companies, in the process of gradually expanding their business, have begun to cooperate with Wuhan City Investment Company various businesses. Competition, such as highway projects, traffic engineering business, etc., but in the real estate investment and construction business, potential competitors continue to pour in, such as Tahoe Group, Lianfa Group, etc. This section mainly introduces Tahoe Real Estate Development Co., Ltd.

Tahoe Group was founded in 1996. After more than 10 years of development, it was listed in 2010. It is a large-scale listed group with diversification and advancement. Its industries involve real estate development and design, property management, hotel rental, investment promotion, and other fields. It is A large company integrating finance, health, culture, and real estate. Currently, Tahoe Group has established 8 large-scale urban complex Tahoe Plazas mainly in Beijing and other places and has successively developed many hotel-style hotels in Beijing and Shanghai. Commercial real estate projects such as apartments, office buildings, and commercial pedestrian streets.



#### **4.3.4 Threat of Substitutes**

Currently, state-owned investment companies in various regions of our country face notable limitations, particularly in terms of regional expansion and diversification of business operations. The primary challenge lies in the limited capabilities of these companies to venture beyond the field of infrastructure construction. This regional constraint not only hampers the companies' growth potential but also creates opportunities for potential competitors to emerge.

The regional limitations can be viewed as a double-edged sword. While it restricts the development scope of state-owned investment companies, it also opens avenues for potential competitors to explore new markets and products. Competitors can capitalize on the gaps left by state-owned companies and innovate in terms of both products and business models. As a result, the landscape becomes more competitive, and there is a constant need for state-owned companies to adapt and evolve to stay relevant.

Moreover, considering the cyclical fluctuations in the national economy and the influence of various external factors, local state-owned investment companies are under significant internal and external pressures. These pressures necessitate a proactive approach to strategic planning and adaptability to navigate challenges effectively.

Wuhan City Investment Company, the e-commerce business, built upon traditional domestic and foreign trade, stands out as a sector requiring substantial innovation. This sector is undergoing rapid transformations in response to the evolving business landscape. The emergence of e-commerce platforms like Taobao and the continuous proliferation of short video platforms have added complexity to the competitive environment. Numerous channel gimmicks and the daily emergence of new Internet companies or self-media e-commerce entities contribute to the dynamic nature of the industry.

Given these challenges and the fast-paced changes in the e-commerce sector, Wuhan City Investment Company faces the risk of being replaced by more agile and innovative competitors. The need for constant vigilance and a commitment to innovation is crucial to staying competitive in this evolving business landscape. Strategic foresight, adaptation to emerging trends, and a focus on employee and management development will be instrumental in ensuring the continued success and relevance of Wuhan City Investment Company in the face of evolving market dynamics.

#### **4.3.5 Competitors**

Wuhan City Investment Company current main businesses include investment and construction projects, construction and management, building materials production and sales, Chinese and foreign trade, project management consulting and property management, etc. This section classifies the main business and introduces the competitive partners of different businesses.

#### **4.3.5.1 Competitor analysis of comprehensive construction agency business**

Based on the analysis of its current business operating conditions, the main competitor for the company's main business is Wuhan Urban Road and Bridge Construction Group Co., Ltd. Wuhan Urban Road and Bridge Construction Group Co., Ltd. is a comprehensive group enterprise in this city. It was formerly known as the Wuhan Island Transportation and Access Project Preparation Office (founded in 1984). After restructuring (1993), it was formerly known as Wuhan Road and Bridge Construction Investment Corporation, the name was changed only three years after the restructuring. The company already had a registered capital of RMB 14.5 billion in 2013 and an asset scale of more than RMB 50 billion. Its comprehensive strength ranks among the top state-owned enterprises in the city. After more than 30 years of change and innovation, the company is now a modern group enterprise mainly engaged in project construction, building materials, yacht tourism, and other businesses. Its main projects cover the construction of large-scale urban construction projects, building materials sales, landscape art design and Project construction, infrastructure project investment and project management, real estate development, trade, manufacturing and industrial operations, urban scenic spot development, and area tourism management, hotel operations, and other industries. The company currently has more than 40 holding, wholly-owned, and equity-owned subsidiaries.

From the analysis of its development strategy, the company has developed three expanded businesses: project construction, building materials, and yacht tourism based on the traditional business of agency construction, and implemented a diversified strategy.

#### **4.3.5.2 Competition analysis of transportation engineering business**

An analysis of the city's existing market shows that Wuhan City Investment Company has outstanding advantages in the field of traffic signs and marking construction business. Wuhan City Investment Company was originally affiliated with the Wuhan Municipal Highway Bureau, so when the Wuhan Municipal Highway Bureau first built the road, it would directly select Wuhan City Investment Company to build and implement this project. Eighty percent of infrastructure projects are highway projects, while municipal projects account for only 20%. After years of development, the city now only has the maintenance office under the city's Garden Bureau and a few private maintenance units with the qualifications to build signs and markings. Therefore, WUHAN City Investment Company basically has no competitors in this project sector. peer companies, so Wuhan City Investment Company should give full play to its own advantages and at the same time set stricter requirements on itself so that the company can take the lead in this sector and be more able to radiate to other provinces and cities.

#### **4.3.5.3 Competitive analysis of expressway project business**

There are two main companies with practical experience in highway investment, construction, and management in this city. One is Wuhan City Investment Company, and the other is Wuhan Road and Bridge Group. In this segment, Wuhan City Investment Company faces less competition. Wuhan City Investment Company only needs to try to maintain its existing advantages, summarize and analyze the experience gained in the construction of the Jin'an Expressway project in the past, and prepare for future participation in the province, accumulate experience in project construction in other provinces and cities and lay the foundation.

#### **4.3.5.4 Competition analysis of property management business**

There are more than 3,700 property management companies in this city, among which brand companies include Guomao, C&D, Vanke, Mingfa, and other companies. These companies are directly related to real estate development companies, and all project properties are managed by themselves. Compared with the above-mentioned enterprises, Wuhan City Investment Company does not have outstanding advantages in the property management business. The properties managed by the company are mainly properties of the Wuhan Municipal Highway Bureau, and it has only made certain breakthroughs in this business sector. In the property management business sector, Wuhan City Investment Company main competitor is Guomao Company. In the property management recruitment of top properties, Guomao Company also put forward high requirements that male employees should be at least 180cm tall and female employees should be at least 165cm tall. The salary level is also relatively high, even reaching the salary level of mid-level cadres of state-owned enterprises. However, Wuhan City Investment Company can only provide basic salary levels to property management employees. From this point of view alone, Guomao Property Company has far greater advantages than WUHAN city investment company. In addition, Wuhan City Investment Company services, brand, and standardization are not as good as those of other companies. There are big differences between the two. However, considering that Wuhan City Investment Company has not been established for a long time and has a great impact, there are still great opportunities. Able to catch up.

## **4.4 Wuhan City Investment Company under SWOT analysis**

### **4.4.1 Strengths**

This section introduces the superior resources of Wuhan City Investment Company from five aspects: refined products, capital capabilities, policy support, human resources, and management.

#### **4.4.1.1 Product Resources**

Wuhan City Investment Company are currently the main construction and management enterprises of infrastructure projects authorized by the Wuhan Municipal Government. Its asset scale and overall strength are among the best in the city. It is also an outstandingly representative and typical asset operation and management platform. The company has also made significant contributions and played a huge role in the city's infrastructure work.

Since its establishment, the company has been carrying out projects with the concept of "small projects create high-quality products, large projects create brands", attaches great importance to the connotation and quality of projects, insists on meticulous craftsmanship, and pursues construction quality. At present, the company has completed more than ten municipal and provincial key livelihood and infrastructure projects and is the main construction unit of the city's transportation infrastructure and livelihood infrastructure projects. At the same time, Wuhan City Investment Company also actively break through their own limitations, actively develop products, develop diversified businesses, and strive for sustainable development.

Wuhan City Investment Company are also clearly aware of the importance of talent to the development of the company. In the process of developing and promoting various businesses, they attach great importance to the discovery, attraction, and training of talents, and have cultivated professional and efficient talents in various business fields. With a team full of excellence spirit, the company also actively improves its internal strength and improves its internal management system to provide a basic guarantee for its future development.

#### **4.4.1.2 Capital Resources**

Wuhan City Investment Company have extremely strong capital capabilities. Judging from its asset data, at the end of March 2018, the company's total assets, liabilities, and owner's equity reached 23.3 billion yuan, 17.3 billion yuan, and 5.987 billion yuan respectively. In 2016, the company's total main business revenue reached 1.47 billion yuan, and its total net profit exceeded 25 million yuan. By 2022, total assets have reached 31.323 billion yuan.

Judging from the development trend in recent years, the company has shown a good trend of upward development in all aspects. Both the main business income and the asset structure are relatively stable, and the company's profitability will be further enhanced in the future. Moreover, as a national investment company, Wuhan City Investment Company have strong financing capabilities. Project construction investment itself requires a large amount of capital. As a state-owned investment company, Wuhan City Investment Company have registered capital and total assets of 5.7 billion yuan and 23.3 billion yuan respectively. They rely on the government, other countries' investment companies, and financial institutions to establish good financial relationships, it has strong financing capabilities and can solve larger financial problems.

#### **4.4.1.3 Government Resources**

Wuhan City Investment Company have a background in the Municipal Highway Bureau and are affiliated with the State-owned Assets Supervision and Administration Commission of the State Council (hereinafter abbreviated to SASAC). The company is also responsible for the principal functions of the city's infrastructure and is an important infrastructure construction unit serving other businesses in the city. It has received the attention and great support of the city government.

Especially in recent years, in order to ensure the development of Wuhan City Investment Company and the sustainability of business operations, the Wuhan Municipal Government has also specially formulated many preferential and supportive policies based on its business characteristics: First, the company was authorized to build Wuhan The special functions of municipal transportation and highways; secondly, establish cooperative relations with other regions, establish the commercial housing investment and construction qualifications of Wuhan City Investment Company and support their operation and management; finally, comprehensively enhance the company's management, operation and risk resistance capabilities, and gradually expand the company Asset size.

Beginning in 2014, after incorporating it into the Wuhan Municipal Group, the government also provided greater support and policy support to Wuhan City Investment Company. Not only did it directly hand over several of its key projects to Wuhan City Investment Company, but at the same time, it also actively promoted the collection of fees for its subordinate Jin An projects and supported loan repayments, allowing the company's asset scale to expand rapidly. At the same time, the government also allows higher-level head offices to use self-operated project financing, bringing the company's asset financing capacity to two billion. To sum up, the reason Wuhan City Investment Company can achieve rapid growth and development is closely related to the support of the government.

#### **4.4.1.4 Human Resources**

Wuhan City Investment Company pay great attention to the development and utilization of human resources, especially talent reserve work, and reserve a large number of talents in the municipal and highway bureaus to give full play to their advantages. The company's project and management personnel have selected professionals with high quality and ability. In addition, since its establishment, the company has insisted on building a platform for talent training and development in its subsidiaries. Through market-oriented management and operations, it has absorbed, trained, and cultivated a large number of professional management, marketing, and technical talents with strong market adaptability.

To sum up, Wuhan City Investment Company has paid great attention to talent issues since its establishment. It has always adhered to the ideological belief of "unity, pioneering, dedication, and pragmatism" and has continuously standardized and scientifically implemented management, construction, and development to cultivate efficient and innovative employees, and professional teams. In actual work, Wuhan City Investment Company should always insist on holding certificates for employment, require all professional staff to have corresponding job qualification certificates, and continuously improve professional title requirements and ability levels.

Today, among the employees at the headquarters of Wuhan City Investment Company, more than 98% have a bachelor's degree, and more than 72% have intermediate or senior professional titles.

#### **4.4.1.5 Management Resources**

For enterprises, management is the key guarantee for their development. Construction investment is a large-scale project that uses funds very frequently, so management needs to be more meticulous and demanding.

Wuhan City Investment Company current main advantages in management are reflected in the financial level. For a long time in the past, Wuhan City Investment Company have continued to optimize their own financial management-related indicators mainly through operation and management. Now they have grown into government infrastructure projects. The main platform for financing. In recent years, Wuhan City Investment Company have been actively cooperating with government finance and working with multiple financial institutions and banks for project financing, facilitating the total financing of infrastructure projects reaching billions. In addition, Wuhan City Investment Company have also actively explored channels, raised funds by themselves, and efficiently completed the construction of transportation infrastructure projects such as the Xiamen-Zhangzhou Cross-sea Bridge and the Jin'an Expressway City Section. At the same time, Wuhan City Investment Company are also actively developing and expanding the company's financing channels. After obtaining a 2A+ credit rating, the company actively tried the medium-term note issuance

financing method, optimized the financing structure, reduced costs, and provided sufficient funds for project construction and operation. Support.

At the same time, in terms of project construction management, Wuhan City Investment Company also have certain management advantages. Wuhan City Investment Company have been carrying out infrastructure projects for nearly 20 years. Initially, the annual construction scale was only 200 million yuan, but now it has reached an annual scale of 3 billion yuan. In the past, just setting up a project department for a certain project was able to maintain business. But now, a district central command team has been established within each district-level administrative unit.

To sum up, after years of exploration and several reforms, Wuhan City Investment Company have now developed a set of effective construction management systems, laying a solid foundation for them to undertake projects in various parts of HU BEI province in the future.

#### **4.4.2 Weaknesses**

This section introduces the disadvantages of Wuhan City Investment Company from two aspects: lack of market awareness and backward engineering construction technology.

##### **4.4.2.1 Market Awareness**

At present, Wuhan City Investment Company have not yet built a complete and effective management and operation system. The company has insufficient knowledge and understanding of the market, has not yet established market awareness, and has not yet truly realized the marketization of operations. The root causes of this problem lie in the following aspects.

Wuhan City Investment Company still have a government nature. From the perspective of their business nature, it is not difficult to find that Wuhan City Investment Company are subordinate enterprises of SASAC and do not have strong profitability. The main mode of operation and management, especially financing, is Government financing, fiscal appropriations, and equity financing, financing projects are local infrastructure projects. Precisely for this reason, company management leaders only focus on how to obtain funds to maintain project construction and management operations but do not pay attention to market-oriented operations, And pay less attention to issues such as the effectiveness, efficiency, and effectiveness of state-owned asset operations. Insufficient attention to corporate development trends.

From the analysis of the nature of the enterprise, Wuhan City Investment Company still undertake some government functions. Therefore, it can be said that Wuhan City Investment Company are special enterprises with government attributes. At the same time, many managers and operators within the company also hold government jobs or are civil servants themselves. The company's business development results and performance have nothing to do with their positions and salaries. Therefore, they are

not concerned about the company's business development results and performance. Most managers do not consider and analyze the company's future development issues from the perspective of the company's long-term development but rather pursue current interests.

From the analysis of the company's existing functions, financing is still one of its main responsibilities. All decisions and operational management of an enterprise must be approved by the government and must comply with government opinions. As a result, enterprise management and operations lack autonomy and flexibility, and it is easy to miss development opportunities. In addition, if the leadership is re-elected, the implementation strategy may also change. Even canceled.

Because the company's management and operation strategy is lacking and the company's positioning is unclear, the company's future development will inevitably encounter certain obstacles. This section introduces the disadvantages of Wuhan City Investment Company from two aspects: lack of market awareness and backward engineering construction technology.

#### **4.4.2.2 Engineering Construction Technology**

Due to the lack of market awareness and the lack of scientific and complete operation and management systems, the company's management has the following problems.

Most leaders are more concerned about whether the company can complete the construction tasks of people's livelihood security projects according to quantity, time, and quality. Therefore, they ignore technology study and development and management science and only focus on key assessment indicators. As a result, most employees will inevitably focus only on the relationship between project construction and local governments, ignoring the improvement of project technology study and development and management science capabilities and levels.

Considering that construction management is a major business, many executives devote a lot of energy to construction management. There is no resolute team and effective organizational structure to guarantee the company's scale, asset expansion, investment management, and business expansion. Only the development department with deputy supervisory leadership was established. As a result, the company will have fewer talents to promote operation, management, and development, and the cultivation and development speed will be slow, which will not be able to meet the company's future expansion and development needs.



### **4.4.3 Opportunities**

As the Chinese government tightens local debt management and limits the number of local implicit borrowings, the transformation of the Urban Investment Department, which has been developing for many years, is imminent. According to statistics, since 2017, a total of thirty-three city investment companies have withdrawn from government financing platforms or no longer assume the debt-raising functions of local governments. But at present, the government financing platforms announced by these city investment companies to withdraw are all "formal exits". Next, resolving the existing debt of the financing platform is the key to the market-oriented transformation of the platform, but it must be coordinated through supervision, tightening, and reforming performance teaching materials. Because of the system, existing government debts, public welfare project debts, etc. financing platforms should be classified and resolved. At the same time, the role of market restraint should be given full play to improve the market-oriented exit mechanism and restructuring mechanism.

### **4.4.4 Threats**

As the global financial environment turns cold, the US dollar surge leads to a sharp interest rate hike by the Federal Reserve, which slows global hot money recycling investment, and the price of energy and raw materials rises due to the Russia-Ukraine conflict, city investment companies are gradually transforming into city governments' external financing platforms. Through the financing capabilities of city investment companies, the government can complete financing more efficiently, thereby better completing public welfare services such as urban infrastructure, roads and bridges, and community management.

At present, urban investment enterprises are an important achievement after the reform of China's state-owned assets. To a greater extent, they are in response to market needs and development and facilitate better management of the country. The establishment of city investment companies separates the operation and ownership of state-owned assets, which not only ensures the effective appreciation of assets but also promotes social market and economic development. It is one of the important strategic achievements of China's overall economic and structural reform.

Government investment management has entered a new stage with enterprise investment as the core. Now it has established a new form of enterprise investment decision-making, multiple financing co-existence investments, and intermediary services that are becoming increasingly stable, standardized, and efficient. It has established complete and effective approval, control, and management mechanisms. According to current regulations and laws, the investors of city investment companies are state-owned asset systems at the county, municipal, and provincial levels. The government does not directly intervene in the economy and insists on giving full play to the adjustment capabilities of the market itself.

In this context, city investment companies will become independent companies and enterprises with independent ideas. Ability to better participate in the market. In addition, analysis from various aspects shows that China will continue to implement more fiscal and monetary policies in the future to further improve national living standards and better achieve equalization of public services. Under the background of the Chinese government's macro-control, urban infrastructure work will enter a new stage of development in the future.

## **4.5 Suggestions for Wuhan City Investment Company**

### **4.5.1 Competitiveness-Oriented Innovative Strategic Business**

Through the review and analysis of the above literature, this paper can conclude that WU HAN city investment companies can improve their industry competitiveness from the following aspects, thereby improving their competitiveness under the current market conditions.

#### **4.5.1.1 People's Livelihood Security**

The government and the people have many project resources in their hands, and they are also the purchasers of urban infrastructure services. Because Wuhan City Investment Company received support from the city government, they had a large amount of business resources in the past. While Wuhan City Investment Company formulate development strategies as soon as possible, they must also pay more attention to the investment and work tasks given by relevant government departments, complete them on time and with correct quality, and enhance the company's brand influence. Establish a deeper cooperative relationship with the municipal government and strive to obtain more and better project resources from the government. While expanding the scale, Wuhan City Investment Company will also expand our business areas and create new growth points for the company.

In the process of developing its core main business, Wuhan City Investment Company must concentrate their limited resources, technology, and capabilities, focus on the engineering construction business, do a good job in related management, continue to accumulate experience and enhance business strength. Considering that the current national infrastructure development policy, especially the real estate development policy, is still in the continuous adjustment stage, for the main business of infrastructure construction, this paper believes that Wuhan City Investment Company should adapt to design low-cost leading strategies to ensure their own competitive advantages.

Among similar city investment companies, Wuhan City Investment Company do not have an absolute advantage. Especially compared with those companies with strong financial strength and rich experience, Wuhan City Investment Company still have a large gap. At the same time, considering that Wuhan City Investment Company has

strong government support and abundant cooperation resources, Wuhan City Investment Company can fully adopt a low-cost leading strategy in the development of its main business of project construction management.

The company can take advantage of development resources and work hard on construction costs. Through resource coordination, management, and cooperation of branches, etc., it can rationally develop and utilize the existing cooperative relationships. And use the cooperation advantages between the building materials company and the group to achieve low prices. Purchase municipal pipelines and underground pipe networks to take advantage of low production costs.

At the same time, Wuhan City Investment Company can also take advantage of their friendly relations with municipal engineering. From planning, design, and construction drawings to budgets, acceptance management, etc., they can draw suggestions and experience from the Municipal Development Corporation to improve project efficiency and quality. At the same time, it can also achieve low-cost advantages in terms of fund lending and template sharing.

#### **4.5.1.2 Engineering Ecological Chain Innovation Business**

Engineering construction business analysis. As the main business of Wuhan City Investment Company, this business was mainly based on the BT model in the past. This paper believes that Wuhan City Investment Company should actively explore new models such as TOT and PPP. And give full play to the company's advantages and brand advantages in investment and financing. Flexibly use various agency construction models to adapt to the market and do a good job in this main business.

Traffic engineering business analysis. Wuhan City Investment Company should make every effort to focus on transportation construction projects, construction, and maintenance of municipal roads and highways, and try their best to fill the shortage of municipal groups in the construction, maintenance, and operation of municipal roads and highways. At the same time, the company should also make targeted adjustments to internal systems, introduce talents from outside, improve qualifications and capabilities, participate more in project bidding and optimize management and operations, expand the business scope, and gradually transform from an administrative labor service company to a professional maintenance and construction company.

Expressway business segment analysis. This business is a business segment that can develop sustainably and stably in the long term. This paper believes that Wuhan City Investment Company have accumulated certain experience in the past development and construction process, and have also established a professional talent team, formulated a feasible management system, and had a large project resource base. At the same time, considering the development and changes in the government's future investment model, the city government will also increase its support for new models. Therefore, Wuhan City Investment Company should also actively pay attention to government policies, develop new models, and strive for success in the development process of this business

sector. With government support, Wuhan City Investment Company can improve profitability and gradually expand our business to other places and provinces.

#### **4.5.1.3 Property Management Business Innovation**

Property management business analysis shows that the key point for the development of this business sector is to strengthen the concept of service and re-create a new corporate image. In addition to completing the projects currently being carried out, the real estate companies affiliated with Baocheng will seize the time to upgrade their qualifications and undertake more business in other places and provinces. In addition, Wuhan City Investment Company have existing land plots with many high-quality plots where people gather and have convenient transportation. The company may wish to combine the characteristics of the city's tourist city to plan and build hotels and operate and manage them independently. Wuhan City Investment Company can hire professional teams from outside in the early stage, and their own property management companies can participate to learn from experience, improve their qualifications, and take on external business for business training and development.

Hotel business analysis shows that the key points for the development of this business sector are differentiation and specialization. Wuhan City Investment Company can choose locations with local customs and special scenery to develop this business. At the same time, in addition to hotel hardware construction,

Wuhan City Investment Company should also pay attention to the construction of management software, establish a model that is conducive to hotel business development, and cultivate employee service awareness; refer to star hotel service standards and combine property management experience to carry out hotel property management work.

#### **4.5.1.4 Real Estate Development Business**

While developing the investment and construction sector, Wuhan City Investment Company can leverage other city group subsidiaries to expand the real estate development business sector and develop the senior care real estate business sector at the same time. Specifically, the following measures can be adopted:

Reintegrate existing resources. Reorganize the affiliated companies, reuse the development qualifications of the real estate company, change extensive and decentralized management to professional, team-based management, establish a dedicated team to actively revitalize internal assets, and create its own brand projects.

Wuhan City Investment Company provides construction-supporting development services for major high-quality land parcels in the city. At the same time, Wuhan City Investment Company is establishing cooperative relationships with other senior companies, gradually learning and mastering experience, and exploring models for developing real estate projects that are consistent with our company's situation.

Actively expand the senior care property sector. Wuhan City Investment Company should start with residential planning, project design, and supporting facilities to fully meet the safety, convenience, and health needs of the elderly while providing more humane services and enriching the elderly by improving entertainment and other supporting facilities. spiritual life and better provide a high-quality life for the elderly. In terms of senior care property operations, Wuhan City Investment Company can operate under a membership model, while integrating medical, property, physical exercise, and other services to generate stable income. In addition, during the development process of the senior care property sector, Wuhan City Investment Company also need to proactively seek government policy support, learn from the experience of other senior care industry companies, actively cooperate with relevant government departments, and obtain direct management from civil affairs, planning, land, etc. department support.

#### **4.5.2 Guarantee for Implementation of Development Strategy of Wuhan City Investment Company**

To successfully advance the implementation strategy of the development strategy of Wuhan City Investment Company necessary safeguards must be in place. This section proposes implementation guarantee conditions from five aspects: organization, team, culture, system, and funds to provide certain guarantees for the development strategy of Wuhan City Investment Company. development guarantee.

##### **4.5.2.1 Organizational Guarantee**

Wuhan City Investment Company should be fully aware of their own development advantages, choose suitable partners, and respond quickly to the market. At the same time, the company's organizational structure must be improved and optimized. When designing the organizational structure, the company must fully analyze and consider the incentive mechanism, decentralization level, coordination capabilities, internal and external communication channels, etc., especially the company's business coverage, operating methods, and functions. Wuhan City Investment Company must give full play to the company's cost leadership, do a good job in internal coordination, scientifically allocate and apply resources; ensure the coordination, unity, and independence of position and department design in resource utilization, and minimize the transmission of information between superiors and subordinates. In order to improve efficiency, it is recommended to reduce and consolidate the company's internal departments to 7-8, and to enrich the subsidiary management and operating leadership teams to improve management.

Establish a technical support organization. Technical support is one of the fundamental guarantees for the company's strategy implementation. The company should build a technical support team oriented towards strategic services to provide front-line and back-end technical support for the company. To this end, the company

should encourage employees to learn technology and participate in technical training. At the same time, they should improve the construction of internal information systems, carry out technology comparisons and scientific evaluations, and introduce advanced technologies from outside. Finally, the company should strengthen coordination among various departments, formulate clear departmental cooperation norms and management regulations, smooth communication and coordination channels, and clarify management, leadership, cooperation, and execution responsibilities to ensure that each department performs its duties and actively cooperates, coordinates, and works together. Promote development.

#### **4.5.2.2 Team Guarantee**

Manpower security, for a company, the most important and decisive resource is human resources, so manpower security is very important for Wuhan City Investment Company. Wuhan City Investment Company have been using the salary point system since the early days of their establishment. However, this system does not separate job wages and performance evaluation. Evaluation rewards and punishments do not follow the rules of rewarding the superior and punishing the inferior. Therefore, it should be carried out Must be optimized. Among them, managers suggested setting up an annual salary system, and at the same time, a year-end bonus system based on quarterly performance evaluation, and issuing a high proportion of year-end bonuses based on the results of each quarter's performance evaluation. At the same time, different rewards and punishments should be given to employees with different backgrounds, different positions, and different contributions.

Management support should be enlisted. The development strategy is an important strategy related to the overall development of the company. It must be supported by managers before it can be implemented from top to bottom, from planning to execution, and achieve results. Therefore, Wuhan City Investment Company should fully communicate with managers to encourage them to fully understand and fully recognize this strategy, so that they can make good planning arrangements, cooperate with subordinate employees from the spiritual and material levels to carry out work, and exert the application of this strategy. valuable.

#### **4.5.2.3 Cultural Guarantee**

Wuhan City Investment Company must establish a corporate culture recognized by all employees, formulate a cultural program consistent with the company's positioning, guide internal construction, and integrate corporate culture into the business development process. To this end, Wuhan City Investment Company should establish a corporate culture with customer satisfaction as the core orientation. Only in this way can they always keep customer needs and satisfaction in mind and can encourage employees to pay high attention to customer service perception, customer evaluation,

and brand Only with a sense of trust and dependence Wuhan City Investment Company can think from the customer's perspective and truly serve customers well.

Secondly, Wuhan City Investment Company should also strive to create a culture of employee participation. In recent years, social media has developed rapidly both at home and abroad, profoundly affecting Chinese and foreign consumers, and also affecting Wuhan City Investment Company customers and internal employees. Therefore, in the process of corporate culture construction, Wuhan City Investment Company should actively make use of the characteristics and prominent role of social media to encourage employees within the company to actively invest in and participate in the construction of company culture. In this way, a corporate culture that is accepted and recognized by all employees can be established faster and better, and it is easier to form a corporate culture that is accepted and recognized by all employees. A consistent and unified ideological concept encourages all employees to act in compliance with corporate culture and values and plays an important role in promoting and promoting the company's customers and development.

#### **4.5.2.4 Institutional Guarantee**

Improve the basic system. That is to clarify and improve the company's basic management system of "rights, responsibilities, and interests." Wuhan City Investment Company should first improve the company's corporate governance structure, ensure the normal operation of the basic management system of "rights, responsibilities, and interests," and establish norms The company's corporate management system establishes an enterprise management system that focuses on scientific management and is supplemented by improving the institutional system. Wuhan City Investment Company should give full play to the role of property rights, and give full play to the cost, profit center, and flexible management capabilities of subsidiaries on the premise of respecting the investment, decision-making, and operations of the parent company. The parent company should give full and effective guidance, and the subsidiaries can carry out operations flexibly and actively. Grow your business.

Improve and improve the reward and punishment system. To ensure that the company's internal employees can give full play to their subjective initiative, creativity, and innovation. Wuhan City Investment Company also need to build an incentive system that adapts to diversified development strategies, and at the same time do a good job in promotion and publicity and strengthen the interaction and communication between the company and internal and external customers. At the same time, those who perform actively at work, make useful suggestions, and can advance the company's development will be rewarded to form a benign incentive mechanism.

#### **4.5.2.5 Fund Guarantee**

Wuhan City Investment Company should not only strive to obtain functional authorization from the government for urban investment operation and management but also make better use of good resources to operate and explore the market more actively to solve the problems of urban construction work to a greater extent. funding problem. Wuhan City Investment Company should attach great importance to the relationship and cooperation with the banking and trust departments and continue to expand the financing and credit business. For example, Wuhan City Investment Company must increase capital and share capital to gain support from shareholders. For example, absorbing inherent funds from all walks of life can not only effectively alleviate the financial pressure, but can also fill the funding gap to a greater extent.





## Chapter 5 Recommendations

This paper uses Porter's five forces analysis and SWOT analysis on Wuhan City Investment Company to find the following problems in the strategy of Wuhan City Investment Company and gives corresponding suggestions.

First, the nature of Wuhan City Investment Company financial business determines that it is accompanied by certain risks. The risks WUHAN City Investment Company may face include market risk, credit risk, operational risk, etc. Insufficient risk management may result in the company's inability to effectively resolve risks when financial markets fluctuate, posing a threat to the company's financial stability.

In order to improve financial risk management capabilities, companies can establish a complete risk management system. Introduce risk management professionals and use advanced risk management tools and technologies to conduct comprehensive monitoring and evaluation of the company's assets and investment portfolios. Train employees in risk awareness and establish a risk management culture in which all employees participate (Porter, M.E., 1985).

Second, a company's organizational structure may be relatively rigid, which may hinder flexibility in decision-making in a rapidly changing market environment. A rigid organizational structure may make it difficult for companies to quickly adapt to market changes and affect the efficiency of strategic execution.

In order to increase the flexibility of the organization, it is recommended that companies re-examine the organizational structure, simplify processes, and strengthen horizontal communication. Promote comprehensive informatization construction and improve information circulation efficiency. Introduce a flexible management model to encourage employees to propose innovative suggestions, thereby making the organization more adaptable to market changes (Cameron, K., & Quinn, R. E. 2011).

Third, in order to better respond to market competition, companies need to strengthen market research and understand customer needs and competitor dynamics. It is recommended that enterprises focus on service innovation and improve the level of differentiation and personalization of financial products. Actively participate in industrial cooperation, introduce technological innovation, and enhance digital capabilities.

Fourth, in order to effectively manage financial risks, enterprises should establish a relatively complete risk management system. Introduce a professional risk management team and adopt advanced risk management tools. Improve the company's ability to identify and respond to various risks through regular risk assessments and simulation exercises.

Fifth, companies can optimize their organizational structure and improve decision-making flexibility. Simplify processes, reduce layers, and encourage employees to make innovative suggestions. It is recommended that enterprises promote digital transformation and improve the efficiency of information circulation. Regularly evaluate the adaptability of the organizational structure and make adjustments.

To sum up, Wuhan City Investment Company faces a series of challenges in terms of financial business and organizational structure. Through comprehensive problem analysis, companies can take targeted measures to optimize financial products and services, improve risk management levels, adjust organizational structures, and strengthen communication and collaboration. These improvement measures will help the company better adapt to market changes, improve competitiveness, and ensure sustainable development.



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