Impact of Cash Flow on Performance of Listed Companies in Vietnam - Application of Food Industry

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Abstract

Many businesses have overlooked cash flow management and have resulted in failure or bankruptcy. According to surveys, up to 60% of losses are related to cash flow in the company. In this study, a group of secondary data from a selection of 33 listed companies in Vietnam (food industry) during the period of 2009 – 2017 (where 2009-2012 is the period of financial crisis and 2013-2017 is the post – financial crisis) is used to examine the impact of cash flow management on business performance through relationships: Operating cash flow (OCF), Investing cash flow (ICF) and Financing cash flow (FCF) with ROA and ROE. The authors use linear regression model and analysis to test for correlation between the variables. The results show that there is a significant relationship between cash flows and return on assets. Furthermore, the results also show a positive correlation between cash flows and return on equity. It is recommended that the scope of research should be expanded to other sectors and areas of the economy.

Keywords: Cash flow management, Cash management, Cash conversion cycle, Optimal cash management model, Cash and corporate profits.

Introduction:

Managing cash flow is an important part of financial management. Cash flow management is an important factor in creating business liquidity. Liquidity is a special feature of money. Liquidity helps businesses avoid the "shock" of unexpected Keynesian money flows (1937) and a historical evidence is the case of Enron in the United States in 2001; the collapse of audit firm Arthur Andersen is a testimony to the fact that it is no longer appropriate to place trust in profit reports based on accounting disciplines. This means that more attention should be paid to the flow of money from the operations of the business. Cash flow is one of the key measures that reflect financial "health" of a business. In cash flow management, cash management plays a key role. For businesses, to be able to understand the importance of cash management is critical to the survival of the business. Cash management is essential for any business that wants to meet its needs in the short term financial obligations. Akinsulire (2003) states that the success of any business venture is based on how its management has planned and controlled its cash flow. According to Olowe (2008), cash management involves the efficient management of cash to achieve optimal cash flow in the company's working capital. Cash represents the basic input needed to start and maintain a business. A company needs to maintain enough money to keep its business running smoothly. Shortage of cash will disrupt company operations and even lead to insolvency. However, excessive cash will reduce unnecessary long-term capital resulting in lower returns on capital. Therefore, a company needs to maintain optimal cash levels. In surveys of the failed businesses, the findings showed that most of these companies (up to 60%) reported failure was either entirely or in large part due to cash flow problems in the company. The company that makes a profit is good, but cash is essential. Therefore, a good practice of cash management is the key to business success.

In the globalization and international economic intergration, participating in international market activities will bring many benefits to enterprises, opening up many opportunities for development and high profit for enterprises. Food industry is an industry attached to agriculture, playing a very important role in economic development. It developes fastly at two main kinds of food: goods in the country and export. Vietnam joint the Asian trade organization in 1995 and the WTO in 2007, which promotes the export industry in general and export agricultural and fishery products in particular.

It is clear that joining the WTO in January 2007 will bring many benefits to the Vietnamese export sector as market constraints have gradually been removed and trade restrictions have been established due to increased competition. Increased income and changing lifestyles, especially in the city centers, bring about the need for more snacks, convenience foods and expensive food. The domestic market is large with low labor costs and the success of privatization of food businesses, providing many opportunities for export as well as investment in Vietnam. Moreover, Vietnam's agriculture needs to invest strongly, so investors can expect supportive policies from the government. Finally, the tourism industry is also developing, helping to increase the profitability of packaged foods.

Beside opportunities, there exit many challenges. If the Vietnamese food industry has no viable solution nor manage it well, it is bound to fail despite the fact that industry seems to experience substantial growth. There are several reasons for this. First of all, although the status of a member of the WTO gives us a number of benefits, many small companies that are unable survive in this sector can go bankrupt. Furthermore, the depreciation of the VND could increase the inflationary pressure. At the 3rd place, the rise of agricultural products could be a threat to the production and processing industry. Farmers may think that such increase will make the product price higher. In addition to maintaining production development, product diversification, quality

improvement, brand strengthening, food safety and hygiene for consumers also need paying attention to. It is also the responsibility and conscience of those working in this field. Last but not least, domestic and world economic turmoil have increasingly underscored the importance of liquidity management and cash flow management, especially for large scale businesses. For big corporations with many branches, agents and subsidiaries, the management of cash flow is always a vital factor to ensure financial stability.

Literature review

According to Pandey (2004), Cash management is a method of planning and controlling the inflow and outflow of cash in a business, cash flow and cash balance of a business at a time. Effective cash management includes optimal cash determination through balance of opportunity costs, cash holdings and cost of operations (Ross et al., cited at Nyabwanga, et al., 2008, 2011). Cash management is the foundation for any business that wants to meet its short-term financial obligations. Cash management includes the required actions to maintain sufficient cash to meet operational costs, capital requirements and to achieve maximum productivity for short-term investments. Uwuigbe, Uwalomwa and Egbide (2011) find that cash management is more important than other liquid assets because cash is the most important asset a company holds. Cash is different from fixed assets or inventory.

Cash flow management has become a critical element of many firms' operational strategies (Fisher, 1998; Quinn, 2011). There were some previous efforts which proposed that adjustment to a firm's cash flow would chang the firm's performance, they supported these propositions by comparing and contrasting firms utilizing static snapshot measures of cash flow positions and performance.

As noted by Narkabtee (2000) , "the importance of cash flows cannot be overemphasized mainly because the user of accounting information are particularly interested in the cash of the company that is published in its financial statement". Internally, managers need to know the current financial positions of the firm (performance and problems), how to deal with financial problems and also control functions (Bodie, Kane, Marcus, 2004. In addition, Bingilar & Oyadonghan (2014) stated that "cash flow of a company is a crucial factor that enhances its operations".

It has been argued that there is weak governance of cash flows in the industries and it allows manafers to pursue personal goals whereby putting management's interest at odds with the interest of shareholders (Chikashi, 2003; Ali, et al, 2013; Thanh and Nguyen, 2013; Zhou, et al 2012; Watson, 2005 and Ashtisni, 2005) who further argue that cash flows and corporate performance have a significant negative relationship.

These argument have been countered by researchers in related studies such as (Shahmoradi, 2002; Khoshdel, 2006; Adelegan, 2003; Miar, 1995 and Brush, et al, 2000), who argued that cash flows and corporate performance have a significant positive relationship. This disagreements among the researcher have created a gap, thus warranting further examination of the phenomenon.

Nowadays, the performance of companies is the first to be evaluated by investors around the world as currently, the world has become smaller in a sense that businesses can be conducted anywhere. Globalization facilitates business activities and high performance and in eliminating the barriers existing in corporate trade and financial investment, businesses can have a wider opportunity to grow. In addition, with the highest spread of generation in technology, people who are interested and concerned in achieving their jobs from anywhere are encouraged to look for any company around the world that shows high performance for investment. Thus, the

performance of the company is the most important to encourage the people to come to it. And therefore, people who are responsible for running firms must improve firm performance through new plan and procedures to update its operations and transactions during its life cycle. Regarding to the importance of this subject of performance of firms, this study considers the effect of performance in the business environment in consistent to some measurement such as accounting-based measurement and market-based measurement as discussed in the coming sections.

Performance measurement refers to the process of measuring the action's efficiency and effectiveness (Neely, Gregory & Platts, 1995). Performance measurement is the transference of the complex reality of performance in organized symbols that can be related and relayed under the same circumstances (Lebas, 1995). In the current business management, performance measurement is considered to be in a more critical role compared to quantification and accounting (Koufopoulos, Zoumbos & Argyropoulou, 2008). This is consistent with Bititci, Carrie and McDevitt (1997) who described performance management as a process wherein the organization manages its performance to match its corporate and functional strategies and objectives. Additionally, the firm's value can be described as the benefits stemming from the firm's shares by the shareholders (Rouf, 2011).

Performance measurement is critical for effective management of any firm (Demirbag, Tatoglu, Tekinus and Zaim, 2006). The process improvement is not possible without measuring the outcomes. Hence, organizational performance improvement requires measurements to identify the level to which the use of organizational resources impact business performance (Gadenne and Sharma, 2002; Madu, Aheto, Kuei and Winokur, 1996). The firm's success is basically explained by its performance over a certain period of time. Researchers have extended efforts to determine measures for the concept of performance as a crucial notion. Finding a measurement for the performance of the firm enables the comparison of performances over different time periods. Nevertheless, no specific measurement with the ability to measure every performance aspect has been proposed to date (Snow & Hrebiniak, 1980).

Performance of a firm is significantly impacted by corporate governance and if the functions are appropriately established for the corporate governance system, it attracts investment and helps in maximizing the company's funds, reinforcing the company's pillars and this will result in the expected increase in firm performance. In other words, an effective corporate governance protects against probable financial challenges and facilitates remarkable growth and therefore, corporate governance plays a key role in the growth of the firm performance. Currently the impact of corporate governance upon the general firm well-being has been examined (Ehikioya, 2009).

Cash flows and firm's performance are measured not only by return on assets (ROA) and return on equity (ROE) which is most significant information for company to achieve company goals and objectives. The research is intended to identify the impact of cash flow and firm performance. The complexity of the realtion between business performance and cash flow is revealed in part by fiding reciprocal effects, stability of performance spending over time and accounting information linkages as cash flow must be interested.

In this situation, it is necessitated that this study work which is aimed at a more accurate understanding of the relationship of cash flow management with performance in the Food - Beverage Manufacturing Sectors in Vietnam.

Information for financial ratios has traditionally been obtained from income statements and balance sheets. In recent years, however, ratios from the statement of cash flows (SCF) have also gained attention from academicians and industry practitioners (DeFranco & Schmidgall, 1998; Schmidgall, Geller, & Ilvento, 1993), since cash flow ratios provide

supplementary information in understanding the "real" operational status of a business.

In almost every business, large or small, cash is not only an essential element for a successful business, but also a continued crucial requirement for business survival (DeFranco& Schmidgall, 1998. Previous studies have discussed cash flow as being crucial for many businesses in a variety of industries (Beck, 1994; Bohannon & Edwards, 1993; Casey & Bartczak, 1985; DeFranco & Schmidgall, 1998; Epstein & Pava, 1994; Mills & Yamamura, 1998; Schmidgall, Geller, & Ilvento, 1993; Sylvestre& Urbancic, 1994). Beck (1994) expressed cash as "king" and noted that cash reflects the difference between successful operations and closure.

Performance Assessment

Thanh ad Nguyen (2013), carried out a study on effect of Banking Relationship on firm performance in Vietnam. They used the multiple regression to analyse the data, using the sample of 465 companies listed in Vietnam observed in period 207-2010. The study revealed that firm performance decreases as the number of bank relationship increases. Additionally, the study also indicates that cash flow has negative relationship with firms, return on equity, while assets have negative association with return on assets.

Ali (2013) studies the association between various earnings and cash flow measures of firm performance and stock returns in Iran. They used the simple and multiple regressions to analyse the data for a period of nine consecutive years from 2003 to 2011. The study revealed that company's performance and cash flow have a significant negative relationship; furthermore, earning based measures are more related to stock return and depict the company performance better than cash flow measures in some companies with higher accruals.

Chikashi (2013), carried out an investigation of comprehensive income and firm performance. The case of the electic applicances industry of the Tokyo Srock Exchange. The researcher uses the data for the fiscal year of 2009 to 2011 and employs the pooled regressions (Panel data regression analyses). The study revealed that cash flow and firm performance have a significant negative relationship. In addition, comprehensive incomes publishedby the fiems were superior to other earnings or cash flow variables on predicting their future stock returns.

Zhou, et al (2012), examined the relationship between free cash flow and financial performance evidence from the listed Real Estate Companies in China. They used principal component analysis and regression analysis on the data from 2006-2011 of all listed real estate companies in China. The study revealed that the free cash flow of accompany is negative liner – correlated to its financial performance too much free cash flow will lead the financial performance to decline.

Adelegan (2003), carried out an empirical analysis id the relationship between and dividend changes in Nigeria. The researcher used the ordinary least quares (OLS) method to analyse tha data on a sample of 63 quoted firm in Nigeria over a wider testinh period from 1984 to 1997. Them empirical results reveal that the relationship between cash flow and firm performance is positively significant.

Additionally, the relationship between cash flows and dividend change depend substantially on the level of growth, capital structure choice, and size of each firm and economic policy changes. Brush, et al (2000), examines the free cash flow hypothesis for sales growth and firm performance. They used the white and Durbin – Waston tests on the data that covers the years 1988 to 1995. The results reveal that the firm performance and cash flow have a significant positive relationship. But different government conditions affect sales growth and performance in different ways.

Miar (1995) examines the information content of cash flow financial ratios in Tehran stock exchange. He used the ordinary least square (OLS) method to analyse the data for the years

1988 to 1994 of 480 listed companies in the study revealed that existing information in cash flow statement ratios leads to a substantial increase in correlation among the rations of income statement and balance sheet with stock return. But there is a weaker correlation among the cash flows ratios comparing with the ratios of income statement and balance sheet in stock return.

Shahmoradi (2002) examines the association between accounting earings and stock returns in firms listed in Tehran stock exchange. He analysed the data via person correlation and simple regression method. The study revealed that there is a meaningful relationship among net profit, operating earning with stock returns.

Ashitiani (2005), studies the relationship between accounting rations, operating cash flows, investments, financing and stock returns in Tehran Stock Exchange. The researcher used the Pearson correlation and simple liner regression to anakyse the data of a sample of 650 listed companies for the years 1998 to 2004, the results show that there is a meaningful relationship among the growing of operating earnings, growing profit, operating cash flows, investing cash flows with stock returns; but there is no meaningful relationship among the growing of trade sale, financing cash flows and stock return.

Khoshdel (2006), studied the relationship between free cash flows and operating earning with stock returns and growth of net market values of operating assets in Tehran Stock Exchange. The researcher tests the hypotheses via Perarson correlation and simple linear regression method. The study revealed that there is a positive meaningful relationship between operating earning with ROE, ROA and growing of various in operating assets.

Watson (2005), examines the associated of various earnings and cash flow measures of firm performance and stock returns. The researcher used simple and multiple regressions to analysis the data. The study reavealed that cash flow and firm performance have a significant negative relationship.

Wijewaradana & Munasinghe (2015), investigates the consequences cash flows and their impact on business financial success under firm's stability, liquidity and profitability which show the investment and its final outcome. The researcher used descriptive statistics and standard deviation to examine the association among the cash flow measurements and business performance, the study performs the correlation analysis. The study revealed that cash flow statement has not remarkable significant relationship ROE as a performance indicator but investment and financing cash flow activities have significant negative relationship with performance as ROA.

Objective of the study

In the context of Vietnam's economic decline in the period 2008 - 2014. In 2015 - 2017, Vietnam's economy has also experienced many difficulties in the face of major fluctuations of the global economy. The world economy, especially in developed countries, contains many uncertainties. In that context, Vietnam's economy has shown signs of vulnerability to shocks; many Vietnamese enterprises have difficulty in maintaining and expanding their production and business operations. The financial crisis has emphasized the importance of liquidity management and increased demand for financial services for cash flow management, especially for large scale businesses.

For corporations, large enterprises with many branches, agents or subsidiaries, the management of cash flow is always vital to ensure financial stability. Business enterprise's failures survey found that up to 60% of the losses related to cash flow in the company. Big business owners understand that nothing is more important than balancing receipts and expenditures and minimize losses. Good cash flow management is not only ensures smooth and

convenient business operations, but also the basis to rise above the opponent when the time comes. Therefore, good management of cash flow is the key to the success of business, especially large enterprises with many members.

In this study, the authors will focus on investigating and clarifying the relationship between cash management and corporate profits, thereby enabling firms to bring out strategies on improving operation performance. Specific research objectives are:

- Examine the relationship between operating cash flow and the performance of listed Food Companies in Vietnam.
- Examine the correlation between investing cash flows and the performance of listed Food Companies in Vietnam.
- Examine the relationship between financing cash flows and the performance of listed Food Companies in Vietnam.

Research question

In order to achieve the objective of this study, the following research question has been posed:

(1) What is the relationship between cash flow management and performance of listed Food Companies in Vietnam?

(2) What are the criteria of cash flow management to assess business performance?

Research hypothesis

In order to investigate the nature of relationship that exists between cash management and profitability, the following hypothesis was developed:

H_0A: There is no significant relationship between cash flow management and return on assets (ROA) of Food Companies listed in Vietnam.

H_1A: There is significant relationship between cash flow management and return on assets (ROA) of Food Companies listed in Vietnam.

H_0B: There is no significant relationship between cash flow management and return on equity (ROE) of Food Companies listed in Vietnam.

H1B: There is significant relationship between cash flow management and return on equity (ROE) of Food Companies listed in Vietnam.

Objective and scope

A selection of 33 Food companies listed on the stock market in Vietnam from the period of 2009-2017.

Materials and methods

Descriptive statistics such as mean and standard deviation will perform to assess behavior of the study variables and to examine the association among the cash flow measurements and business performance, the study performs the correlation analysis. To test the statisctical significance of the observed differences in the mean business performance across the cash flows, the study performs a statistical analysis of variance (ANOVA) using variables. This study uses SPSS software to support data analysis.

Variables of the study:

Company performance is the explained varable. It measured by Return on total assets (ROA), which is defined as net profit dividend total assts. The study takes ROA and ROE to represent the dependent variables. α is intercept coefficient of independent variables is equals to β and four independent variables employed in the study is: cash flow from operating cash flow

(OCF), cash flow from investing cash flow (ICF), cash flow from financing cash flow (FCF).

The examination of the impact of cash flows on company performance and their hypothesized determinants tests regression models which is formulated as follows:

Verification of two regression models:

$$ROA = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon i \qquad (1)$$
$$ROE = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon i \qquad (2)$$

Where:

$\alpha 0$: constant

$\beta_1, \beta_2, \beta_3$: parameter to be estimated

x_1 : cash flow from operating cash flow

x_2 : cash flow from investing cash flow

x_3 : cash flow from financing cash flow

x_4 : overall cash flows

εi: the error term

Analysis and Results

Table 1: Correlations (ROA)

Correlations

		OCF	ICF	FCF	TCF	ROA
OCF	Pearson Correlation	1	-.605**	-.818**	-.051	.254**
	Sig. (2-tailed)		.000	.000	.433	.000
	N	297	297	297	297	297
ICF	Pearson Correlation	-.605**	1	.103	.168**	-.041
	Sig. (2-tailed)	.000		.108	.009	.022
	N	297	297	297	297	297
FCF	Pearson Correlation	-.818**	.103	1	.249**	-.281**
	Sig. (2-tailed)	.000	.108		.000	.000
	N	297	297	297	297	297
TCF	Pearson Correlation	-.051	.168**	.249**	1	-.002
	Sig. (2-tailed)	.433	.009	.000		.970
	N	297	297	297	297	297
ROA	Pearson Correlation	.254**	-.041	-.281**	-.002	1
	Sig. (2-tailed)	.000	.022	.000	.970	
	N	297	297	297	297	297

**. Correlation is significant at the 0.01 level (2-tailed).

The results in table 1 above suggest a positive and significant relationship between the operating cash flow and the return on assets and negative relationship between investing cash flow and the return on assets and negative relationship between financing cash flow and the return on assets. In addition, the results also show the realtionship which exists among other variables of this study: Cash flow from investing financing is correlated with operating cash flow and overall cash flow.

Table 2: Correlations (ROE)

<table>
<tr><th colspan="7">Correlations</th></tr>
<tr><th></th><th></th><th>OCF</th><th>ICF</th><th>FCF</th><th>TCF</th><th>ROE</th></tr>
<tr><td rowspan="3">OCF</td><td>Pearson Correlation</td><td>1</td><td>-.605**</td><td>-.818**</td><td>-.051</td><td>.109</td></tr>
<tr><td>Sig. (2-tailed)</td><td></td><td>.000</td><td>.000</td><td>.433</td><td>.049</td></tr>
<tr><td>N</td><td>297</td><td>297</td><td>297</td><td>297</td><td>297</td></tr>
<tr><td rowspan="3">ICF</td><td>Pearson Correlation</td><td>-.605**</td><td>1</td><td>.103</td><td>.168**</td><td>-.019</td></tr>
<tr><td>Sig. (2-tailed)</td><td>.000</td><td></td><td>.108</td><td>.009</td><td>.045</td></tr>
<tr><td>N</td><td>297</td><td>297</td><td>297</td><td>297</td><td>297</td></tr>
<tr><td rowspan="3">FCF</td><td>Pearson Correlation</td><td>-.818**</td><td>.103</td><td>1</td><td>.249**</td><td>-.114</td></tr>
<tr><td>Sig. (2-tailed)</td><td>.000</td><td>.108</td><td></td><td>.000</td><td>.046</td></tr>
<tr><td>N</td><td>297</td><td>297</td><td>297</td><td>297</td><td>297</td></tr>
<tr><td rowspan="3">TCF</td><td>Pearson Correlation</td><td>-.051</td><td>.168**</td><td>.249**</td><td>1</td><td>.010</td></tr>
<tr><td>Sig. (2-tailed)</td><td>.433</td><td>.009</td><td>.000</td><td></td><td>.876</td></tr>
<tr><td>N</td><td>297</td><td>297</td><td>297</td><td>297</td><td>297</td></tr>
<tr><td rowspan="3">ROE</td><td>Pearson Correlation</td><td>.109</td><td>-.019</td><td>-.114</td><td>.010</td><td>1</td></tr>
<tr><td>Sig. (2-tailed)</td><td>.049</td><td>.045</td><td>.046</td><td>.876</td><td></td></tr>
<tr><td>N</td><td>297</td><td>297</td><td>297</td><td>297</td><td>297</td></tr>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

The results in table 1 above suggest a positive and significant relationship between the operating cash flow and the return on equity and negative relationship between investing cash flow and the return on equity and negative relationship between financing cash flow and the return on equity. In addition, the results also show the realtionship which exists among other variables of this study: Cash flow from investing financing is correlated with operating cash flow and overall cash flow.

Table 3: Model Summary (ROA)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.830[a]	.687	.671	0.20411	1.811

a. Predictors: (Constant), TCF, OCF, ICF, FCF

b. Dependent Variable: ROA

        Table 3 show the R^2 value of 0.687 indicates that 68.7% change in return on assets is corresponded to a unit change in operating cash flow, investing cash flow and finacing cash flow.

Table 4: Model Summary (ROE)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.746[a]	.521	.505	0.11033	1.754

a. Predictors: (Constant), TCF, OCF, ICF, FCF

b. Dependent Variable: ROE

        Table 4 show the R^2 value of 0.521 indicates that 52.1% change in return on equity is corresponded to a unit change in operating cash flow, investing cash flow and finacing cash flow.

Table 5: ANOVA (ROA)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7070.677	4	1767.669	5.653	.000[b]
	Residual	74426.283	238	312.715		
	Total	81496.961	296			

a. Dependent Variable: ROA

b. Predictors: (Constant), TCF, OCF, ICF, FCF

        The table 5 shows the F-test in ANOVA for ROA that this linear regression model can and can be applied to the overall food industry.

Table 5: ANOVA (ROE)

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13575.227	4	1393.807	5.299	.000b
	Residual	621719.289	238	212.266		
	Total	635294.516	296			

a. Dependent Variable: ROE

b. Predictors: (Constant), TCF, OCF, ICF, FCF

The table 6 shows the F-test in ANOVA for ROE that this linear regression model can and can be applied to the overall food industry.

Discussion of findings

According to the test results above, the hypotheses H_{1A} and H_{1B} are true. With the H1A and H1B hypothesis, they had been proven that there is significant relationship between the cash flows and return on assets of listed food firms in Vietnam. The result is consistent with the results reported by Khoshdel (2006), Ashitiani (2005), Adelegan (2003), Brush et all (2000) and Miar (1995) which examined the impact of cash flow on performance (Return on assets and Return on equity). However, the result contradicts with the report of Watson (2005), Ali (2013), Chikashi (2013), Thanh ad Nguyen (2013), Wijewaradana & Munasinghe (2015), which found a nosignificant relationship between the cash flow and performance.

Conclusion

This study examines the impact of cash flow management (through operating cash flow, investing cash flow and financing cash flow) on performance of listed food companies in Vietnam. The results show a positive and significant relationship between the cash flows and the return on assets and a positive and significant relationship between the cash flows and the return on equity. Return on assets and return on equity are considered as instruments to measure profitability.

Recommendations

This study examines the effects of cash management on the profitability of listed food firms in Vietnam. From the results above, it is recommended that researchers should expand the scope of their research to other sectors and areas of the economy. The research model and methodology used in this article may be used in the manufacturing and financial sectors of the economy.

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