



Received: 07-10-2024
Accepted: 17-11-2024

International Journal of Advanced Multidisciplinary Research and Studies

ISSN: 2583-049X

Research on Business Performance of Listed Enterprises on Vietnam Stock Market by Cyclical Analysis

Nguyen Thi Thuy Dung, MSc
Trade Union University, Vietnam

Corresponding Author: **Nguyen Thi Thuy Dung** [dungntt@dhcd.edu.vn]

Abstract

Based on data from quarterly financial statements of enterprises listed on the Vietnam Security Market for the period 2019 - 2023, this research focuses on analyzing the corporate performance of listed enterprises. The analysis results show that the fluctuations in corporate performance of listed enterprises show a clear cyclical nature, Asset turnover and ROA usually increase in the third and fourth

quarters every year, then decrease deeply in the first quarter of the next year, ROE of listed companies is more stable, ROE volatility does not show a clear cyclical nature. The asset turnover of enterprises in the Wholesale Trade and Retail Trade industries is higher than that of companies in the remaining industries.

Keywords: Corporate Performance, Cyclicity, Listed Enterprises

1. Introduction

Business performance is not only a decisive factor for the existence and development of an organization but also the foundation for creating value for all stakeholders. Improving and enhancing business performance is an important goal in corporate governance in general and corporate financial management in particular. Better business performance means increased benefits for shareholders, employees and society. Therefore, business performance is also of interest to investors, state management agencies and the whole society, and is the top goal that businesses aim for. Information on business performance is very meaningful information for business administrators to optimize management decisions and plan business development policies for businesses. The overall performance of enterprises is also extremely useful information for analysts and policy makers, and indispensable information for investors with the goal of maximizing the value of their investment portfolio.

In the current context, the global economy and the Vietnamese economy are experiencing many fluctuations, with new impacts such as geopolitical conflicts, climate change, etc., which are complex and have profound impacts on all aspects of economic and social life, greatly affecting the performance of enterprises, including Vietnamese enterprises. Therefore, the assessment and analysis of the performance of enterprises in a period of economic and social fluctuations is even more meaningful. Analyzing and evaluating fluctuations in business performance of Vietnamese enterprises through a research sample of companies listed on the stock market in that context will provide information and practical evidence on trends and characteristics of fluctuations in business performance of enterprises, providing useful information for managers, investors and policy makers.

2. Theoretical Background and Methods

Theoretical Background:

In a study on corporate performance, Xu *et al.*, (2005) ^[28] used the data of 1,130 companies listed on the Shanghai Stock Exchange to study the relationship between capital structure and corporate performance, in which corporate performance was a dependent variable reflected by ROE - return on equity. The results of this study showed that corporate performance had a statistically significant relationship with capital structure and firm size. Corporate performance was also reflected by ROA - return on asset as in the study of Zeitun & Tian (2007) ^[25]. Measuring the corporate performance by ROA, ROE was also used by many later studies. For example, in the study of Dang Ngoc Hung (2015) ^[8] to test the influence of financial factors on the

corporate performance of enterprises listed on the Vietnamese stock market using a dataset of 453 joint stock companies listed in the period 2010 - 2013, the author used ROA and ROE to measure the corporate performance of listed companies.

In addition, the corporate performance is also evaluated by a number of other criteria. For example, in a theoretical synthesis study by Duong, M. (2017) [13], in addition to two important indicators such as ROA and ROE, corporate performance is also assessed by ROS - Return on sale (the percentage of profits earned by the enterprise from sales in the period), Assets turnover (the speed of capital turnover, the efficiency of using assets of the enterprise) and some other financial indicators. Research by Vu *et al.*, (2020) [27] also used ROA, ROE to measure corporate performance. So, from the author's summary, the more commonly used indicators measuring corporate performance are ROA, ROE and Asset turnover.

Methods:

Based on the theoretical basis related to the corporate performance, the measurement of corporate performance by ROA, ROE (profitability) and Asset turnover (the efficiency of using assets of enterprises) was selected. $ROA = \text{Net Profit} / \text{Average assets}$; $ROE = \text{Net Profit} / \text{Average Equity}$; $\text{Asset turnover} = \text{Revenue} / \text{Average assets}$.

However, normally corporate performance is assessed by business period (usually according to calendar year), but to evaluate in detail the trend of corporate performance fluctuations of selected enterprises, Data has been collected and indicators were calculated for each quarter of the period from 2019 to 2023, thereby it can be advantageous to assess whether the corporate performance of listed companies in Vietnam is cyclical or not. Analytical data has been collected from financial statements of listed companies (quarterly reports), collected from website www.finance.vietstock.vn.

The list of companies is randomly selected in the website's directory, excluding financial companies, securities, commercial banks and companies with interrupted public data, remaining 164 companies. Data from financial statements were aggregated using Microsoft Excels for calculation and analysis, building charts showing fluctuations of Asset Turnover, ROA and ROE.

3. Results and Discussion

Results:

The results of synthesizing data of 164 enterprises in the selection list show that there are 104/164 enterprises listed on the Ho Chi Minh City Stock Exchange (HOSE), 52/164 enterprises listed on Hanoi Stock Exchange (HNX) and 8/164 companies traded on UPCOM. Regarding industries, according to the sub-sectors of the website www.finance.vietstock.vn, the sub-sectors of 164 enterprises as shown in Table 1.

Table 1: Sub-sectors of listed enterprises

Industry	Number of enterprises
Manufacturing	97
Construction and Real Estate	19
Utilities	8
Wholesale Trade	7
Retail Trade	6
Information and Technology	8
Mining, Quarrying, Oil and Gas Extraction	7

Others	12
Total	164

Source: Authors' synthesis

Regarding the key operating results of the selected enterprises, the average value of assets, debt ratio, revenue and net profit is presented in Fig 1:



Source: Authors' synthesis

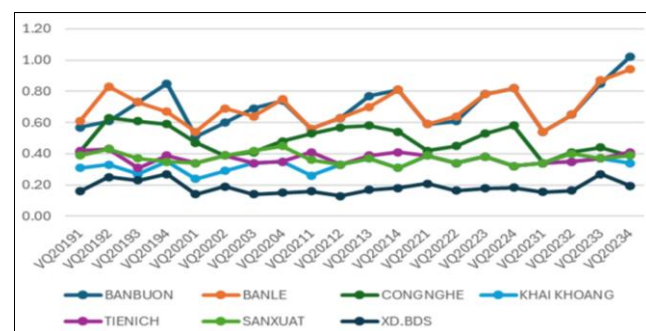
Fig 1: Average value of debt ratios, revenue, profit and asset of 164 enterprises listed in Vietnam in the period 2019 - 2023

From Fig 1, it can be seen that in the period of 2019 - 2023, the scale of assets of listed companies tends to increase, revenue is similar, but in 2023 there is a decrease compared to the previous year (the cause may be due to adverse developments of the global pandemic). Average net profit was quite stable in the first half of the period, then increased and also decreased in 2023. The average debt ratio of companies tends to decrease sharply at the beginning of the period, is quite stable in the middle of the period, and tends to decrease sharply from 2022 - 2023.

Regarding the corporate performance of listed companies, first of all, analyze the business performance through the asset turnover of companies grouped by industry, focusing on analyzing and comparing the changes in asset turnover of 7 groups. Major industries include Manufacturing (SANXUAT), Construction and Real Estate (XD-BDS), Utilities (TIENICH), Wholesale Trade (BANBUON), Retail Trade (BANLE), Information and Technology (CONGNH) and Mining, Quarrying, Oil and Gas Extraction (KHAIKHOANG). The remaining industry groups, each with too few selected companies, the industries of these companies are too different to be included in the analysis.

• *Asset turnover:*

Asset turnover ratio (VQ) is determined for each company on a quarterly basis, the average value determined for each industry, shown in Fig 2.



Source: Authors' synthesis

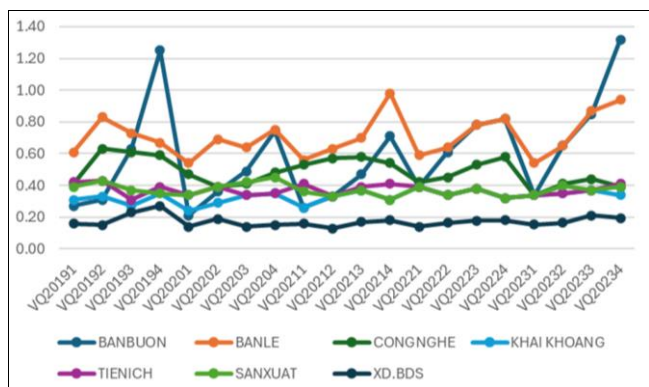
Fig 2: Asset turnover of listed companies in the period of 2019 – 2023

The graph in Fig 2 shows that in the whole period of 2019 - 2023, the asset turnover of enterprises in the Wholesale Trade and Retail Trade is superior to that of the rest of the industries, the lowest is Construction and Real Estate enterprises, followed by Mining, Quarrying, Oil and Gas Extraction. Manufacturing and Utilities enterprises have the most stable asset turnover.

There is a remarkable feature in Fig 2, the volatility of assets turnover of listed enterprises during this period seems to show quite clearly cyclical nature, repeating year after year. Asset turnover usually increases quite strongly, the value is quite high in the third and fourth quarters, then drops sharply to a very low level in the first quarter of the following year. This feature repeats itself quite clearly over the years, and is most evident in the Wholesale Trade, Retail Trade, Information and Technology industries. Companies in the Manufacturing and Utilities industry had stable asset turnover between the quarters during the period 2019 - 2023, but in general still showed a clear cyclicity in the volatility trend.

Fig 3 shows the standard deviation of asset turnover, in order to assess the concentration or dispersion, fluctuations of the asset turnover of listed enterprises. The results clearly reflect that enterprises in the industry BANBUON, BANLE have a fairly high standard deviation of asset turnover and very clear increase and decrease. This proves that the stability is not high, the asset utilization efficiency of these enterprises is on average higher than that of other industry enterprises, but the dispersion and difference in the same industry is very large. In other words, the asset turnover of enterprises in these industries is volatile, however, the trend of concentration or dispersion is also relatively clear and consistent with the fluctuations of the financial turnover. average production.

The standard deviation is quite low and stable, showing that the capital turnover of enterprises in the SANXUAT, XD-BDS, KHAIKHOANG, TIENICH and CONGNNGHE industries is very even.



Source: Authors' synthesis

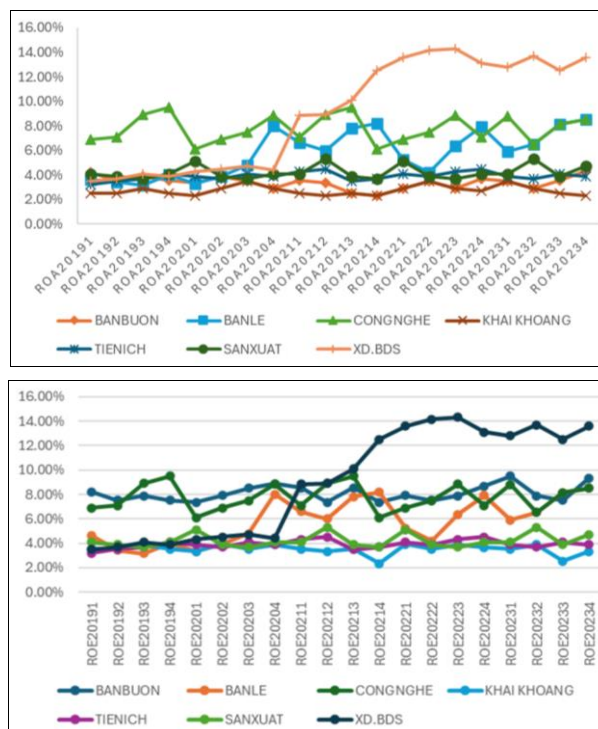
Fig 3: Standard Deviation of Asset Turnover for the period 2019 – 2023

• Volatility of ROA and ROE:

Fig 4 shows the average ROA and ROE volatility of listed companies. It can be seen that the fluctuations of ROA and ROE over the years are not really clear, with the repeating cycle characteristics, unlike the Asset turnover

ratio. However, with the ROA indicator, it is still possible to see the general trend, which still shows a cyclical nature, although not as prominent as Asset turnover, ROA usually increases in the third and fourth quarters of each year. During the whole research period, ROA of enterprises increased quite evenly in 2019, the second half of 2022. Among industry groups, ROA of CONGNNGHE, KHAIKHOANG and TIENICH is generally better and more stable than the rest.

The volatility of ROE in the graph of Fig 4 is not cyclical, at best at the beginning of the period (2019) then relatively stable in the remaining years, the average ROE of CONGNNGHE enterprises is generally higher than the average level of other industries.

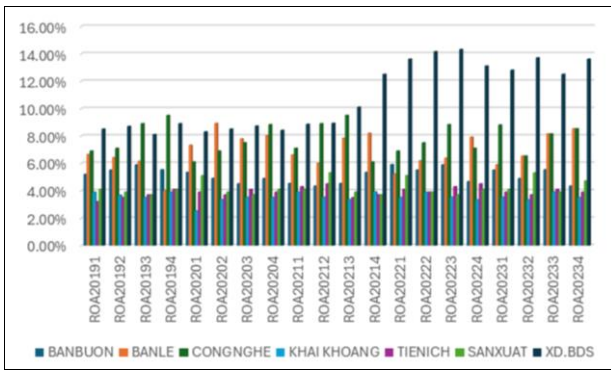


Source: Authors' synthesis

Fig 4: ROA and ROE of listed enterprises in the period of 2019 – 2023

Regarding the dispersion/concentration, uniformity or difference of ROA and ROE over the years, the combined results of the standard deviations of these two indicators are presented in Fig 5, thereby, it is clear that the ROE value is more concentrated around the average than the ROA, BANBUON and CONGNNGHE industries have a higher standard deviation in general than the rest, ROA of industries tends to differ more at the end of the period when the standard deviation increases higher than the first half of the period.

However, in the whole period of 2019 - 2023, the standard deviation of ROA and ROE is not high, showing that the ROA and ROE values of each company in each industry group fluctuate quite close to the average value, therefore, the statements made when analyzing average ROA and ROE have a basis as a reference for fluctuations in ROA and ROE of listed companies in each industry.



Source: Authors' synthesis

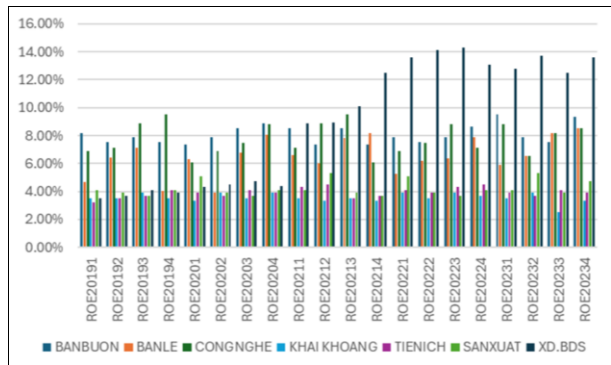


Fig 5: Standard deviation of ROA, ROE of listed companies 2019 – 2023

4. Discussion

The difference of Asset Turnover between industry groups can stem from the business characteristics of each industry, in general, BANBUON and BANLE industries have a faster capital turnover rate than other industries in the economy because the main activities of these enterprises are often focused on the circulation and distribution of products, therefore, asset mobility is higher, asset utilization efficiency is often better than that of other industry enterprises. Meanwhile, listed companies in the group of XD.BDS and KHAIKHOANG usually have a longer business cycle, long-term assets account for a large proportion of total assets. The size of the working capital is also often larger than the average in the economy, so the asset turnover represents a lower.

This fact may stem from the reason that the general consumer demand of the Vietnamese market usually increases a lot in the second half of the year, increases very high in the last months of the year, then usually slows down quite clearly after the Lunar New Year. This feature is quite easy to see in people's consumption trends.

As for the enterprises in the SANXUAT and TIENICH industry, which operated fairly evenly during the year, so there was less volatility, however, the volatility of asset turnover of enterprises still performe a fairly cyclical nature. There is a problem with the analysis, which is the representiveness of the groups of companies within the sample. In addition to SANXUAT and XD.BDS companies with a higher number of companies (97 and 19), the remaining industries have a small number of companies included in the sample, therefore, the representiveness is not high, which affects the reliability of the analysis results.

5. Conclusions

From the analysis results performed, it is possible to summarize the main results of corporate performance of listed enterprises in Vietnam in the period of 2019 - 2023 as follows:

Firstly, the corporate performance of listed companies in the volatility study sample shows quite clearly the cyclical nature, repeating every year, business performance usually improves in the third and fourth quarters of each year and rapidly decreases in the first quarter of the following year.

Secondly, the asset turnover of enterprises in the Wholesale Trade and Retail Trade industries is generally higher than that of other industries, the lowest is Construction and Real Estate enterprises. Manufacturing and Utilities enterprises have relatively stable asset turnover.

Thirdly, the stability of ROE is higher than that of ROA, ROA tends to increase and is less stable at the end of the research period.

However, the results presented in this study only stop at the level of analyzing the movements and trends of the indicators reflecting the corporate performance of the selected group of listed enterprises. The statements need to be tested by regression models to ensure higher reliability. At the same time, it is necessary to have more empirical studies to find and confirm the factors affecting the above situation of the corporate performance of listed enterprises. Research should also be more complete with a larger sample size and a more reasonable sample structure. Then the research results can be a source of highly valuable information for analyzing and forecasting the financial situation of enterprises, useful information for investment activities and policy making.

6. References

1. Ahmad AH, Abdullah NAH. Investigation of optimal capital structure in Malaysia: A panel threshold estimation. *Studies in Economics and Finance*. 2013; 30(2):108-117.
2. Bokpin GA, Onumah JM. An empirical analysis of the determinants of corporate investment decisions: Evidence from emerging market firms. *International Research Journal of Finance and Economics*. 2009; 33:134-141.
3. Chen M, Hou C, Lee S. The impact of insider managerial ownership on corporate performance of Taiwanese tourist hotels. *International Journal of Hospitality Management*. 2012; 31(2):338-349.
4. Cheng YS, Liu YP, Chien CY. Capital structure and firm value in China: A panel threshold regression analysis. *African Journal of Business Management*. 2010; 4(12):2500-2507.
5. Fazzari SM, Hubbard RG, Petersen BC, Blinder AS, Poterba JM. Financing constraints and corporate investment. *Brookings Papers on Economic Activity*. 1988; 1:141-206.
6. Gleason KC, Mathur LK, Mathur I. The Interrelationship between Culture, Capital Structure, and Performance: Evidence from European Retailers. *Journal of Business Research*. 2000; 50(2):185-191.
7. Graham. Industry Effects on the Determinants of Unquoted SMEs' Capital Structure. *Economics*,

- Finance, Business & Industry Journals, 2010, 297-312. Doi: <https://doi.org/10.1080/13571510050197203>
8. Dang Ngoc Hung. Financial Determinants of Firms' performance: Evidence from selected firms on Vietnam Stock Exchange Market, *Journal of Science & Technology - Hanoi University of Industry*. 2015; 29:84-89.
 9. Jiraporn P, Liu Y. Capital Structure, Staggered Boards, and Firm Value. *Financial Analysts Journal*. 2008; 64(1):49-60.
 10. Kester WC. Capital and Ownership Structure: A Comparison of United States and Japanese Manufacturing Corporations. *Financial Management*. 1986; 15(1):5-16.
 11. Khatab H, Masood M, Zaman K, Saleem S, Saeed B. Corporate Governance and Firm Performance: A Case study of Karachi Stock Market. *International Journal of Trade, Economics and Finance*. 2011; 2(1):39-43.
 12. Majumdar SK. The Impact of Size and Age on Firm-level Performance: Some Evidence from India. *Review of Industrial Organization*. 1997; 12(2):231-241.
 13. Duong Thu Minh. Research on the theory of corporate performance of enterprises, *Journal of Finance*, 2017. <https://tapchitaichinh.vn/tai-chinh-kinh-doanh/tai-chinh-doanh-nghiep/nghien-cuu-ly-luan-ve-hieu-qua-kinh-doanh-cua-doanh-nghiep-130643.html>
 14. Nair P. Financial liberalization and determinants of investment: A study of Indian manufacturing firms. *International Journal of Management of International Business and Economic Systems*. 2011; 5(1):121-133.
 15. Nguyen PA, Nguyen AH, Ngo TP, Nguyen PV. The Relationship between Productivity and Firm's Performance: Evidence from Listed Firms in Vietnam Stock Exchange. *Journal of Asian Finance, Economics and Business*. 2019; 6(3):131-140. Doi: <http://doi.org/10.13106/jafeb.2019.vol6.no3.131>
 16. Phillips PA, Sipahioglu. Performance implications of capital structure: Evidence from quoted UK organisations with hotel interests. *The Service Industries Journal*. 2004; 24(5):31-51.
 17. Pouraghajan A, Malekian E, Emamgholipour M, Lotfollahpour V, Bagheri MM. The Relationship between Capital Structure and Firm Performance Evaluation Measures: Evidence from the Tehran Stock Exchange. *International Journal of Business and Commerce*. 2012; 1(9):166-181.
 18. Rajan R, Zingales L. What Do We Know about Capital Structure? Some Evidence from International Data. *Journal of Finance*. 1995; 50:1421-1460. Doi: <http://dx.doi.org/10.1111/j.1540-6261.1995.tb05184.x>
 19. Saeedi A, Mahmoodi I. Capital Structure and firm performance: Evidence from Iranian Companies. *International Research Journal of Finance and Economics*. 2011; 70:20-29.
 20. Titman S, Wessels R. The Determinants of Capital Structure Choice. *The Journal of Finance*. 1988; 43:1-19.
 21. Tsuji C. Corporate Profitability and Capital Structure: The Case of the Machinery Industry Firms of the Tokyo Stock Exchange. *International Journal of Business Administration*. 2013; 4(3):14-21.
 22. Tzelepis D, Skuras D. The effects of regional capital subsidies on firm performance: An empirical study. *Journal of Small Business and Enterprise Development*. 2004; 11(1):121-129.
 23. Uadiale OM. The Impact of Board Structure on Corporate Financial Performance in Nigeria. *International Journal of Business and Management*. 2010; 5(10):155-162.
 24. Wu Z, Chua J. Board monitoring and access to debt financing. *Advances in Financial Economics*. 2010; 13:119-137.
 25. Zeitun R, Tian GG. Capital Structure and Corporate Performance: Evidence from Jordan. *Australasian Accounting, Business and Finance Journal*. 2007; 1(4):40-61.
 26. Ho Thi Mai Suong. The impact of the COVID-19 pandemic and the effectiveness of the Government's support policies on Vietnamese businesses, 2021. <https://thuvienso.quochoi.vn/handle/11742/61616>
 27. Vu T, Le T, Nguyen T. The impact of capital structure on the performance of construction companies: A study from Vietnam stock exchange, *Accounting*. 2020; 6(2):169-176.
 28. Xu W, Xu X, Zhang S. An empirical study on relationship between corporation performance and capital structure, *China-USA Business Review*. 2005; 4(4):49-53.
 29. Zeitun R, Tian GG. Capital structure and corporate performance: evidence from Jordan', *Australasian Accounting Business & Finance Journal*, Forthcoming, 2014.