

The Impact of Working Capital Management on Profitability of Businesses in Garment and Textile Industry in Vietnam

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Abstract: The purpose of this research study is to gain a deeper insight into the influence of working capital management on the profitability of businesses in the Garment and Textile industry in Vietnam. The data was collected from 30 garment and textile businesses, and officially published in 2011-2015. The study has successfully used specific tests to select the REM regression model that best matches the data throughout the whole process of conducting the research. Finally, the study found that the regression results are statistically significant that Inventory Conversion Period (ICP) and Cash Conversion Cycle (CCC) of working capital management had a negative impact on the profitability of businesses in Garment and Textile Industry in Vietnam.

Keywords: Cash conversion, Profitability, Garment and textile industry in Vietnam, Working capital management.

JEL classification: G320.

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