

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 profitability of businesses in Garment and Textile Industry in Vietnam.

KEY WORDS: Working capital management, cash conversion, profitability, garment and textile industry in Vietnam.

1. Introduction

International integration has offered considerable advantages to tax and support policies that would help to enliven a healthy economy in general, and to promote closer economic integration in the Garment and Textile Industry and in Vietnam in particular.

But nowadays, this line of business is mainly engaged in processing and importing raw materials and accessories, due to its low production capacity, poor design, ineffective distribution or low-profile brands - the main culprits that would not be of great values to entrepreneurs as well as to local - produced

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