

LE THI VIET NGA  
 NGUYEN THI NGOC LAN  
 LY LAN YEN  
 DINH TRAN NGOC HUY  
 DO MINH THUY

**The measurement of  
 successful management  
 via a net profit  
 maximization model with  
 ten factors and financial  
 accounting disclosure  
 policy- case of vinamilk in  
 F&B industry in Vietnam**

## 1. Introduction

Le Thi Viet Nga, Ph.D.,  
 Thuongmai University Hanoi,  
 Vietnam,  
 ORCID: 0000-0001-5349-871X.

Nguyen Thi Ngoc Lan, Ph.D.,  
 Vietnam General Confederation of Labour,  
 Vietnam,  
 ORCID: 0000-0002-8790-4939.

Ly Lan Yen, Ph.D.,  
 Academy of Finance,  
 Vietnam,  
 ORCID: 0000-0003-4156-5967.

Dinh Tran Ngoc Huy, MBA,  
 Banking University HCMC,  
 Ho Chi Minh city Vietnam-International  
 University of Japan,  
 Japan,  
 ORCID: 0000-0002-2358-0699.

Do Minh Thuy, Ph.D.,  
 Faculty of Economics and Business  
 Administration,  
 Hai Phong University,  
 Vietnam,  
 ORCID: 0000-0003-2133-3210.

Vinamilk (VNM) in F&B industry in Vietnam maintained a higher growth rate than the industry average on all indicators of scale, quality, efficiency, ROS, and labor productivity. It currently pushes overseas operation and controls risk. The growth of VNM and F&B industry goes parallel with the development of tourism markets.

To become a milk industrial leader, VNM has concentrated on product quality and reputation as well as customer satisfaction. In the 4.0 technology revolution era, VNM has been becoming one of listed firms paying attention to technology, as well as international cooperation.

Strengths and Opportunities of VNM: the pioneer in Vietnam milk industry and in top 50 biggest milk companies in the world with rich domestic experience, to expand business and deliver products in overseas and global markets.

Weaknesses and Threats of VNM: one of challenges is that discovering new demand and hobbies of clients to provide new product package, modelling effective processes in F&B industry, tailoring new products to meet overseas clients and global markets. Keeping and training talents and human resource management, high competition from overseas brands such as Abbott, TH True Milk, Dutch Lady milk etc.

To reach its market leader position in Vietnam market, VNM keeps customer loyalty and performs effective competitive strategies. Milk sector is where customer loyalty might change if the firm is satisfied with current position and has no new innovations.

The product development strategy in the coming years will focus on products that bring more added value to customers. Vinamilk's sales system spread throughout the country through traditional sales channels (including 208 distributors with a system of retail points up to 250,000 points), modern channels (including most supermarkets and convenient stores nationwide). According to statistics, Vinamilk's market share accounts for more than 50% of the whole dairy industry and continues to increase over the years, particularly in 2018, adding 0.9% of the total market share of the industry. Vinamilk's system of 10 farms spread throughout Vietnam meets the Global GAP standard with all cows imported from Australia, the US and New Zealand and one pioneer European organic dairy farm pioneering in Vietnam.

F&B system in Vietnam in recent years plays a key role in helping the whole economy. In the context that GDP growth in Vietnam has been increasing during 2014-2019 and CPI goes down and up and Vietnam stock market has been growing much, it is necessary to evaluate impacts of ten (10) internal and external macro economic factors on VNM performance, esp. net profit.

Hence, the purpose of this study is to figure out the impacts of 10 micro and macro economic factors on Vinamilk net profit? And from these analytical results, we could suggest the company, bank and government policies to encourage and stabilize the growth of F&B system and stock market in developing countries such as Vietnam.

Successful stories from VNM have lots of meanings for many young people in starting business, esp. with new and special products ideas with proper financial situation.

The paper is organized as follows: after the introduction it is the research issues, literature review and methodology. Next, section 3 will cover methodology and data and section 4 presents main research findings/results. Section 5 gives us some discussion and conclusion and policy suggestion will be in the section 6.

## 2. Body of manuscript

### 2.1. Research issues

The scope of this study will cover:

Issue 1: What are the correlation and relationship among many economic factors: VNM stock price, net sale, cost, interest rate, exchange rate, inflation, VNIndex, S&P 500 and GDP growth?

Issue 2: What are the impacts of above 10 micro and macro economic factors on Vinamilk net profit?

Issue 3: Based on above discussion, we recommend some solutions regarding to governmental agencies and company management in incoming period.

This paper also tests two (2) below hypotheses:

Hypothesis 1: An increase in risk free rate will make VNM net profit declines.

Hypothesis 2: An increase in inflation can increase pressure in VNM net profit.

According to statistics, we find out that Vinamilk (VNM) net profit moves in the same trend with VN Index and GDP growth, even S&p500, although it fluctuates in a smaller range.

This study will calculate and figure out the impacts of ten (10) micro and macro, internal and external economic factors such as inflation, GDP growth, market interest rate, risk free rate, VNIndex, S&P500, net sale, cost and exchange rate on Vinamilk net profit (VNM).

### 2.2. Literature review

First, Manisha and Shikha (2014) stated that Exchange rate, Inflation, GDP growth rate affect banking index positively whereas Gold prices have negative impact on BSE Bankex but none of them have significant impact on Bankex. Then, Kiganda (2014) concluded that macroeconomic factors do not affect bank profitability in Kenya. In view of this, it is clear that internal factors which relate to bank management significantly determine bank profitability in Kenya. The study therefore recommends that banks to adopt policies that enhance managerial efficiency for higher profits to be realized.

Krishna (2015) investigated the nature of the causal relationships between stock prices and the key macro economic variables in BRIC countries. The empirical evidence shows that long-run and short-run relationship exists between macro economic variables and stock prices, but this relationship was

not consistent for all of the BRIC countries. And Kulathunga (2015) suggested that all macroeconomic factors influence the stock market development. More precisely, volatile inflation rate and exchange rate together with higher deposit rate have curtailed the stock market development in Sri Lanka. Moreover, positive optimism created by the economic growth and the stock market performance during the previous periods tend to enhance stock market performance. Moreover, Duy (2015) mentioned through the evolution of interest rates and the VNI could see that the relationship between these two variables in the period 2005-2014 is the opposite. This relationship is shown in specific periods of the year the stock market proved quite sensitive to interest rates. When interest rates are low or high but the bearish stock market rally, and vice versa when the high interest rates the stock market decline.

Last but not least, Quy and Loi (2016) found that 3 economic factors (inflation rate, GDP growth rate, and exchange rate) impact significantly on real estate stock prices; but the relationship between 10-year Government bond yield and trading volume, and real estate stock prices was not found. Ahmad and Ramzan (2016) stated the macroeconomic factors have important concerns with stocks traded in the stock market and these factors make investors to choose the stock because investors are interested to know about the factors affecting the working of stock to manage their portfolios. Abrupt variations and unusual movements of macroeconomic variables cause the stock returns to fluctuate due to uncertainty of future gains.

Hirindu and Kishanu (2017) found out there are many factors affecting the profitability of the banking sector. Generally, these factors are categorized as bank specific factors, industry specific factors and macroeconomic factors. Bank specific factors such as bank size, capital ratio, deposits ratio, Liquidity ratio and Overhead expense management. These are internal determinants of bank profitability. Macroeconomic factors such as inflation, GDP and Market Capitalization. Charles and Biro (2017) stated that while the balance sheet is much more likely to be the lead-in financial statement, firms leading with the statement of operations are larger and more profitable. Then, Al-Abedallat (2017) mentioned there is a significant statistical impact of the factors (Assets, Direct credit Facilities, Deposits, Owner's equity, Branches, ATM) together on the return on assets (ROA). Also, there is a significant statistical impact of the factors (Assets, Direct credit Facilities, Deposits, Owner's equity, Branches, ATM) together on the return on Owners' equity (ROE). It also recommended that the Banks in Jordan should increase diversification in the investment to increase profitability.

Last but not least, Dewi et al. (2019) uses macroeconomic factors as independent variables, and ROA ratio as dependent variable. Using multiple regression method, the four macro-economic factors and ROA ratio from fast moving consumer good firms listed on Indonesia Stock Exchange (IDX) are tested over the period of 1998-2016 on yearly base. As a result, it is found that all independent variables have influence on ROA ratio (firm profitability) and partial t-test result showed that only Gross Domestic Product (GDP) level has influenced significantly on firm profitability, while other three macroeconomic factors have no significant influence. Sakti and Bertuah (2019) showed simultaneously that financial performance and macroeconomic factors affect stock returns. Partial test shows that profitability and capital structure do not affect stock returns, while GDP is the dominant factor affecting stock returns.

Whereas at micro level, Margaretha and Supartika (2016) showed in Indonesia stock exchange that firm size, growth, lagged profitability, productivity and industry affiliation significantly effect on profitability. Beside, Popa and Ciobanu (2014) showed that managerial decisions on investment can influence decisively the profitability of SMEs especially in a period of economic instability.

Until now, many researches have been done in this field, however, they just stop at analyzing internal macroeconomic factors on stock price and no researches have been done for VNM in F&B. Therefore, our research gap: we measure impacts of both internal and external micro and macro factors on Vinamilk (VNM) net profit and suggest policies for bank system, Vietnam government, Ministry of Finance, State Bank and relevant government bodies. We also analyze data throughout time series from 2010-2019.

### **2.3. Conceptual theories about industry leaders**

Identifying new participants and competitors in the market (for ex., TH True Milk, Abbott in the case of VNM), VNM needs to recognize the changing tastes of traditional customers and figuring out product innovations to maintain its leader position. The old question still lies in customer loyalty and their changing needs over time. Slow to response will lead to reduction in market share. Industry leaders have some below characteristics: knowing how to lead and respond in situational interaction, investing in employees and having good integration of their knowledge and experience, concentrating not only customers but also quality and designs of new products, identifying culture and cultural values having certain impacts on clients demand and their products innovation.



It might be little difficult for industry leaders to have all these factors, with their vision and values and gain trust and respect from followers.

Industry leaders such as VNM, need to recognize the existence of new competitors in the global and domestic competitive markets is obvious. And to become sector leader, it will have followers and it can enhance its position by proposing programs to achieve common goals in its industry. It is the process in which a single firm will affect the whole system to reach common goals.

There are many ways that an industry leader affecting its market such as: pricing, distributing, etc.

Based on above analysis, we can propose a so-called industry leadership theory. It means that in this case, VNM as a leader in F&B industry in Vietnam will have strengths and weaknesses in confirming its leading position in the industry. VNM leading strengths will be enhanced through positive impacts of decreasing cost and sale (at micro level) and increasing risk free rate and declining inflation (at macro level) on its net profit, while its weaknesses will be explored through negative impacts of increasing inflation (at macro level) and decreasing net sale (at micro level).

### 3. Methodology and data

This research paper establishes correlation among micro and macro economic factors by using an econometric model to analyze impacts of ten (10) micro and macro economic factors in Vietnam and USA such as: GDP growth, inflation, interest rate, exchange rate, S&P500... on Vinamilk (VNM) net profit.

In this research, analytical method is used with data from the economy such as inflation in Vietnam and market interest rate, GDP growth rate, exchange rate (USD/VND). Data is included from 2014 -2019 with semi-annual data (10 observations in total). Data is estimated based on exchange rate and lending interest rates of commercial banks such as: Vietcombank, BIDV, Agribank, Vietinbank... (average calculation). S&P 500 index data is from USA Stock exchange, data source (inflation, GDP) is from Bureau of Statistics. Beside, econometric method is used with the software Eview. It will give us results to suggest policies for businesses and authorities.

We build a regression model with Eview software to measure impacts of factors. Vietcombank stock price is a function with 5 variables as follows:

$$Y (\text{VNM Net profit}) = f (x_1, x_2, x_3, x_4, x_5, x_6, x_7, x_8, x_9, x_{10}) = ax_1 + bx_2 + cx_3 + dx_4 + ex_5 + fx_6 + gx_7 + hx_8 + ix_9 + jx_{10} + k$$

With:  $x_1$  : GDP growth rate (g),  $x_2$  : inflation,  $x_3$ : VNIndex,  $x_4$ : lending rate,  $x_5$ : risk free rate (Rf),  $x_6$ : USD/VND rate;  $x_7$ : S&P500;  $x_8$ : cost;  $x_9$ : net sale;  $x_{10}$ : stock price.

Beside, this paper also uses analytical and general data analysis method to measure and generate comments on the results, then suggest policies based on these analyses.

## 4. Main results

### 4.1. General data analysis

First of all, we could see statistical results with Eview in the below table with 10 variables:

**Table 1. Statistics for macro economic factors [Unit: %]**

	Net sales	Cost	Net profit	VNM stock price	GDP growth	Inflation (CPI)	VN Index	Lending rate	Risk free rate	USD/VND rate	S&P 500
Mean	37.2	21.44	7.4	118.82	0.06416	0.02588	758.875	0.09856	0.050485	22611.7	2056.022
Median	37.5	23.7	7.1	118.25	0.0648	0.0264	720.67	0.1	0.05435	22757.5	2051.42
Maximum	56	29	10.5	208.6	0.0708	0.0474	984.24	0.1115	0.06535	23350	3230.78
Minimum	15	10	3.6	86	0.0552	0.0063	545.63	0.0886	0.0297	21405	1286.12
Standard dev.	14.085	5.997	2.560	36.738	0.005549	0.013884	176.4835	0.007636	0.014066	610.2313	633.811

**Source:** own study

Looking at the above table, we recognize that standard deviation of net sale, S&P500 and VNIndex are the highest values. Whereas standard deviation of GDP growth and lending rate are the lowest values.

If we want to see correlation matrix of these 10 micro and macro variables, Eview generate the below result in table 2.

**Table 2. Correlation matrix for ten (10) macro-economic variables (GDP growth, inflation in VN, market interest rate, Risk free rate, exchange rate and VNM Net profit)**

	Y	SP500	VNIn- dex	Stock- price	Rf	R	Net- sale	G	Ex_ rate	CPI	Cost
Y	1	0.92	0.91	0.66	-0.71	-0.81	0.98	0.52	0.95	-0.73	0.92
SP500		1	0.93	0.56	-0.81	-0.88	0.95	0.61	0.86	-0.7	0.92
VNIn- dex			1	0.67	-0.8	-0.8	0.9	0.72	0.8	-0.62	0.81
Stock- price				1	-0.26	-0.57	0.6	0.33	0.55	-0.49	0.53
Rf					1	0.8	-0.77	-0.7	-0.6	0.71	-0.74
R						1	-0.8	-0.69	-0.7	0.75	-0.8
Netsale							1	0.55	0.96	-0.74	0.96
G								1	0.5	-0.31	0.44
Ex_rate									1	-0.69	0.95
CPI										1	-0.78
Cost											1

**Source:** own study

The above table 2 shows us that correlation among 10 micro and macro variables. An increase in exchange rate and decrease in lending rate might lead to an increase in VNM Net profit. It also indicates that correlation between VNM Net profit (Y) in Viet Nam and VNIndex in Viet Nam and S&P 500 in the US (0.91 and 0.92) is higher than that between Y and risk free rate (-0.71) or between Y and CPI (-0.73).

The below table 3 shows us that covariance matrix among ten (10) micro and macro economic variables. VNM Net profit (Y) has a negative correlation with CPI, risk free rate and lending rate but has a positive correlation with exchange rate (EX\_Rate), S&P500 and GDP growth.

Hence, an increase in inflation may have slight negative impact on in MBB stock price.



**Table 3. Covariance matrix for 10 macro economic variables**

	Y	SP500	VNIn- dex	Stock- price	Rf	R	Net- sale	G	Ex_rate	CPI	Cost
Y	5.9	1353.2	482	56	-0.04	-0.07	31.9	0.008	2739	-0.087	12.7
SP500	1353.2	361545	122213	11859	-12.2	-19.8	7701	2.4	619836	-20.5	3170
VnIn- dex	482.4	122213	47536	5161	-4.36	-6.8	2640	1.05	206899	-6.6	1008
Stock- price	56.07		5161	1214	-0.22	-0.74	283	0.07	23082	-0.83	106.4
Rf	-0.04				0.0006	0.0008	-0.257	-0.0001	-19.5	0.0008	-0.1
R	-0.07					0.0008	-0.25	-0.0001	-34.9	0.001	-0.18
Net- sale	31.9						-0.4	0.04	15297	-0.48	73.7
G	0.008							4.43E	3.96	-0.0001	0.01
Ex_ rate	2739								1406290	-39.9	6409
CPI	-0.08									0.002	-0.21
Cost	12.7										32.3

Source: own study

## 4.2. Regression model and main findings

In this section, we will find out the relationship between ten micro and macro economic factors and VNM Net profit.

### 4.2.1. Regression model with single variable: analyzing impact of Cost (c.o) on VNM Net profit (Y) (Scenario 1)

Note: C: constant

Using Eview gives us the below results:

Coefficient - Cost: 0.39

C: -1.05 (constant)

$$\text{Hence, } Y = 0.39 * \text{COST} - 1.05, R^2 = 0.85, \text{SER} = 1.03$$

(0.05)                      (1.27)

Within the range of 10 observations (2010-2019) as described in the above scatter table 1, coefficient 0.05, when Cost (c.o) increases, VNM net profit will increase, in a single model.

#### 4.2.2. Regression model with 2 variables: analyzing impact of Inflation (CPI) on VNM Net profit (Y) (Scenario 2)

Running Eview gives us below results:

**Table 4. Regression with 2 factors impact on net profit**

Dependent variable Y	Method Least Squares	10 observations	
	Cost	CPI	C
Co-efficient	0.38	-1.6	-0.7

**Source:** own study

$$\text{Therefore, } Y = 0.38 * \text{COST} - 1.6 * \text{CPI} - 0.71, R^2 = 0.85, \text{SER} = 1.1$$

(0.09)                      (11.5)                      (2.7)

Hence, this equation shows us VNM Net profit has a positive correlation with Cost and negative relationship with inflation in Vietnam. Esp., it is highly positively affected by CPI.

#### 4.2.3. Regression model with 3 variables: adding lending rate (r) into the above model Eviews generates below statistical results (Scenario 3)

**Table 5. Regression with 3 factors impact on net profit**

	Cost	CPI	R	C
Co-efficient	0.35	-0.55	-6.1	0.5

**Source:** own study

$$\text{Hence, } Y = 0.35 * \text{COST} - 0.5 * \text{CPI} - 6.18 * \text{R} + 0.54, R^2 = 0.85, \text{SER} = 1.18$$

(0.13)                      (12.9)                      (19.7)

The above regression equation shows us that VNM Net profit (Y) has a positive correlation with Cost (c.o) and negative relationship with inflation (CPI) and lending rate (R). And the coefficient (with lending rate) is the highest, the 2<sup>nd</sup> highest is with inflation. Lending interest rate increases together with CPI increases will increase costs of business and lead to a decrease in VNM net profit.

#### 4.2.4. Regression model with 5 macro variables: adding exchange rate and risk free rate (Rf) into the above model (Scenario 4)

Eviews presents the below results in table 6.

**Table 6. Regression with 5 factors impact on net profit**

	Cost	CPI	R	Ex_rate	Rf	C
Co-efficient	-0.04	-5.45	-2.2	0.001	-10	-29.4

**Source:** own study

$$\text{Therefore, } Y = -0.04 * \text{COST} - 5.45 * \text{CPI} - 2.24 * \text{R} + 0.001 * \text{EX\_RATE} - 10.4 \text{Rf} - 29.4, R^2 = 0.92, \text{SER} = 1.06$$

(30.3)                      (0.24)                      (12.01)                      (24.9)                      (0.0009)

We find out impacts of 5 micro and macro variables, with the new factor: Exchange rate and risk free rate, shown in the above equation, VNM Net profit (Y) has negative correlation with Cost, and inflation, risk free rate and lending rate, whereas it has positive correlation with Exchange rate. When inflation goes down, exchange rate increases and interest rate declines, this will increase public investment in stock market, as a result, VNM Net profit will increase.

#### 4.2.5. Regression model with 7 macro variables: adding GDP growth (g) and net sales into the above model (Scenario 5)

Running Eviews gives us results (table 7).

**Table 7. Regression with 7 factors impact on net profit**

	Cost	CPI	R	Ex_rate	Rf	G	Net sale	C
Co-efficient	-0.34	-4.9	-0.8	0.0002	4.2	-37	0.3	0.7

Source: own study

$$Y = -0.34 \cdot \text{COST} - 4.98 \cdot \text{CPI} - 0.81 \cdot \text{R} - 37 \cdot \text{G} + 4.2 \cdot \text{Rf} + 0.0002 \cdot \text{EX\_RATE} + 0.3 \cdot \text{NETSALE} + 0.7,$$

$$R^2 = 0.99, \text{SER} = 0.23$$

(0.07)                      (2.95)      (6.36)      (26.02)      (8.65)      (0.0003)

(0.03)

Here we see impacts of 7 micro and macro factors, with the new variable: net sales, the above equation shows that VNM Net profit (Y) has negative correlation with GDP growth, cost and inflation and lending rate, whereas it has positive correlation with risk free rate, net sales and exchange rate. We also recognize that GDP growth, inflation, risk free rate and lending rate have the highest impact on VNM Net profit. When lending rate declines, it will increase investment in stock as well as financial market, then it will lead to an increase in VNM Net profit.

#### 4.2.6. Regression model with 8 macro variables: adding VNM stock price (Scenario 6)

Running Eviews gives us results (table 8).

**Table 8. Regression with 8 factors impact on net profit**

	Cost	CPI	R	Ex_rate	Rf	G	Net sale	Stock price	C
Co-efficient	-0.31	-3.17	4.95	0.0004	-10.3	-47.3	0.26	0.005	-3.4

Source: own study

$$Y = -0.31 \cdot \text{COST} - 3.17 \cdot \text{CPI} + 4.95 \cdot \text{R} - 47.3 \cdot \text{G} - 10.3 \cdot \text{Rf} + 0.0004 \cdot \text{EX\_RATE} + 0.26 \cdot \text{NETSALE} + 0.005 \cdot \text{STOCKPRICE} - 3.4,$$

$$R^2 = 0.99, \text{SER} = 0.24$$

(0.08)                      (3.62)                      (9.02)                      (29.08)                      (17.9)                      (0.0004)                      (0.05)

(0.006)

Therefore, we see impacts of 8 macro factors, with the new variable: VNM Stock price, the above equation shows that VNM Net profit (Y) has negative correlation with GDP growth, cost, inflation, and risk free rate, whereas it has positive correlation with lending rate, exchange rate, net sale and stock price. We also recognize that GDP growth, risk free rate, CPI and lending rate, have the highest impact on VNM net profit, while exchange rate just has a slightly impact on stock price. A reduction in GDP growth and risk free rate, inflation and cost will increase VNM net profit.

#### 4.2.7. Regression model with 8 macro variables: adding VNIndex (Scenario 7)

Running Eviews gives us results (table 9).

**Table 9. Regression with 8 factors impact on net profit**

	Cost	CPI	R	Ex_rate	Rf	Net sale	Stock price	VNIndex	C
Co-efficient	-0.28	-3.08	13.04	-5.09E-05	-11.1	0.33	0.009	-0.002	2.1

Source: own study

$$Y = -0.28 * COST - 3.08 * CPI + 13.04 * R - 0.003 * VNINDEX - 11.1 * Rf - 5.09E * EX\_RATE + 0.33 * NETSALE + 0.009 * STOCKPRICE + 2.14,$$

$$R^2 = 0.99, SER = 0.43$$

$$(0.15) \quad (9.5) \quad (23.8) \quad (0.006) \quad (50.6) \quad (0.0007)$$

$$(0.15) (0.021)$$

Therefore, we see impacts of 8 macro and micro factors, with the new variable: VNIndex, the above equation shows that VNM Net profit (Y) has negative correlation with Cost, inflation, VNIndex, risk free rate and exchange rate, whereas it has positive correlation with lending rate, net sale and stock price. We also recognize that risk free rate, inflation, net sale and cost, then stock price and VNIndex have the highest impact on MBB stock price, while exchange rate just has a slightly impact on net profit. We might also realize that increase in net sale will be better to push net profit, than a decrease in cost (because of higher coefficient). A decrease in risk free rate will be better to push net profit, than an increase in stock price.

#### 4.2.8. Regression model with 8 macro variables: adding S&P500 (Scenario 8)

Running Eviews gives us results (table 10).

**Table 10. Regression with 8 factors impact on net profit**

	Cost	CPI	R	Ex_rate	Rf	Net sale	VNIndex	SP500	C
Coefficient	-0.25	-5.4	2.3	-0.0002	10.9	0.33	-1.24E-05	-0.0006	6.07

Source: own study

$$Y = -0.25 \cdot \text{COST} - 5.46 \cdot \text{CPI} + 2.31 \cdot \text{R} - 1.24 \cdot \text{VNINDEX} + 10.9 \cdot \text{Rf} - 0.0002 \cdot \text{EX\_RATE} + 0.33 \cdot \text{NETSALE} - 0.0006 \cdot \text{SP500} + 6.07,$$

$$R^2 = 0.99, \text{SER} = 0.43$$

$$\begin{matrix} (0.15) & (5.9) & (10.8) & (0.003) & (13.3) & (0.0009) \\ (0.17) & (0.001) & & & & \end{matrix}$$

Therefore, we see impacts of 8 macro factors, with the new variable: S&P500, the above equation shows that VNM Net profit (Y) has negative correlation with Cost, inflation, S&P500, VNIndex and exchange rate, whereas it has positive correlation with lending rate, and net sales. We also recognize that inflation and risk free rate, then net sale and cost have the highest impact on Y, while exchange rate and VNIndex just has a slightly impact on stock price. A reduction in S&P500 will slightly increase VNM net profit.

### 5. Discussion and further researches

Through the regression equation with above 10 micro and macroeconomic variables, this research paper used updated data from 2010-2019 to analyze the regression equation via Eview in order to show that an increase in net sale will have a higher impact on VNM net profit, compared to a reduction in cost, followed by an increase in lending rate and decrease in inflation, then a decrease in VNINDEX, a decrease in S&P500, as well as a decrease in exchange rate. This is the implication for maximizing profit of VNM, a milk leading firm in F&B industry in Vietnam.

Data is from observations in the past 10 years, it is partly based on the market economic rules, and the research results are also affected by socio-economic characteristics in Vietnam such as: efficiency of public investment, waste



of public investment, enterprise bankruptcy, and investment in areas that increase GDP such as production, electricity, etc. or investing in healthcare, environment and education sectors. We have not yet considered the impact of these factors.

Beside, we can analyze impact of another macro factor, for example, deposit rate when we add this variable into our regression model of VNM Net profit. Furthermore, we can add unemployment rate or public debt increase into our econometric model to measure the impact of these extra factors on VNM Net profit.

## 6. Conclusion and policy suggestion

Based on the above data analysis from our regression model, although low inflation during 2015-2016 is a good signal for VNM Net profit, we would suggest the government, Ministry of Finance and State Bank of Vietnam consider to control inflation more rationally, i.e not increasing much and suitable with each economic development stage. Governmental bodies and bank system also need to apply macro policies to stimulate economic growth, however not increasing lending rate too much, together with credit, operational and market risk management, corporate governance and controlling bad debt.

Next, it is necessary to coordinate synchronously between the management and administration of commercial bank policies with fiscal policies, monetary policies, as well as sale and cost management strategies (used as effective tools to stimulate profit) and other economic development policies to limit the negative effects of exchange rate, cost management and inflation, i.e not increasing much. Lending policy of bank system need to be selective and proper interest rates for acceptable high risk high return projects.

Generally speaking, net profit maximization for VNM managing MBB stock price depends on many above factors, both micro and macro variables, so the government need to use fiscal policy combined with monetary policies and socio-economic policies to reduce unemployment and stimulate economic growth, toward a good profit management. Maximizing profit is one vital way to maintain the leading role of VNM in F&B industry in general and milk industry in specific. Hence, this paper proposes an implementation form (attached in Exhibit 1) to analyze factors affecting leadership.

Finally, this research paper also helps to direct further future researches, for instance, we could add deposit rate, trade balance and unemployment rate into our above econometric model to measure impacts of them on VNM Net profit.

### **Plans for better financial accounting disclosure policy.**

Beside, VNM as well as other F&B companies need to improve financial accounting data disclosure policy in order to attract more investment into F&B industry in Vietnam.

### **Summary**

#### **The Measurement Of Successful Management Via A Net Profit Maximization Model With Ten Factors And Financial Accounting Disclosure Policy- Case of Vinamilk In F&B Industry In Vietnam**

When a firm has better disclosure policy of financial accounting information it will attract more investment. Many factors affecting accounting information disclosure policy include firm size, leverage, industry characteristics, investor types, etc. And good financial accounting data disclosure will help to reduce risk level of firms. At micro level, cost and net sale factors will affect net profit while at macro levels, risk free rate and exchange rate will impact. According to Nikkei Asian Review, Vinamilk (VNM) is the only brand in F&B industry and the domestic industry leader which ranked 25th among 300 listed companies in the List of ASIA300 Power Performers. It leads the organic trend in milk industry and has made very positive contributions to the overall achievements of economic and social values. Good business management requires us to consider the impacts of multi macro and micro factors on net profit, both internal and external factors, and it contributes to promoting business plan and economic policies for economic growth and stabilizing business operation. By data collection method through statistics, analysis, synthesis, comparison, quantitative analysis to generate qualitative comments and discussion; using econometric method to perform regression equation and evaluate quantitative results, the article analyzed and evaluated the impacts of ten (10) macroeconomic factors such as: stock price, VNIndex, risk free rate, lending rate, cost, sale, inflation, GPD growth, S&P500, exchange rate, etc. on net profit of a leading milk listed company, Vinamilk (VNM) in Vietnam in the 10-year period of 2010-2019, both positive and negative sides. From that regression model and analysis, it will draw leadership features, strengths of this industrial leader. The results of quantitative research, in a ten factor model, show that the

decrease in GDP growth and risk free rate, inflation and increase in net sale will have a significant effect and increase VNM net profit, with the highest impact coefficient, the second is decreasing cost. This research finding and recommended policy also can be used as reference in policy for F&B system in many developing countries.

**Keywords:** *financial accounting data disclosure; VNM stock price; cost; GDP growth; inflationary; risk free rate; market interest rate*

**JEL:** M21, N1

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## Apendix

### Implementation Form of Analyzing Factors Affecting Market Position of The Company

#### Recommended Practices Form used in Organization

(Form Code: LE. 01)

Name of Company:.....

Name of department:.....

Name of position:.....

Name of person:.....

Date:...../...../.....Revision:.....

- I - Analysis of Social and Cultural Values affecting Demand and New Product Development
- II - Analysis of Technology affecting Demand and New Product Development
- III - Analysis of Economic Values affecting Demand and New Product Development

No.	Principle of Market and Positioning and LE.	Recommended Practices
1		
2		
3		
4		
5	.....	
.....		

(Note: The Market div. or person in charge is responsible for implementing this practice)

#### IV - Recommendation and Suggestion

(Signed/ Approved by person in charge)