WHAT AFFECT ACCOUNTING NET REVENUE OF COMPANY? – A CASE IN VIETNAM COMMERCE SECTOR

AUTHORSHIP

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INTRODUCTION

First, we recognize the importance of digital technology in banking also increase to a new level in recent years. Next, We emphasize that the role of reliable internet data increasing in recent years. Khrais (2019) mentioned Business information systems are interconnected structures or procedures within a business entity that uses information and communication technology (ICT) to support decision making by generating, processing and providing useful information for the entity. Business information systems have five key components. These are the people using the system, the hardware, software, database and network. Good business information systems are flexible such that they can be able to anticipate and adapt to changes in the information needs of the business.

They are also must efficient, meet the demands of the business, and are designed according to the financial and human resource capacity of the business entity. Furthermore, good businesses are cost effective. In this paper we mainly focus on using reliable internet data in estimating what factors effect accounting revenue (net) of a typical Vietnam commerce company, MTC - My Tra Company. My Tra company (MTC) doing business in:
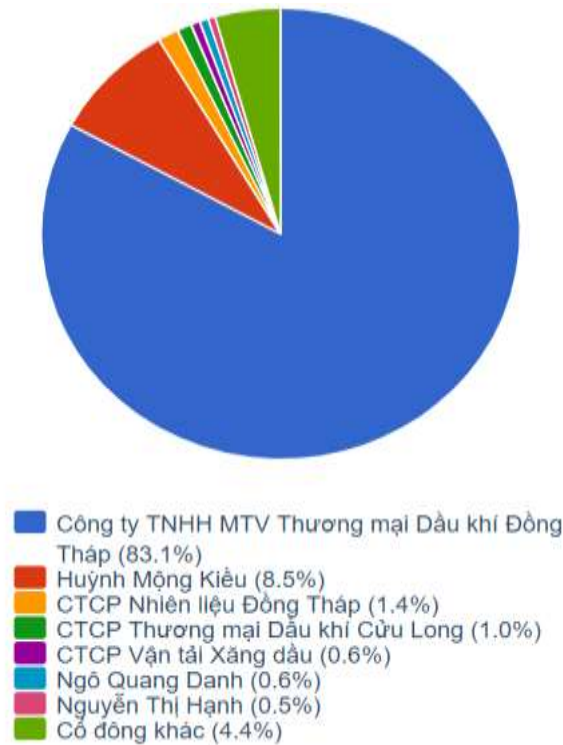
- Restaurant, hotel business
- Management of My Tra tourist area, business of handicrafts, domestic technological products
- Services: massage, karaoke, discotheque
- Service of amusement park
- Transporting passengers under contract
- Business travel services and other services
- Air ticket agent
- Financial investment...

Beside, MTC has been operating business units in :

- My Tra tourist area
- Hoa Binh Hotel
- My An Stopover Station

We see ownership structure of shareholders in MTC company in below chart:

Chart 1 - Ownership structure

Legend:
- Công ty TNHH MTV Thương mại Dầu khí Đồng Tháp (83.1%)
- Huỳnh Mộng Kiều (8.5%)
- CTCP Nhiên liệu Đồng Tháp (1.4%)
- CTCP Thương mại Dầu khí Cửu Long (1.0%)
- CTCP Vận tải Xăng dầu (0.6%)
- Ngô Quang Danh (0.6%)
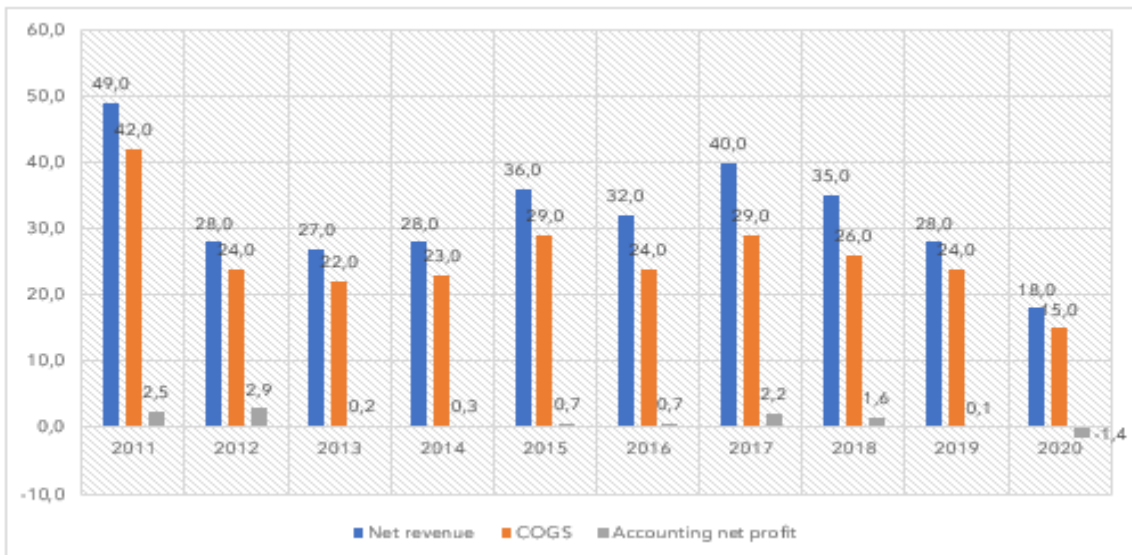- Nguyễn Thị Hạnh (0.5%)
- Cổ đông khác (4.4%)

Source: Search data.

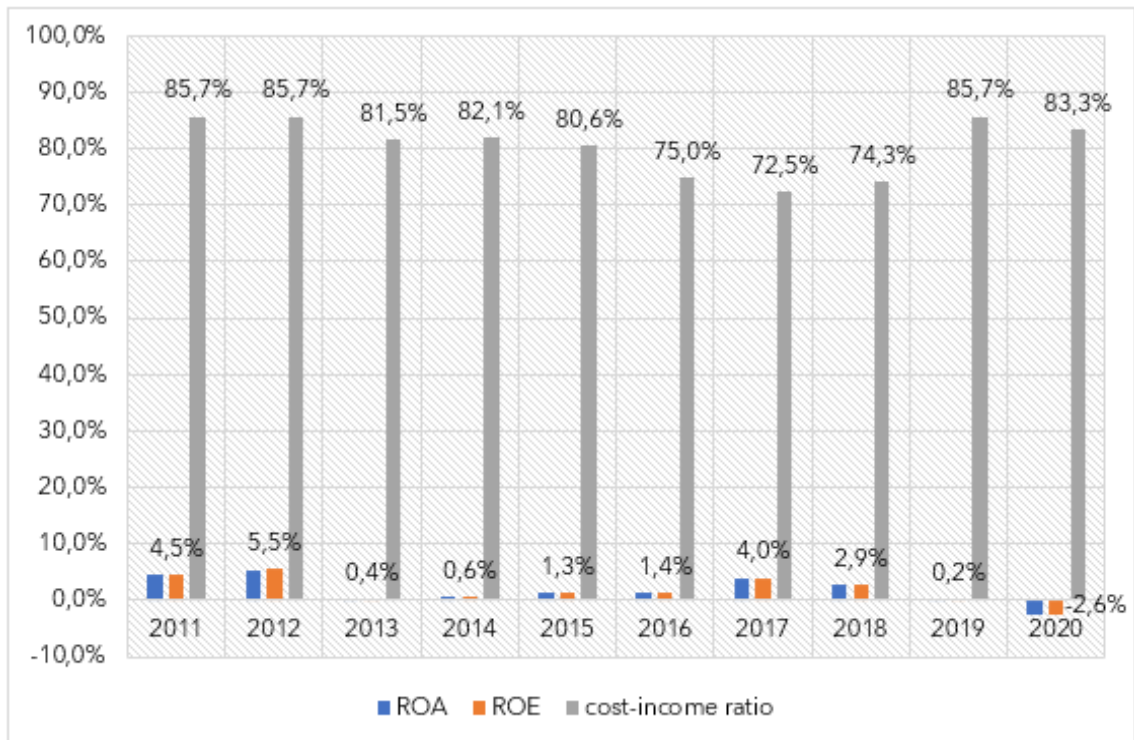Look at below chart we see that in MTC company:

- net revenue and COGS increase in 2017 and decline in 2020 (chart 2)
- ROA and ROE declines in 2019 while cost-income ration increased in 2019 (chart 3)
- COGS decreased with faster speed than administrative expense in 2020 (chart 4)

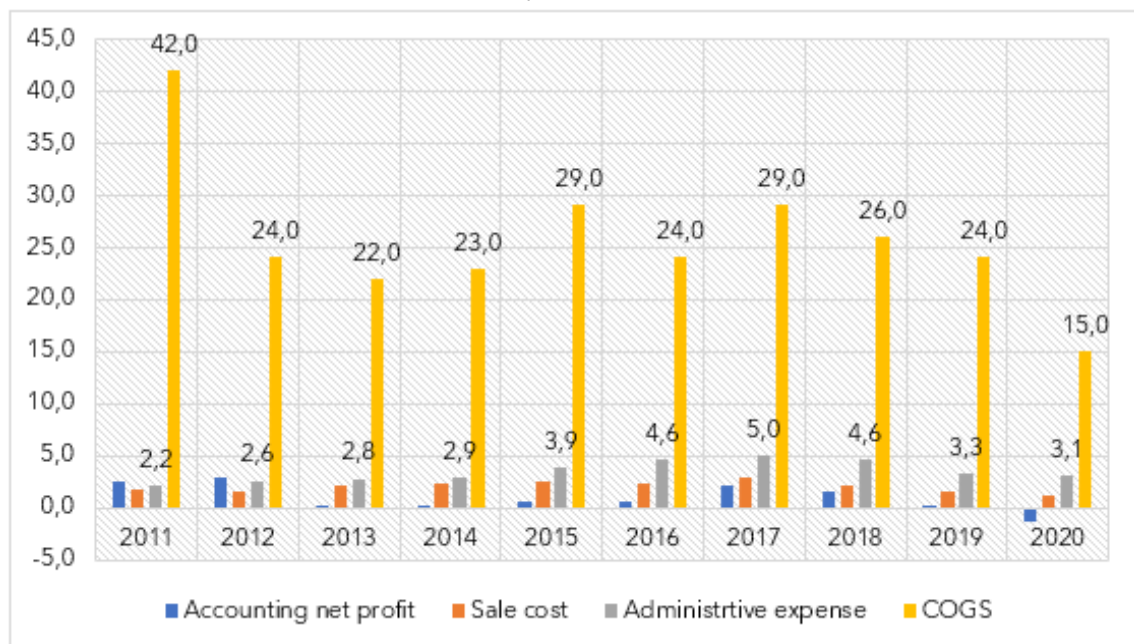Chart 2 - Net revenue (accounting) and costs

Source: Search data.

Chart 3 - ROA, ROE and cost-income ratio

Source: Search data.

Chart 4 - Cost of sale, COGS and Admin expense

Source: Search data.

We organize paper with introduction, literature review, methodology, main results, discussion and conclusion.

LITERATURE REVIEW

First, Safarova (2010) mentioned that d eight key factors that have been found to have the most impact on the operating performance of the companies in other markets. These factors are; intangibles, corporate governance, cash on hand, leverage, firm specific risk, size, growth and

tangibility. The results have supported previous studies' findings to some extent, with size being the most important factor determining firm performance, followed by growth and leverage with the weaker relationships. Other factors appeared to be marginally related to the operating performance at different significance levels. And Huy, & Hien (2010) indicated that there are advantages and disadvantages of a limited European corporate governance standards in their article in Economic and Business Review.

Trivelas and Satouridis (2013) stated that in Greece a) the externally focused Management Information System (MIS) effectiveness archetypes (OS, RM) reflecting innovation, creativity, goal setting and planning enhance task productivity b) the Internal process (IP) model of MIS effectiveness influences negatively task productivity.

Dinh Tran Ngoc Huy (2015) indicated firms need to enhance risk management and corporate governance standards in a limited South Asian corporate governance model. And Elif (2016) specified that return on assets is positively related to firm size, international sales, liquidity and growth, and negatively related to leverage and R&D expenditures. On the other hand, gross profit margin is positively related to size and international sales, and negatively related to leverage and R&D expenditures. Finally, results show that Tobin's Q ratio is higher for firms with higher levels of debt and higher liquidity levels.

Next, Hung, Ha and Dung (2018) stated that 7 of 8 factors affecting earnings management with statistical significance of 1%, 5% and 10%. Five factors have positive relationships with earnings management, including consolidated financial statements, chair of management board cum a director, financial performance, firm size, and stock issuance. In contrast, two factors have negative relationships with earnings manipulations, including auditor size and financial leverage

Then, Lan and Cong (2019) found out (1) Firm size has a positive impact on both ROA and ROS, especially ROA but it has the opposite effect on ROE, (2) Adequacy ratio impacts positively on ROA and ROS but negatively on ROE, (3) Financial leverage considerably negative influences on ROE and ROS but positively impacts on ROA, (4) Liquidity has a positive effect on both ROA and ROE but a negative one on ROS and (5) Solvency has a positive impact on ROA and ROS but the negative impact on ROE. Furthermore, agriculture accounted for the highest percentage of profitability at the beginning, which was replaced by service for ROA but manufacture for ROE from 2016 to 2017 as opposed to the least in transportation. Last but not least, Huy et al (2020) stated that many external macro factors affect market beta CAPM of Vietcombank in Vietnam and proposed policies.

METHODOLOGY

Method and data
Authors basically analyze both factors on net venue - accounting of My Tra company (MTC) in OLS regression model:

- internal cost factors: COGS, sale cost, etc.

- internal revenue factors: total revenue, ROA, ROE, etc.

- external factors: CPI, Rf, R, etc.

This study mainly use combination of quantitative methods and qualitative methods including synthesis, inductive and explanatory methods. Data is collected from reliable internet sources and websites. Looking at descriptive statistics below, we see that:

- Standard dev of total revenue is much higher than those of ROA and ROE (figure 1)

- Standard dev of COGS is higher than that of sale cost (figure 3)

- Standard dev of CPI is higher than that of Risk free rate - Rf (figure 5)

Figure 1. Descriptive data of revenue factors

	NETREVE	NETPROFIT	ROA	ROE	TOTALREV
Mean	32.10000	0.979000	0.017200	0.018200	32.10000
Median	30.00000	0.700000	0.012000	0.013500	30.00000
Maximum	49.00000	2.900000	0.053000	0.055000	49.00000
Minimum	18.00000	-1.400000	-0.025000	-0.026000	18.00000
Std. Dev.	8.478076	1.314606	0.023408	0.024211	8.478076
Skewness	0.434540	-0.120045	-0.063817	-0.122068	0.434540
Kurtosis	3.030490	2.256569	2.336097	2.349361	3.030490
Jarque-Bera	0.315095	0.254306	0.190440	0.201222	0.315095
Probability	0.854236	0.880699	0.909173	0.904285	0.854236
Sum	321.0000	9.790000	0.172000	0.182000	321.0000
Sum Sq. Dev.	646.9000	15.55369	0.004932	0.005276	646.9000

Source: Search data.

Figure 2. Correlation of revenue factors

	NETREVE	NETPROFIT	ROA	ROE	TOTALREV
NETREVE	1.000000	0.719395	0.707004	0.702511	1.000000
NETPROFIT	0.719395	1.000000	0.999047	0.999475	0.719395
ROA	0.707004	0.999047	1.000000	0.999196	0.707004
ROE	0.702511	0.999475	0.999196	1.000000	0.702511
TOTALREV	1.000000	0.719395	0.707004	0.702511	1.000000

Source: Search data.

Figure 3. Descriptive data of cost factors

	NETREVE	ADMIN_EX	COGS	COST_INC	R	SALE_COST
Mean	32.10000	3.500000	25.20000	0.806400	0.116260	2.053000
Median	30.00000	3.200000	24.00000	0.818000	0.100000	2.290000
Maximum	49.00000	5.000000	42.00000	0.857000	0.190000	2.900000
Minimum	18.00000	2.200000	15.00000	0.725000	0.080000	1.100000
Std. Dev.	8.478076	1.964941	8.924556	0.068663	0.039225	0.644197
Skewness	0.434540	0.331628	1.044556	-0.526838	1.138882	-0.236792
Kurtosis	3.030490	1.698185	4.456280	1.785231	2.765184	2.215168
Jarque-Bera	0.315095	0.889438	2.702371	1.077457	2.157970	0.342367
Probability	0.854236	0.641007	0.258833	0.583498	0.333209	0.842667
Sum	321.0000	35.00000	258.0000	8.064000	1.162600	20.53000
Sum Sq. Dev.	646.9000	8.300000	431.3288	0.022582	0.013847	2.885000

Source: Search data.

Figure 4. Correlation of cost factors

obs	NETREVE	ADMIN_EX	COGS	COST_INC	R	SALE_CO
1	49.00000	2.200000	42.00000	0.857000	0.180000	1.8000
2	28.00000	2.600000	24.00000	0.867000	0.190000	1.6000
3	27.00000	2.800000	22.00000	0.816000	0.130000	2.2000
4	28.00000	2.900000	23.00000	0.821000	0.100000	2.3000
5	35.00000	3.900000	29.00000	0.806000	0.105000	2.6000
6	32.00000	4.600000	24.00000	0.750000	0.100000	2.3000
7	40.00000	5.000000	29.00000	0.725000	0.098600	2.9000
8	35.00000	4.600000	26.00000	0.743000	0.089000	2.2000
9	28.00000	3.300000	24.00000	0.857000	0.080000	1.5000
10	18.00000	3.100000	15.00000	0.833000	0.090000	1.1000

Source: Search data.

Figure 5. Descriptive data of external factors

	NETREVE	CPI	R	RF
Mean	32.10000	0.053630	0.115260	0.046905
Median	30.00000	0.038150	0.100000	0.053350
Maximum	49.00000	0.181300	0.190000	0.065350
Minimum	18.00000	0.006300	0.080000	0.012200
Std. Dev.	8.478076	0.048052	0.039225	0.018595
Skewness	0.434540	2.051303	1.138882	-0.570545
Kurtosis	3.030490	6.308044	2.705184	2.017240
Jarque-Bera	0.315095	11.57272	2.197970	0.944960
Probability	0.854236	0.003069	0.333209	0.623454
Sum	321.0000	0.536300	1.152600	0.469050
Sum Sq. Dev.	646.9000	0.020781	0.013847	0.003112

Source: Search data.

Figure 6 - Correlation of external factors

	NETREVE	CPI	R	RF
NETREVE	1.000000	0.583817	0.317592	0.317465
CPI	0.583817	1.000000	0.744833	0.509105
R	0.317592	0.744833	1.000000	0.678900
RF	0.317465	0.509105	0.678900	1.000000

Source: Search data.

Look at above figures we recognize that:

- between CPI and net revenue: higher correlation than that between net revenue and R- lending rate (0.5 > 0.3) (figure 6)

- between cost-income ratio and net revenue: smaller correlation than that between net revenue and COGS (0.85 < 42) (figure 4)

- between net profit and net revenue: little higher correlation than that between net revenue and ROE (0.71 > 0.7) (figure 2)
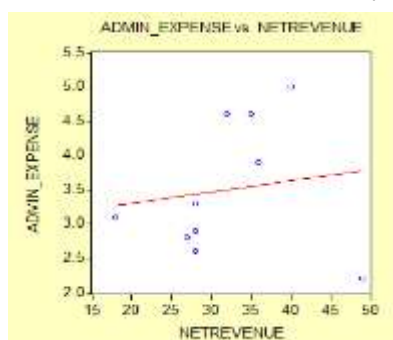
MAIN RESULTS

Overall results

We see as shown in below figure:

- Between net revenue and admin expense, net profit R. sale cost, and ROA : there is positive relationship

Chart 5. Net revenue and admin expense

Chart 6. net revenue and COGS
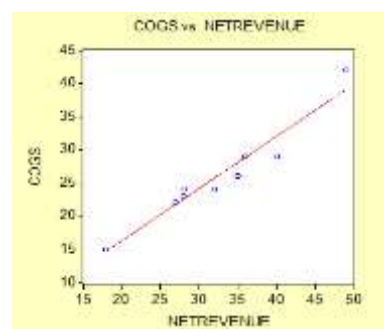

Source: Search data.
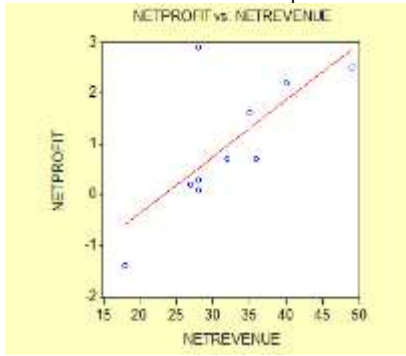
Chart 7. Net revenue and net profit

Source: Search data.

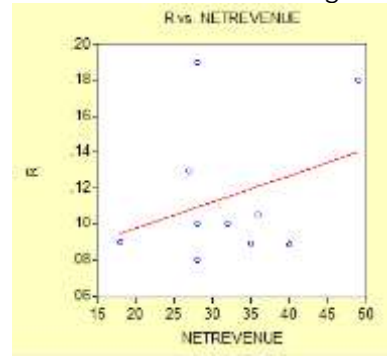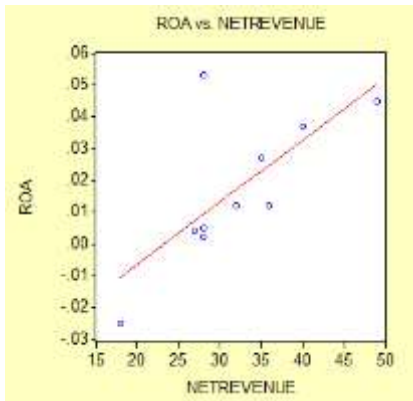**Chart 8.** Net revenue and lending rate

Chart 9. Net revenue and ROA

Source: Search data.

Chart 10. Net revenue and sale cost

OLS REGRESSION RESULTS

First, we recognize in below figure that:

- Between admin expense and net revenue there is positive correlation, hence, with coefficient 1.27, increase in admin cost will push net revenue.

Second, we recognize in below figure that:

- Between COGS and net revenue there is positive correlation, hence, with coefficient 1.18 (lower than that of admin expense), increase in COGS will push net revenue.

Figure 7. OLS regression for admin expense

Source: Search data.

Figure 8. OLS regression for COGS

Third, we recognize in below figure that:

- Between lending rate and net revenue there is positive correlation, hence, with coefficient 68.6, increase in lending rate will push net revenue.

Fourth, we recognize in below figure that:

- Between admin expense , COGS sale cost and net revenue there is positive correlation, hence, with coefficient 019 (lower than those of COGS and admin expense), increase in sale cost will push net revenue.

Figure 9. OLS regression for lending rate R

Source: Search data.

Figure 10 - OLS regression for four cost factors

Fifth, we recognize that

- Between sale cost, net profit and net revenue there is positive correlation, hence, with coefficient 0.14, increase in net profit will push net revenue.

Figure 11 - OLS regression for 5 factors

Source: Search data.

Sixth, we look at below regression table:

Table 1 - Regression results for 8 factors

	COEFFICIENT	
	6 factors	7 factors
Admin expense	0.3	0.49
COGS	1.15	1.12
Cost-income ratio	-29	-28.2
Sale cost	0.17	0.42
Net profit	7.1	7.2
ROA	-387.4	-70.9
ROE		-310
R-squared	0.99	0.99
SER	0.21	0.21
Akaike info criterion	-0.01	-0.2

Source: Search data.

Figure 12. OLS Regression for external factors

```
Dependent Variable: NETREVENUE
Method: Least Squares
Date: 06/09/21   Time: 21:05
Sample: 1 10
Included observations: 10
```

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CPI	137.3648	84.31550	1.629176	0.1544
R	-83.68951	121.0823	-0.691179	0.5153
RF	83.87515	198.0025	0.423607	0.6866
C	30.45875	9.619018	3.166514	0.0194

R-squared	0.389967	Mean dependent var		32.10000
Adjusted R-squared	0.084951	S.D. dependent var		8.478076
S.E. of regression	8.109974	Akaike info criterion		7.313241
Sum squared resid	394.6301	Schwarz criterion		7.434275
Log likelihood	-32.56620	F-statistic		1.278513
Durbin-Watson stat	1.633167	Prob(F-statistic)		0.363717

Source: Search data.

DISCUSSION

- **We see for cost factors:** cost-income ratio has negative correlation with net revenue while other costs: sale cost, administrative cost and COGS have positive correlation with net revenue. It means that if cost-income ratio goes down net revenue will increase.

- **We see for revenue factors:** net profit has positive relationship with net revenue while ROA and ROE have negative correlation with accounting net revenue. It means that if ROA and ROE decrease, accounting net revenue of MTC will goes up.

- **We see for external factors:** CPI and Rf has positive relation with revenue whereas lending rate has negative correlation with accounting net revenue. It means that if Risk free rate declines, net revenue will decrease.

CONCLUSION

Accounting revenue policy

- Because admin expense has positive correlation with revenue, MTC managers need to control admin expense and increase at acceptable level to boost revenue of the firm.

- Because sale cost and COGS has positive correlation with net revenue, MTC management need to increase sale and COGS cost rationally to boost revenue.

- Because net profit has positive correlation with revenue , firm management need solutions to increase net profit, boost total revenue and reduce costs.

Macro policy implications

- Net revenue of MTC might be goes up if Risk free rate increase little and lending rate declines little.

Madhdi and Khadafi (2020) stated that a positive and significant influence from net profit margin, operating profit margin, and gross profit margin on stock prices in Good Consumer Industry Company listed on the Indonesia Stock Exchange, while partially net profit margin and gross profit margin were not there is a positive and insignificant influence on stock prices on Good Consumer Industry Company listed on the Indonesia Stock Exchange.

Limitation of research

We can expand our research model for other industries and other markets.

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What affect accounting net revenue of company? **–** a case in Vietnam commerce sector

O que afeta a receita líquida contábil da empresa? – um caso no setor de comércio do Vietnã

¿Qué afecta a los ingresos netos contables de la empresa? – un caso en el sector comercial de Vietnam

Resumo

Realizamos este estudo a fim de descobrir quais fatores afetam a receita líquida contábil de uma empresa típica do Vietnã no setor de comércio, a My Tra Company (MTC). Este estudo utiliza principalmente a combinação de métodos quantitativos (estatísticas, fórmulas de cálculo) e métodos qualitativos, incluindo métodos síntese, indutivos e explicativos. Os principais resultados do estudo mostram que: para um gráfico de dispersão único com regressão, a maioria dos fatores tem correlação positiva com a receita líquida contábil. Em seguida, como a despesa administrativa tem correlação positiva com a receita, os gestores de MTC precisam controlar as despesas administrativas e aumentar em nível aceitável para aumentar a receita da empresa. E como o custo de venda e o COGS têm correlação positiva com a receita líquida, a gestão mtc precisa aumentar a venda e o custo cogs racionalmente para aumentar a receita. Além disso, este estudo também dá recomendações para aumentar a receita líquida contábil do negócio - Minha Empresa Tra (MTC) no setor de comércio do Vietnã.

Abstract

In recent years, Vietnam commerce sector have received many impacts from trade war and covid 19 ,we conduct this study in order to figure out what factors affect accounting net revenue of a typical Vietnam company in commerce industry, My Tra Company (MTC). This study mainly use combination of quantitative methods (statistics, calculation formulas) and qualitative methods including synthesis, inductive and explanatory methods. Our study main results show that: for single scatter chart with regression, most of factors have positive correlation with accounting net revenue. Next, Because admin expense has positive correlation with revenue, MTC managers need to control admin expense and increase at acceptable level to boost revenue of the firm. And because sale cost and COGS has positive correlation with net revenue, MTC management need to increase sale and COGS cost rationally to boost revenue. Besides, this study also give out recommendations for enhancing accounting net revenue of the business - My Tra company (MTC) in Vietnam commerce sector.

Resumen

Llevamos a cabo este estudio con el fin de averiguar qué factores afectan los ingresos netos de contabilidad de una empresa típica de Vietnam en la industria del comercio, My Tra Company (MTC). Este estudio utiliza principalmente la combinación de métodos cuantitativos (estadística, fórmulas de cálculo) y métodos cualitativos, incluyendo métodos de síntesis, inductivos y explicativos. Los principales resultados de nuestro estudio muestran que: para el gráfico de dispersión simple con regresión, la mayoría de los factores tienen una correlación positiva con los ingresos netos contables. A continuación, debido a que el gasto de administración tiene una correlación positiva con los ingresos, los gerentes de MTC necesitan controlar los gastos de administración y aumentar a un nivel aceptable para aumentar los ingresos de la empresa. Y debido a que el costo de venta y el costo de los productos de costo de los productos tienen una correlación positiva con los ingresos netos, la administración de los MTC necesita aumentar racionalmente los costos de venta y de los costos de los productos de costo de los productos para aumentar los ingresos.