INTRODUCTION

Corporate finance analysis is an in-depth study of the content, structure and interaction between the indicators in the financial statements to assess the real state of corporate finance by departmental methods. Learn, from which to make the right decisions and solutions.

Financial activities are directly related to production and business activities. Hence, all business activities affect the finances of the business. The financial analysis also aims to provide the most important information to business owners, investors, creditors and other users about the amount, time and risk of cash receipts. From dividends or interests. Because investor flows are associated with business cash flows, the analysis process must provide information to help them assess the amount, time and risk of expected net cash inflows and outflows.

So, more than anybody else, business executives need to have enough information to carry out a financial balance, to assess their finances so they can balance their finances, profitability, Math, debt repayment, financial risk of the business. In addition to directing the decisions of the CFO, making investment decisions, financing, analyzing dividends.

The use of the Dupont analysis model to generate and analyze factors affecting ROE, ROA, and impact on corporate financial performance is essential. From there, the results of the article will help managers and administrators have useful information, an objective view of the financial situation of their business to get accurate view, support to bring Make accurate, timely decisions to ensure profitable business. At the same time, the proposal to pilot the use of Dupont model to analyze ROE and ROA financial ratios at Samsung Electronics Vietnam Co., Ltd (SEVT) to improve the company's production and business performance.

Objectives and Research Methodology

Object of study

Research subjects are the parameters in the financial statements of Samsung Electronics Vietnam Co., Ltd. Thai Nguyen, including:

- Total assets: is the total value of all the existing assets of the company up to the time of making the report.
- Equity capital is the capital owned by the company. Equity capital usually includes initial capital, undistributed profits, new shares and company funds.
- Net revenue: is the total turnover (minus deductions) earned by the company.

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The method used in the study is the Dupont model, which is used to analyze a firm's profitability with traditional effective management tools. The Dupont model integrates many elements of the income statement with the balance sheet.

The Dupont Financial Model was invented by F.Donaldson Brown, 1914, an electrical engineer who joined the financial department of the giant chemical company Dupont. A few years later, Dupont acquired 23 percent of General Motors (GM) shares, which led him to work at GM to reorganize the car's financial chaos. This was probably the first large-scale restructuring in the US at the time. According to Alfred Sloan, former president of GM, much of GM's success later contributed significantly to Brown's planning and control system, which later became known as the Dupont model. The success of GM has made the Dupont model popular among many corporations in the United States and widely used in financial analysis. The Dupont model shows the relationship between the composite indicator reflecting the profitability of an enterprise such as Return on Assets (ROA), Return on Equity (ROE) There is a causal relationship with each other.

Use the Dupont Model to analyze the return on assets –ROA

The ROA-Return on Total Asset [3] shows the efficiency of asset use in business. This is a pretty comprehensive indicator of business performance, showing how many of the assets used in a business can generate so much profit. The magnitude of this indicator is high in terms of efficiency in the use of enterprise assets. The Dupont model is as follows:

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\text{Rate of return on assets (ROA)} = \frac{\text{Profit after tax}}{\text{Average assets}} \times \frac{\text{Net revenue}}{\text{Number of total assets turnover}}
\]

From the above model, we can see that the return on ROA is influenced by two factors of profitability on turnover and asset efficiency. Profitability on revenue or Return On Sales (ROS) indicates the ratio of profit after tax to sales. This factor is important for current and prospective owners assessing the profitability and future prospects of the business. This indicator is also of interest to business executives for direct expression of cost control - the result of management decisions. Asset utilization or total asset turnover, if multiple asset cycles, will represent a fast turnover of assets and a good mobilization of firm assets to generate revenue for the business. Investors, suppliers are very interested in this indicator. Therefore, managers often have to seek business measures to increase the total turnover of the business assets. That is to maximize revenue on the basis of the level of assets assigned management and use.

Dupont model research found that businesses want high ROA, so they need to be profitable with high turnover and high asset utilization. ROA is a fundamental tool for managing and utilizing enterprise resources.

Return on equity – ROE

Equity is an important component of an enterprise's capital and owners are eager to capitalize on the high cost of using it to enrich themselves. To measure efficiency [3] equity analysts often use the ROE-Return on Equity. This index shows how much equity a shareholder pays out how much profit is made, the ROE is not only interested in the interest of the investor, but also in the interest of the joint stock companies. Listed on the stock market because this is the norm often used by investors to compare the stocks of the same industry on which to make a decision to buy shares of any company. Often, the ROE of a business is higher than that of other enterprises. However, high ROE is not always high because the ROE is high but the business is at great risk, this is not what shareholders want. To better understand the factors that affect ROE, analysts often use the Dupont model to analyze. The Dupont model is as follows:

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\text{Return on equity (ROE)} = \frac{\text{Net profit margin (ROS)}}{\text{Number of total assets turnover}} \times \frac{\text{Profit after tax}}{\text{Total average assets}} \times \frac{\text{Net revenue}}{\text{Equity average}}
\]

With this approach, a clear explanation for the volatility of the ROE can be explained. For ROE to rise, net margins, increased total asset turnover and financial leverage are needed. ROS and total asset turnover are two positive factors impacting ROE as these indicators demonstrate the profitability and efficiency of enterprise asset utilization. The equity-to-debt ratio is a double-edged sword, the positive side of which is financial leverage, and the negative side of financial risk. From a financial leverage angle, this factor will increase ROE. However, the high equity-to-debt ratio represents a significant proportion of the total capital of an enterprise, which means that the business is exposed to large financial risks. Therefore, when analyzing the effectiveness of the use of equity, we need to carefully consider each factor affecting the ROE.

Thus, ROE and ROA are important indicators to assess the financial situation of enterprises. Through the Dupont model we can see the factors that affect the two indicators and affect the financial situation of the business. This will help managers to make informed decisions in a timely manner.

RESEARCH RESULTS

In this research, the author presents the proposed application of Dupont model to financial analysis of Samsung Electronics Vietnam Co., Ltd. Samsung is South Korea's largest electronics group, with the goal of becoming a global electronics company. The company has expanded and expanded its production in many countries, including Vietnam. With 20 years of investment and production in Vietnam, Samsung has developed two large production areas in Bac Ninh and Thai Nguyen, followed by a lot of satellite businesses to develop economic incentive for Bac Ninh, Thai Nguyen and neighboring provinces. SEVT officially came into operation on October 1, 2013, although it was put into operation but SEVT has
collected 60,000 employees by the end of 2015, 80,000 in 2016. With the advent of SEVT and satellite businesses of SEVT, it has created a driving force for the southern region of the province in particular and Thai Nguyen in general. With such great influence, the financial situation of SEVT is not only concerned with the interests of SEVT and Samsung managers. Especially the ROA and ROE metrics. In 2013, Samsung Limited Company officially invested in Thai Nguyen, in 2014 this company started to produce business and profit. 

Figure 1 shows that ROI of SEVT's ROA over the two years from 2014 and 2015 tends to increase (up 4.7%). This is due to the fact that SEVT's asset utilization in 2015 increases with the total asset turnover increase of 0.86. Although in 2015 the SEVT's return on sales (ROS) this year decreased by 1.1%. This indicates that the new SEVT was in operation but the rate of return was rather high, in addition to the efficient use of assets, which made the return on assets higher. Analyzes show that the efficient use of assets by enterprises will make the ROA increase significantly.

In terms of return on equity ROE, according to the Dupont method we will analyze the relationship with the following factors:

Model Evaluation

Advantage: Simplicity. This is a very good tool to provide people with basic knowledge to positively impact the business results of the business. It is easy to connect with staff compensation policies. Can be used to convince management to implement reforms to professionalize the purchasing and sales functions. At the same time look at the state of the company to make up as well as improve to help profitability is high from the business.

Limit: The reliability of the model depends entirely on the hypothesis and the input data.

CONCLUSIONS

From the analysis above, it is possible to conclude profitability from the production process as follows:

Return on equity (ROE) tends to be good through the years (2014-2015), ROE increases:

- The size of the market increases (shown by the increase in net sales) of reasonable expenses. At the same time,
thanks to a stable source of raw materials, good control of costs and business stability to increase profits from production and business activities and limit risks related to the market.

- Increasing asset revolutions show that corporate assets are increasingly used more efficiently. Investment in equipment has been increasingly strengthened, especially the increase in fixed asset investment, the expansion of production scale (enterprises invest in equipment, factory machinery, etc.). There is a need for methods to promote increased business growth (ROE).

It demonstrates that the company has expanded its scope, expanded its market, enhanced its methodology, applied modern science and technology to its production.

For any company or business, it is important to understand the financial performance of a company as it helps managers and planners make the right decision to keep the business going. The production and business of the unit achieved high efficiency. The paper has focused on theoretical background of financial analysis and application of DuPont model to support analysis of financial indicators of enterprises such as ROE, ROA. Through this, the paper has demonstrated that the DuPont analysis model is used to generate and analyze factors affecting the ROE, ROA and impact on the financial status of the business. This allows managers and administrators to obtain useful information and an objective view of their finances to gain accurate insights and support key decisions. Accurate, timely to ensure business profit.

The article also applied DuPont model application point to the analysis of ROE and ROA financial ratios at Samsung Electronics Vietnam Co., Ltd in order to improve the company's production and business performance. Recommend to the company should be more active in strengthening the maintenance, expansion and expansion of business operations, reduce unnecessary costs, improve the efficiency of resources utilization, solutions to overcome difficulties, Bringing the revenue and profits up every year. Some of the expenditures have not achieved high efficiency such as ROA, ROE, ROS, fast payment ability, revolving number of assets, ... so in the coming years the company needs to overcome these limitations.

Recommendations

Based on the data and based on the analytical model, SEVT's ROA and ROE indicators provide some recommendations for SEVT to increase the rate of return and financial security.

About improving the return on sales: SEVT needs new product development strategies as well as marketing strategies to expand the consumption market to increase sales of products.

In terms of labor, with most of the direct labor force being unskilled laborers, the company needs to have policies to improve the skills of employees to improve productivity. Dong. Moreover, the working environment has many harmful components and high working intensity so the safety and health of the company employees need to pay attention to the employee's peace of mind to work.

In terms of debt ratio, SEVT has a total debt of 76.7% in 2014. By 2015, the total debt will account for 60%. Although SEVT has tended to reduce the financial security but depending on the situation and business strategy of the company can balance the use of this resource is reasonable.

In addition, the author made a number of recommendations to improve the performance of business activities of Samsung Electronics Corporation Thuy Nguyen as follows:

Reduce costs and improve profitability: With revenue-cost-profit, if the company wants to achieve high profits, in addition to raising sales, it must reduce costs. The problem that the company has to do is to reduce costs from the cost of goods sold, which always accounts for a high proportion of the cost, the main cause of the decrease in profit. Then find solutions to increase sales and profits.

Better use of assets and capital: At present, the company has invested a large amount of assets with high asset efficiency compared to many Vietnamese companies. However, in order to increase the rate of return, the company needs to use assets more efficiently, which in turn saves the cost of borrowing more.

References

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