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Enhancing Cash Flow Management Efficiency in Private Economic Groups through Identifying Determinants Reflected in the Statement of Cash Flows

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ABSTRACT
Effective cash flow management is a critical foundation that determines a firm's ability to survive, maintain liquidity, and achieve sustainable development. This study aims to identify the factors influencing the efficiency of cash flow management as reflected in the statement of cash flows among private economic groups in Vietnam. Using quantitative analytical methods processed through SPSS 26 and based on data collected from 236 survey respondents, the findings reveal that Operating Efficiency, Liquidity Ratio, Debt Ratio, Asset Structure, and Profitability are significant determinants of cash flow management efficiency in enterprises. Based on these results, the study proposes several managerial implications to help optimize resources, capital and asset structures, strengthen working capital management, enhance earnings quality, and formulate effective policies for improving cash flow performance.
Keywords: *Cash flow management efficiency; statement of cash flows; private economic groups.*

1. INTRODUCTION:

Cash flow has long been considered the "blood" that sustains the life of a business. An organization can announce a high profit level, but if it does not generate enough money from its business operations, the entire operating system will immediately be under pressure from declining liquidity, stagnant financial obligations, missed investment opportunities, and increased risk of instability. In business operations, cash flow determines the operation of business activities. If a business is profitable but does not have enough money for normal operations, it will threaten the existence and development of that business. The amount of cash is very important for a company to continue its operations. A business that controls its cash balance well will have the opportunity to develop sustainably. In other words, cash is a need while profit is a desire. Many studies have shown that cash flow has an impact on business profits and vice versa. Profit is formed through accounting processes, influenced by revenue recognition policies, expenses or accounting estimates, while cash flow reflects the real, objective fluctuations of cash in and out. The relationship between these two indicators therefore, becomes an important tool to help analysts assess the quality of profits and detect unusual signs in accounting practices. A large difference between profit and cash flow can be a signal of unusual inventory increases, long-term debt, loose credit policies or even profit adjustment behavior. By analyzing the two indicators together, businesses can more accurately determine the balance point between profit targets and liquidity requirements in each stage of operation.

For private economic groups, cash flow management becomes more complicated when inflows and outflows are formed from many member units, diverse business activities and long investment cycles. Cash flow statements, with the ability to directly reflect cash flows from business, investment and financial activities, are an important tool to help identify factors affecting the ability of the enterprise to generate cash. By understanding the relationship between profit and cash flow on the cash flow statement, analysts can clearly understand the performance of the enterprise. Because profits calculated through normal accounting activities do not change cash flow, analysts can use this relationship to detect doubts about accounting practices. Likewise, by adjusting the ratio between profit and cash flow, they can have a clearer view of developing other issues in the enterprise. During the analysis process, investors need to have documents and detailed information on each indicator, combining the two indicators to have correct assessments of the financial situation of the unit. Moreover, research on profit and cash flow aims to help businesses determine when profit or cash flow is important, thereby clearly defining the goals of the business in the short and long term. Based on that reality, the research aims to identify factors affecting cash flow, thereby providing a basis for some implications to help businesses improve their financial management capacity, control cash flow risks in a sustainable way, plan long-term strategies, and balance growth targets and financial autonomy.

2. Theoretical basis and proposed research model

The cash flow statement is one of the three basic financial statements of an enterprise, which provides information on cash inflows and cash outflows arising from three main groups of activities: business activities, investment activities and financial activities in an accounting period. Unlike the balance sheet and income statement, which are prepared on the accrual basis, the cash flow statement is prepared on the cash basis of accounting, reflecting actual

transactions related to cash and cash equivalents. Therefore, net cash flow and profit are formed from two different foundations. According to the direct method, net cash flow is determined by the difference between cash receipts and cash disbursements; while according to the indirect method, net cash flow is calculated from pre-tax profit and adjusted for non-cash items and changes in inventories, receivables and payables. Profit and cash flow are therefore two essential indicators reflecting the efficiency and cash generation ability of an enterprise; Although they are established on different bases, they complement each other in financial analysis, helping investors and managers more accurately assess the quality of profits, transparency and financial health of the enterprise (Bui & Dao, 2022). Cash flow management or cash flow management is the activity of planning and organizing control to balance cash flow out and cash flow in according to the requirements of the enterprise's operations to maximize the value of the enterprise. Effective cash flow management helps enterprises balance the amount of cash in and out, manage long-term and short-term cash flow well to avoid waste and excess cash (Nguyen, 2022). The goal of cash flow management is to maximize liquidity and control cash flow, while maximizing the value of the fund and minimizing costs to maintain the fund level to ensure that liquidity (Do, 2024)

Keynes (1937) asserted that liquidity helps businesses avoid "shocks" from unexpected cash flows. Cash flow is one of the important measures reflecting the financial "health" of a business. Bowen et al. (1986) pointed out a strong correlation between traditional cash flow (based on funds) and income, but a weak correlation between "alternative" cash flow measures and income. The study confirmed that the cash flow prediction model does not affect future profits and cash flows. In addition, the results of the study also pointed out factors affecting cash flow, including: Financial structure, solvency, inventory and receivable turnover, asset structure, and shareholder structure. Arnold et al. (1991), Sharma and Iselin (2000) examined the usefulness of cash flow information in the context of financial distress. The results showed that important information about the usefulness of cash flow data to assess the solvency and survival chances of the enterprise. The study demonstrated that the receivable turnover ratio has the strongest impact on the actual cash flow of the enterprise. Besides, there are factors such as financial leverage, asset structure, solvency, business lines, financial markets and financial institutions.

Olatundun (2003) studied the relationship between profit and cash flow using the Lintner-Brittain Model with time series data. The results showed that there is a significant relationship between the change in profit and cash flow unlike previous studies, the change depends on the growth rate, the choice of capital structure, the size of each enterprise and macroeconomic policies. According to Roychowdhury (2006), financial managers have been interested in cash flow management and "earned" benefits from the cash flow management of the enterprise. To manage cash flow well, they are interested in the cash inflow from receivables and the cash outflow from financial investments. Kousenidis (2006) cash flow management is reflected through cash management, the study shows that cash management is based on the contents such as managing receivables, payables and creating optimal cash levels. In addition, cash flow forecasting, establishing relationships with financial institutions to handle the surplus or shortage of funds, have been mentioned. Le et al. (2017) pointed out that family ownership can reduce or aggravate the cash flow of retail companies. Muhammad (2017) determined the importance of past cash flow to profits. The results showed that past cash flow is positively correlated with the profitability of the business, at the same time debt ratio, solvency and turnover ratios of inventory and receivables are financial ratios that affect net cash flow. Along with that, Usman et al. (2018) Investigation of the impact of cash flow on profit shows that factors affecting cash flow include payment capacity, turnover ratios, return on assets, return on equity, business sector, management capacity, and business credit policy.

In Vietnam, the study by Bui and Dao (2022) on factors affecting the cash flow of enterprises shows that debt ratio, solvency, asset structure, operating efficiency, and profit all have an impact on the cash flow of enterprises. The study by Duong Thi Nhan (2024) analyzes groups of subjective and objective factors affecting the cash flow management of enterprises, including the capacity of the financial management team, the scale and organizational structure of the enterprise, the control of the enterprise's operations, the financial resources of the enterprise, risk forecasting, economic forecasting, technology used in cash flow management, economic policies of the state, investment partners, and customers. Research by Ha Van Sy (2025) shows that factors affecting free cash flow in construction enterprises include free cash flow, inventory, receivables, payables, liquidity ratio, cash conversion cycle, company size, and company age. Through an overview of some domestic and foreign studies, the author selects and proposes 5 factors affecting the cash flow of enterprises, including: Debt ratio, Enterprise solvency, Enterprise asset structure, Operating efficiency, Profit

Debt Ratio: measured by the ratio of total liabilities to total assets, reflects the extent to which a business uses borrowed capital to finance assets. A high debt ratio indicates a high level of dependence on creditors, reducing financial autonomy and increasing the risk of illiquidity if the business does not generate enough money to pay due obligations. When the debt ratio is high, the pressure to pay interest and principal also increases, thereby reducing net cash flow from business operations. On the contrary, a low debt ratio indicates high financial autonomy, lower risk and more stable cash flow. Therefore, the debt ratio is expected to have a significant impact on the cash flow of the business, thereby providing the basis for proposing research hypotheses related to this relationship.

Liquidity Ratio: reflects the financial capacity of the enterprise in meeting short-term debt obligations with existing resources such as cash, deposits, receivables and assets that can be quickly converted into cash. These obligations include short-term loans, debts to suppliers, taxes payable, payables to employees and other due expenses. Solvency is often measured through the ratio of current assets to current liabilities, showing the extent to

which the enterprise can use current assets to cover short-term debts. The higher this index, the better the enterprise's liquidity, reducing the risk of insolvency and creating conditions to maintain a more stable cash flow. Conversely, low liquidity can lead to financial pressure, reducing net cash flow from business operations.

Asset Structure: reflects the ratio between long-term assets and total assets, in which the ratio of long-term assets to total assets is a commonly used indicator for measurement. This is an important component in the financial structure, because the level of long-term asset ownership can directly affect the ability to mobilize and use capital of the enterprise. In theory, when the ratio of long-term assets is high, the enterprise has many tangible assets used as collateral to access external sources of loans. Having collateral makes it easier for the enterprise to borrow capital at lower interest rates, thereby reducing the cost of capital and creating conditions to improve cash flow. On the contrary, an asset structure that is biased towards short-term assets can limit the ability to mortgage and reduce the efficiency of capital mobilization for business operations.

Operating Efficiency: reflects the extent to which a business uses existing resources to generate revenue and profit at the lowest cost. Capital efficiency is always associated with the existence and development of a business, so operating indicators such as inventory turnover, receivable turnover or total asset turnover are often used to evaluate the ability to operate and exploit assets. When operating efficiency is high, a business can convert assets into cash faster, shorten the business cycle and improve cash flow from business operations (Jensen, 1976). On the contrary, low operating efficiency reflects inefficient use of assets, prolonging the capital recovery period and putting pressure on cash flow.

Profitability is an important indicator reflecting the final results of production and business activities and the level of value creation for the enterprise. Profit is formed based on accrual accounting, so not all recorded profits are converted into cash during the period. However, high profits often show the ability to operate effectively, the ability to generate future cash flows and the ability to meet financial obligations better. On the contrary, low or fluctuating profits can lead to the risk of cash flow shortage, increase payment pressure and affect the financial stability of the enterprise.

On that basis, the research hypothesis and research model are proposed as follows:

H1: Debt Ratio has a positive impact on Cash Flow Management Efficiency in private economic corporations

H2: Liquidity Ratio has a positive impact on Cash Flow Management Efficiency in private economic corporations

H3: Asset Structure has a positive impact on Cash Flow Management Efficiency in private economic corporations

H4: Operating Efficiency has a positive impact on Cash Flow Management Efficiency in private economic corporations

H5: Profitability has a positive impact on Cash Flow Management Efficiency in private economic corporations

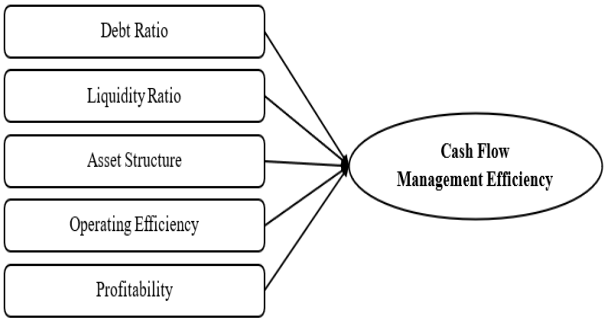

Figure 1. Proposed research model

Source: Author's proposal

From the proposed research hypotheses and models, the general research equation is presented as follows:

$$CF = \beta_0 + \beta_1 * DR + \beta_2 * LR + \beta_3 * AS + \beta_4 * OE + \beta_5 * PR + \varepsilon$$

In there:

CF (dependent variable): Cash Flow Management Efficiency

The independent variables include (X_i): Debt Ratio (DR); Liquidity Ratio (LR); Asset Structure (AS); Operating Efficiency (OE); Profitability (PR).

βk: Regression coefficient ($k = 0, 1, 2, ..., 5$) ; ε: Random error.

3. Research methods

Qualitative research: The preliminary scale was built based on selective inheritance from scales of related domestic and foreign studies, combined with in-depth discussions with experts in the field of financial accounting, as well as interviews with several accounting staff working at enterprises belonging to private economic groups. This process helps researchers to screen and adjust the content of observed variables to ensure the suitability of the scale with the characteristics of the survey subjects, while adjusting the language in a clear, easy-to-understand direction, avoiding confusion when implementing the questionnaire. The official scale is measured on a 5-level Likert scale, from level 1 (strongly disagree) to level 5 (strongly agree), including 22 observed variables corresponding to 5 independent factors and 1 dependent factor. The study collected data using a non-probability convenience sampling method. The study followed the minimum sampling ratio recommended by Hair et al. (2010), with the best ratio being 10:1 (number of samples per number of observed variables), to ensure the reliability and statistical value of the analysis results. The survey was distributed online via email to employees and managers working at enterprises belonging to a number of large private economic groups in Hanoi and Ho Chi Minh City. The survey was conducted between March 2025 and July 2025. At the end of the survey, 236 valid survey forms were collected after eliminating invalid ballots.

Quantitative research: Valid data after collection was processed and analyzed using SPSS 26 software with a statistical significance level of 5% using descriptive

statistical methods; testing the reliability of the scale using Cronbach's Alpha coefficient; exploratory factor analysis (EFA) to test the structure of observed variable groups; finally, correlation analysis and multivariate linear regression to determine the factors that directly affect and the level of influence of those factors on the effectiveness of cash flow management.

4. Research results

Statistical analysis describing the characteristics of 236 survey samples shows that: In terms of gender, the survey sample includes 132 males, accounting for 55.9 % and 104 females, accounting for 44.1 %. In terms of age, the group from 25 – 35 years old accounts for the largest proportion with 142 people corresponding to 60.2%; the group from 36 – 45 years old has 68 people accounting for 28.8 %; the remaining 26 people are in the group over 45 years old, accounting for 11.0%. In terms of educational level, there are 170 people with a university degree, accounting for 72.0%, and there are 56 people with a postgraduate degree, accounting for 23.7 %. and 10 people with college degrees accounted for 4.3 %. Regarding job positions, 141 people accounted for 59.7 % were professional staff, 63 people accounted for 26.7 % were middle managers and 32 people accounted for 13.6 % were senior managers. Regarding working experience, 97 people have 3-5 years of experience, accounting for 41.1%, 88 people, 37.3% of the respondents, had 6–10 years of experience, and 51 people had over 10 years of experience, accounting for 21.6%. Overall, the sample structure showed diversity in demographic and occupational characteristics, ensuring representativeness and suitability for analysis.

Table 1. Results of reliability and factor analysis to explore independent factors

Factor	Average score	Corrected Item – Total Correlation	Cronbach's Alpha if Item Deleted	Factor loadings
Debt Ratio		**Cronbach's Alpha = 0.815**		
DR2	3.78	0.578	0.802	0.814
DR1		0.514	0.785	0.793
DR4		0.549	0.761	0.778
DR3		0.531	0.757	0.762
Liquidity Ratio		**Cronbach's Alpha = 0.839**		
LR3	4.06	0.652	0.836	0.827
LR2		0.591	0.804	0.801
LR1		0.564	0.799	0.786
LR4		0.538	0.781	0.752
Asset Structure		**Cronbach's Alpha = 0.808**		
AS1	3.91	0.416	0.793	0.814
AS3		0.479	0.778	0.790
AS2		0.435	0.762	0.771
Operating Efficiency		**Cronbach's Alpha = 0.797**		
OE 4	4.12	0.524	0.780	0.796
OE1		0.623	0.769	0.773
OE2		0.587	0.753	0.751
OE3		0.608	0.748	0.748
Profitability		**Cronbach's Alpha = 0.824**		
PR1	3.85	0.652	0.812	0.809
PR3		0.602	0.794	0.781
PR2		0.640	0.786	0.765
KMO coefficient = 0.757				
Bartlett's test		**Approx. Chi-square value**		5643.127
		df		289
		Sig.		0.000
Total variance extracted				72.831%
Eigenvalue				1.157

Source: Author's data processing results

The score of the factors in the scale ranges from 3.78 to 4.12, reflecting a relatively high level of consensus and positive assessment from respondents towards the variables in the research model. Specifically, Operating Efficiency has the highest average score (4.12), showing that respondents have a very positive assessment of the operational efficiency and resource utilization of the enterprise. Next is the Liquidity Ratio with an average score of 4.06, showing the favorable assessment of the survey sample on the solvency and short-term cash flow assurance of the enterprise. Asset Structure has an average score of 3.91, showing a fairly good assessment of the asset structure and the ability to support capital mobilization of the enterprise. Meanwhile, Profitability has an average score of 3.85, reflecting the moderate satisfaction of respondents with the profit-making results. Debt Ratio has the lowest mean score (3.78), but is still above the median, indicating that respondents have a relatively positive but cautious view of the level of debt used by businesses.

The results of the reliability analysis of the independent factor scales using the Cronbach's Alpha coefficient show that all groups of observed variables have values above 0.7, indicating that the scales used in the study have good internal consistency. At the same time, the total correlation coefficient of all observed variables has values greater than 0.3, confirming the close connection between each variable and the overall scale, and the Cronbach's Alpha coefficients if the variables are removed are all lower or approximately the original value, demonstrating

that no observed variables reduce the reliability of the group, so there is no need to remove any observed variables from the model. The results of the EFA exploratory factor analysis using the Components extraction method and Varimax rotation showed that the KMO coefficient = 0.757 satisfied the greater than 0.5 and less than 1, indicating that the data were completely suitable according to Hair et al. (2010) . Bartlett's Test has a Sig. value = 0.000, showing a significant linear correlation between the observed variables. In the rotation matrix table at the Eigenvalue level greater than 1, there are 5 groups of factors extracted as initially predicted, with the total extracted variance reaching 72.831%, satisfying the minimum threshold of 50%, proving that the extracted factors can explain most of the variation in the survey data. At the same time, all factor loading coefficients are greater than 0.7. shows a very good level of convergence between the observed variables with each other in the same group of corresponding concepts and there is no interference between the factors. Thus, the results of Cronbach's Alpha and EFA analysis both show that the scale of independent factors in the study has high reliability and good structural value, qualified for use in subsequent analyses (Hair et al., 2010).

Table 2. Results of reliability and factor analysis to explore dependent factors

Factor	Average score	Corrected Item – Total Correlation	Cronbach's Alpha if Item Deleted	Factor loadings
Cash Flow Management Efficiency		**Cronbach's Alpha = 0.827**		
CF3	4.36	0.615	0.813	0.804
CF1		0.609	0.792	0.785
CF4		0.572	0.776	0.761
CF2		0.548	0.765	0.749
KMO coefficient = 0.751				
Bartlett's test	**Approx. Chi-square value**	278.359		
	df	4		
	Sig.	0.000		
Total variance extracted		75.198 %		
Eigenvalue		1.587		

Source: Author's data processing results

The results of the reliability analysis of the dependent factor scale " Cash Flow Management Efficiency " show that the Cronbach's Alpha coefficient is 0.827, greater than 0.5 (Hair et al., 2010), reflecting a high reliability scale and good internal consistency. At the same time, all observed variables in the scale have a total correlation coefficient greater than 0.5, reflecting the close connection between each observed variable and the entire scale. Moreover, the Cronbach's Alpha coefficient if the variable is eliminated is smaller than the general coefficient, which shows that no observed variable reduces the reliability of the scale; therefore, all these variables are retained in the model. Exploratory factor analysis (EFA) results in a KMO coefficient of 0.751, showing that the correlation level between observed variables is high enough to conduct factor analysis. In addition, Bartlett's test has a Sig value. = 0.000, showing that the correlation between variables in the entire matrix is statistically significant, meeting the necessary conditions for further analysis. At the Eigenvalue level of 1.587, higher than the standard threshold, factor analysis extracted a single factor with a total variance extracted of 75.198 %, satisfying more than the minimum level of 50% recommended by Hair et al. (2010), reflecting the high generalizability of the group of variables in reflecting the general theoretical concept. In addition, the factor loading coefficients of the four observed variables are all greater than 0.7. shows a very good degree of convergence between the observed variables. and no cross-loading phenomenon appears, confirming that the scale has a clear and consistent structure. Therefore, the entire scale meets both statistical and content requirements, ensuring the conditions for regression analysis in the next step.

Table 3: Pearson correlation analysis results

	CF	DR	LR	AS	OE	PR
CF	1					
DR	0.582**	1				
LR	0.694**	0.210**	1			
AS	0.657**	0.178*	0.271**	1		
OE	0.708**	0.257**	0.187**	0.192**	1	
PR	0.743**	0.246**	0.258*	0.205*	0.189**	1
,. Corresponds to p < 0.05 and p < 0.01*						

Source: Author's data processing results

The results of Pearson correlation analysis show that the independent factors are all positively correlated and statistically significant with the dependent factor " Cash Flow Management Efficiency " as shown by the correlation coefficients being greater than 0.4 and the Sig. value being less than 0.05. This shows that each factor in the model has a certain relationship with the effectiveness of cash flow management in private economic groups. In addition, there is no suspicion of multicollinearity among the independent factors, satisfying the conditions for inclusion in the regression analysis model (Hair et al., 2010).

Table 4. Results of multiple linear regression analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.792[a]	0.775	0.768	0.349	1.795

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	61.281	5	3.178	89.627	0.000
Residual	12.905	230	0.015		
Total	74.186	235			

Model		Unstandardized coefficient		Standardized coefficient	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.158	0.012		1.592	0.000		
	DR	0.231	0.034	0.259	2.471	0.000	0.739	1.659
	LR	0.267	0.028	0.282	2.688	0.024	0.531	1.713
	AS	0.214	0.026	0.235	3.573	0.000	0.728	1.641
	OE	0.285	0.015	0.301	1.582	0.005	0.614	1.728
	PR	0.173	0.022	0.206	2.590	0.001	0.645	1.715
Dependent variable: CF								

Source: Author's data processing results

The results of the multivariate linear regression analysis by the Enter method show that the research model has a high level of suitability and statistical significance, with a correlation coefficient R of 0.792 reflecting the close relationship between independent factors and secondary factors. In particular, the coefficient of determination R^2 is 0.775, and adjusted R^2 reached 0.768, proving that the independent factors in the model explained up to 76.8 % of the variation in the dependent factor. The analysis results also showed that the Durbin-Watson coefficient reached 1.795, which is in the range from 1.5 to 2.5, so there is no residual autocorrelation in the regression model. The results of ANOVA analysis and F test show that the statistical value of Sig is 0,000, so the linear regression model is suitable for the data file and can be used. Testing the research hypotheses shows that all factors included in the model have a significance level of Sig. less than 0.05, indicating that the model is statistically significant. At the same time, the variance inflation factor (VIF) of the independent factors is less than 2, indicating that there is no multicollinearity between the factors in the model. In addition, regression diagnostic tests such as Scatterplot, Histogram, and PP plot show that the residuals are randomly distributed, approximately normal, and do not violate the assumptions of the multivariate linear regression model, specifically: Scatterplot plots showing residuals compared to the predicted values show that the points are randomly scattered around the mean = 0, not forming a regular geometric shape, proving that the assumption of linear relationship and constant variance (homoscedasticity) is guaranteed; The Histogram of the residuals shows that the residuals are approximately normally distributed, with the normal distribution curve roughly coinciding with the histogram when the Mean value is approximately 0 and the standard deviation is close to 1 reflecting normally distributed residuals. The P–P Plot of the standardized residuals shows that the observation points are distributed close to the 45-degree diagonal, confirming that the assumption of normal distribution of the residuals is not violated. Thus, the hypotheses are all meaningful, the regression equation, according to the standardized beta coefficient, is written as follows:

$CF = 0.301*OE + 0.282*LR + 0.259*DR + 0.235*AS + 0.206*PR + \varepsilon$

Through the equation, it can be seen that Operating Efficiency (OE) has the largest impact coefficient ($\beta = 0.301$), showing that operating efficiency plays the most important role in improving cash flow. Enterprises that use assets effectively, shorten business cycles and optimize resources will have enhanced cash generation capacity. Liquidity Ratio (LR) ranked second ($\beta = 0.282$), reflecting good liquidity that helps businesses maintain stable cash flow, easily meet financial obligations and reduce the risk of cash shortage. Debt Ratio (DR) has a coefficient of $\beta = 0.259$, showing that the level of debt use also positively affects cash flow, especially when businesses take advantage of reasonable loan capital to expand operations and increase cash flow from the business. However, this impact often comes with risks if debt exceeds the ability to pay. Asset Structure (AS) has a coefficient $\beta = 0.235$, showing that businesses with an

appropriate proportion of long-term assets will have more favorable conditions in mobilizing capital, reducing capital costs and improving cash flow. Profitability (PR) has the lowest coefficient (β = 0.206), but still shows that profit has a positive impact on cash flow. When a business operates efficiently and generates sustainable profits, its ability to accumulate and generate cash flow in the future will increase.

5. Management implications

Firstly, businesses need to review and optimize production and business processes to shorten operating cycles and increase capital turnover speed. Applying technology in inventory management, order management and production planning to reduce loss, reduce storage time and increase asset efficiency. Enhance operational analysis of inventory turnover, receivable turnover and asset turnover to identify bottlenecks. Strengthen cost management, eliminate non-value-added expenses and control operating costs according to the lean operation model.

Second, businesses need to maintain a safe level of liquidity to meet financial obligations. Establish a minimum liquidity threshold and an early warning mechanism when cash flow is at risk of shortage. Tightly manage receivables by shortening credit terms, classifying customers according to risk, and applying early payment discounts. Plan short-term and long-term cash flow, forecast cash flow weekly/monthly to proactively balance payment sources. Maintain adequate cash reserves and diversify sources of liquidity, including credit reserves, overdraft lines, or short-term financial instruments.

Third, businesses need to manage debt structure at a reasonable level, build a safe debt strategy, and balance short-term debt and long-term debt to reduce payment pressure. Take advantage of loans with preferential interest rates, while limiting hot loans or high-cost sources of capital. Negotiate with banks and suppliers to extend debt repayment terms when necessary to reduce short-term cash flow pressures. Periodically assess debt repayment capacity based on real cash flows rather than just accounting profits.

Fourth, adjust and optimize the asset structure to increase the proportion of long-term assets with mortgage potential to improve access to loans with low interest rates. Evaluate the efficiency of fixed asset use; liquidate or lease underutilized assets to increase cash flow. Optimize current asset structure, especially inventory and receivables management, to reduce capital occupation. Balance long-term and short-term assets appropriately to suit business strategy and actual capital needs.

Five, improve profit efficiency. Focus on products/services with high profit margins and eliminate inefficient business segments. Promote technological innovation, automation and improve labor productivity to reduce production costs. Review pricing policies, optimize product portfolios and improve marketing strategies to increase revenue. Linking earnings management with cash flow management ensures that accounting earnings accurately reflect actual cash generation.

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