Corporate Governance and Liquidity Risk of ASUS Group Limited

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ABSTRACT

The purpose of this study is to measure corporate governance capabilities and the impact on ASUS's performance and risk. The research method used in this study was to use the SPSS System to perform regression analysis on Asus. On the surface of research, Asus's liquidity performance has deteriorated year by year, which means that Asus's short-term debt bearing capacity is weakening. And regression analysis shows that Asus's liquidity risk is affected by the return on assets (internal factors) and China's domestic production growth (external factors), and is greatly affected.

Keywords: liquidity risk, and corporate governance.

1.0 INTRODUCTION

1.1 Company's background and its operation.

Established in 1989, asus limited company is the world's large electronics distributor, including computers, mobile phones, motherboards, graphics cards, wired or wireless devices, and so on. Asus with branches in more than 20 countries and regions around the world, and 100,000 employees, ASUS has become an information industry giant with an annual turnover of more than $16.5 billion. ASUS was founded by Xu Shichang, Tong Zixian, Liao Minxiong and Xie Weiqi. ASUS's specialty stores and subsidiaries have been around the world.

1.2 Existing corporate governance mechanism

ASUS's sustainable governance structure consists of three parts, namely the board of directors, chairman and chief executive officer. ASUS's business philosophy has made Asus a world-class green and high-tech leader brand, making rich and valuable contributions to mankind. So, in 2009, the agency set up a sustainability team to grasp the trends in global sustainability and analyze sustainability. Such as governance, environmental and social core issues, as well as the core of remediation business, product innovation and employee services to promote and develop sustainable development strategies, this department was named "sustainable development and green quality management department" by Asus, the department The chief executives are called the Sustainability Officer who takes the global sustainability trends, manages sustainability policies, goals and actions, and regularly submits annual important projects and performance to the board of directors for review by the board of directors.

1.3 Purpose of the study

1. Explore which internal factors will cause liquidity risk.
2. Find out which external factors cause the liquidity risk.
3. Study which internal and external of factors will cause liquidity risk.

1.4 The main problem of the study

1. Is there any relationship between internal factors that cause the impact of liquidity risk?
2. Are there any external factors that will affect the liquidity risk?
3. What internal and external factors will cause liquidity risk impact?

1.5 The scope of the study

The research sample details the Chinese smartphone industry (ASUS). Accounting and financial ratios and data are taken from ASUS's annual report from 2014 to 2018.

1.6 five research chapters

This study consists of five important chapters. The first chapter is an introduction to this study, including general explanations, research purposes, research questions, scope of research, and organization of research. In Chapter 2, we present a literature review of the independent variables and dependent variables, which are internal and external factors that influence the company's liquidity ratio. The third chapter describes the measurement of variables, as well as the research methods of variables and data analysis using spss. In Chapter 4, we discuss the results and analysis of this study. The sixth chapter is my summary and conclusions on this research and personal views.

2.0: LITERATURE REVIEW

Before we start corporate governance, we need to know what corporate governance is.A better understanding of corporate governance can better play the role of corporate governance in the modern enterprise system.

First we need to understand the difference between corporate governance and corporate governance. Corporate governance in a broad sense includes corporate governance, but the two are different. Corporate governance deals with the relationship between the owner (shareholder) and the operator (director/manager); the company management is to resolve the relationship between the company's operators and the company's workers (employees).

Corporate governance issues were raised in 1975 by the economist Williamson. By the 1990s, corporate governance became popular because it could drive a mechanism for efficient operation and value creation. The essence of corporate governance is to promote the sound operation of the company, enhance the value of the company, and maximize the value of shareholders. In order to more effectively plan the corporate governance program, the corporate governance structure is divided into internal governance and external governance Sincessment and .Improve the legal, institutional, and regulatory framework that affects corporate governance. The Principles are also stock exchanges and investment. Investors, companies and other institutions that play a role in advancing good corporate governance provide guidance.

Corporate performance is one of the most important parts of strategic management (Rumelt, R. P. et al., 1994). In this report, we recognize the relationship between quality corporate governance and company performance in the company. Therefore, understanding the meaning of company performance is very important (stable performance). The meaning of business performance may be different for each company. However, with the improvement of human capital, we can make some clear and meaningful definitions of corporate performance. In some cases, financial performance indicators include the percentage of sales of new R&D products, profitability, and return on capital and assets (ROA) used (Selvarajan et al., 2007; Hsu et al., 2007). Moreover, return on investment (ROI), earnings per share (EPS), and net income after tax (NIAT) can also be used as indicators to measure financial performance (Grossman, 2000). It is worth mentioning that the researchers also want to put management accounting indicators and financial indicators together for a six-dimensional comparison. “Worker compensation” (worker compensation divided by sales); “quality” (the number of errors in production); “shrinkage” (eg, inventory losses, defects, returns, etc.); “productivity” (dividend expenses divided by Output); “Business Expenditure” (total turnover expenditure divided by the number of sales) (Wright et al., 2005). In other words, we can also use the “perceived performance

approach” (called subjective performance metrics) to measure business performance. At this time, from the perspective of senior managers, the scale of business similar to the scale used by Creditrt is Good or bad (Selvarajan, 2007). But in general, business performance is broadly defined as “the operational capacity to meet the expectations of the company's major shareholders” (Smith & Reece, 1999, p. 153) and must assess its operational capabilities and measure organizational success....

Internal refers to the internal errors of the company, business or organization that lead to operational risks. For example, we cannot foresee any external events, just as a transportation system fails or a supplier fails to deliver goods (Ching, Colombo et al., 2017). In addition, operational risk refers to property damage caused by a series of potential operational errors, but can be remedied according to internal processes, personnel and systems if there are any deficiencies or any failures, or external events (such as fraud, computer errors) The risk of loss is to consider systems, control failures, operational errors, evasive mistakes or natural disasters (Michel Crouhy, Dan Galai, Robert Mark., 2014). According to Cohen (1990), after entering the business, it is necessary to understand the nature of the business. The structural composition of the industry and the trends of the industry will help to demonstrate the current and future attractiveness of the industry and thus operational risks....

The first rule of the Convention, which was extended in Paris on December 14, 1960 (which entered into force on September 30, 1961), shows that the Organization for Economic Co-operation and Development (OECD) will promote the development of these policies:

− While maintaining economic growth, it is also necessary to achieve sustainable economic growth, employment and continuous improvement in living standards, and financial stability to help the world economy develop;

- Promote and prevent and non-discrimination, and achieve healthy and legal economic growth in the process of economic development;

- On the basis of multilateralism and non-discrimination, improve the development of world trade in accordance with international obligations.

In any financial institution, all the principles of corporate governance are important and valuable, and risk management is the most popular principle. Every financial institution and non-financial institution has huge financial risks. Financial institutions will try to reduce this risk. From this perspective, the quality of corporate governance will in some ways diversify the risks to shareholders and some stakeholders. Companies or financial institutions can obtain formal guarantees for defaulting shareholders and bankrupt employees. Negative news, fraud, civil and criminal intent are an important factor for any company. If there is a management body with strong management capabilities and the correct implementation of management in principle, these frauds will exist. This huge mechanism will enhance the company's image in the public's mind, so that it can acquire more shareholder capital. Without a common policy, such as accountability or transparency, the entire financial entity market will be destroyed and lead to a serious financial crisis.

3.0: METHODOLOGY

3.1 Introduction

At this stage I will introduce the methods used in this study. We will use the samples obtained from this section for the sampling technique of analysis and describe each part of the study. Finally, a detailed description of the methods used in the analysis and how to use Mode for data collection will be provided.

3.2 Population and Sampling Technique

Sampling is a method that allows researchers to extrapolate information about a person based on the results of a portion of the population. Sampling does not have to investigate everyone, which is random. We need to have a complete sampling frame during the sampling process, then sample all eligible people and randomly select samples from them.

In this study, the population is a Chinese smartphone company. In order to conduct this research, we randomly selected the asus mobile phone company for sampling.To measure the dependent variables (liquidity risk) and the independent variables (internal factors and external factors), the data of the annual reports from 2014 until 2018 is used.

3.3 Statistical Technique

This study selected Asus as the research object. We will use and analyze the 14- to 18-year data obtained from the annual report to study the internal and external factors related to ASUS, including profitability, company performance. , operations and reputation. We will use some measures to find the corporate governance index score. We also collected data on China's gdp, exchange rates, interest rates and inflation

3.4 Data Analysis

In this data analysis, liquidity risk is dependent variable, internal factor, external factor and other factors will be used as independent variables to study the influence of independent variable on dependent variable...

3.5 Statistical Package for Social Sciences (SPSS)

The role of the combined model of multiple regression is to determine the impact of internal factors and macroeconomics on ASUS's liquidity risk. Model 1, Model 2 and the model show this assumption.

Model 1: Pooled model of internal factors to the liquidity risk of ASUS

$$\text{Liquidity risk} = a + a_1ROA_i + a_2ACP_i + a_3DTI_i + a_4OR_i + a_5OM_i + a_6CGI_i + \varepsilon_{it}$$

Model 2: Pooled model of external factors to the liquidity risk of ASUS

$$\text{Liquidity risk} = a + a_1GDP_i + a_2Inflation_i + a_3IR_i + a_4ER_i + a_5MR_i + \varepsilon_{it}$$

Model 3: Pooled model of liquidity risk of ASUS

$$\text{Liquidity risk} = a + a_1ROA_i + a_2ACP_i + a_3DTI_i + a_4OR_i + a_5OM_i + a_6CGI_i + a_7GDP_i + a_8Inflation_i + a_9IR_i + a_{10}ER_i + a_{11}MR_i + \varepsilon_{it}$$

4.0: FINDINGS DATA AND ANALYSIS

Introduction

The finance staff can determine the financial trends by analyzing the company's financial ratio. In this study we can get a lot of financial information, like income statement financial statement, cash flow statement and balance sheet.

4.1 DESCRIPTIVE ANALYSIS

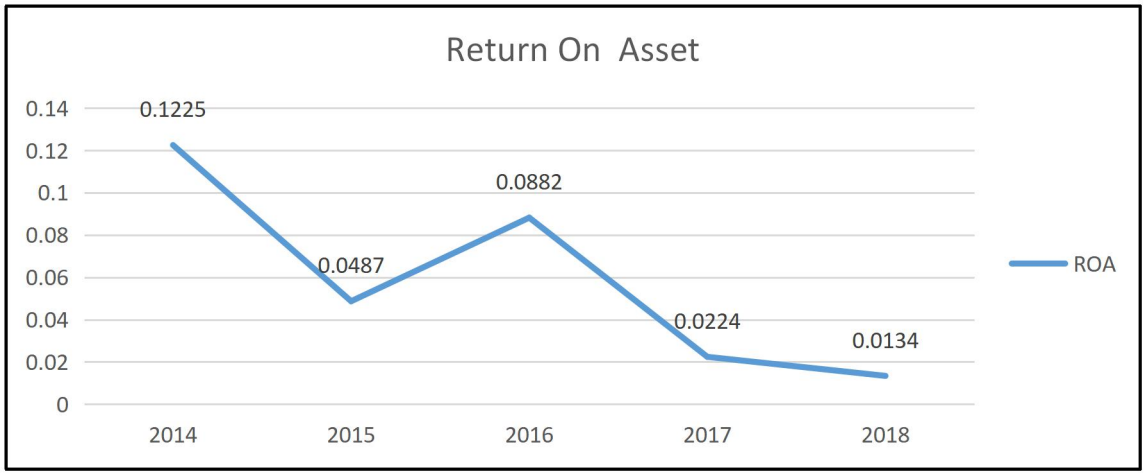
Table 1: showing Descriptive statistics of dependent and company specific variables

Descriptive Statistics			
	Mean	Std. Deviation	N
OPERATIONAL RATIO	0.057905234620234	0.034458045301011	5
ROA	0.059040	0.0458527	5
CURRENT RATIO	1.545770855892930	0.105735027342155	5
QUICK RATIO	1.045216660326560	0.122070537627676	5
AVERAGE-COLLECTION PERIOD	78.369533857537700	15.093917626226000	5
DEBT TO INCOME	0.325111893599493	0.047384710157954	5
Index CGI	0.680	0.1095	5

The collected data has been used in the spss system for five samples (2014 year to 2018 year), and the mean and standard deviation of the dependent and variable ratios are reported in this table. All data values are up to four decimal places

I. COMPANY PERFORMANCE

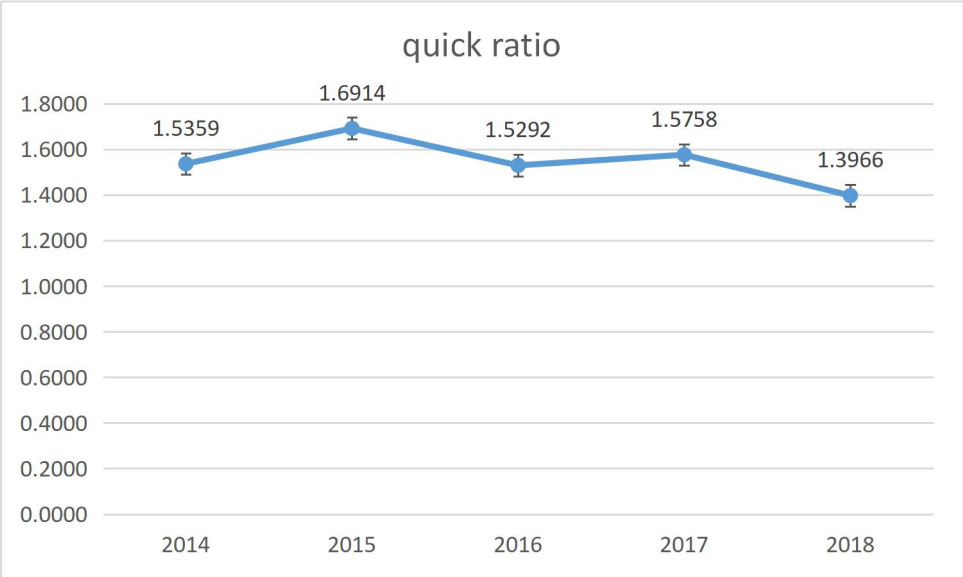
Graph 1: Return on asset ratio of ASUS from 2014 year to 2018 year



The role of ROA is the return on assets of the company's performance. The higher the ROA, the stronger the company's profitability. As can be seen from the above chart, the return on assets of Asus from 14 to 18 years fluctuated back and forth, and the return rate showed a downward trend from 14（0.1225） to 15 years（0.0487）, slightly rising in 16 years（0.0882）, but continued again in 17 （0.0224）and 18 years（0.0134）. The ASUS ROA is 14 years largest（0.1225） and the lowest is 18 years （0.0134）. According to Table 1, the average ROA of ASUS is 0.05900, and the standard deviation is 0.0459. This means that each dollar of assets invested by ASUS generates 5.9 cents of income, and the profit generated by the assets is 5 The dispersion during the year is ±4.5.

II. LIQUIDITY RISK

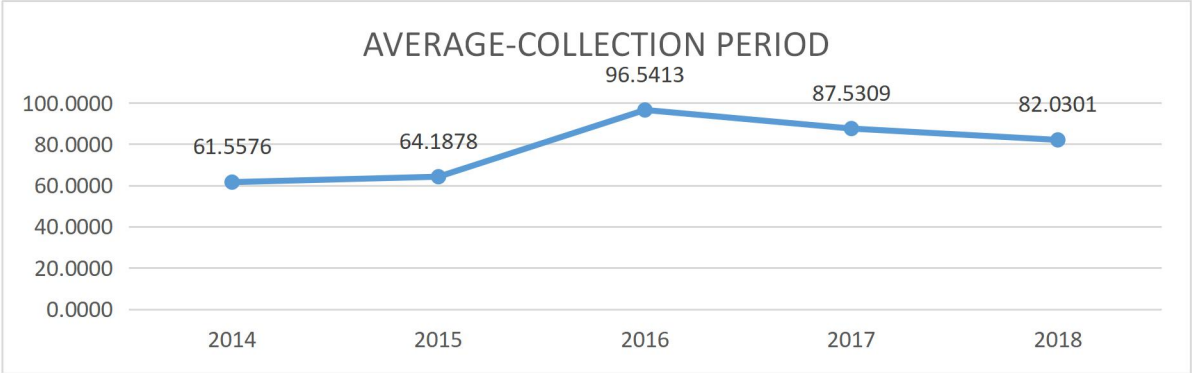
Graph 2: Quick ratio of ASUS from 2014 year to 2018 year



The quick ratio is also called the acid test ratio, and the quick ratio is the ratio of the company's dynamic assets to current liabilities. When it is higher, the company's liquidity is lower, and the more short-term liabilities on behalf of the company. From 14 to 18 years, the quick ratio of ASUS fluctuates back and forth. In the past five years, the quick ratio is maximum in 2019 (1.6514), and the lowest is In 2018 (1.3966), the difference is not great. We can see from Figure 1 that the average quick ratio for the past five years is 1.0452, and the standard deviation is 0.1221, which represents 14 to 18 years. For each short-term debt of USD, ASUS can repay 1.6514 cents, the company's ability to repay short-term debt. It is fairly stable in this range, with a liability of 1.1673 cents to 0.9231 cents (1.0452 ± 0.1221) per dollar, which tells us that ASUS's ability to encounter short-term emergencies is unlikely.

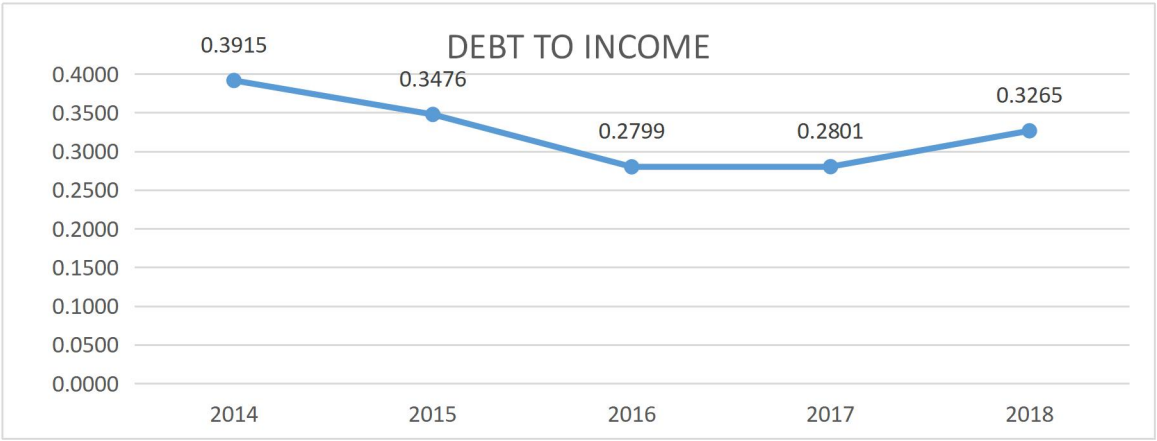
III. CREDIT RISK

Graph 3: Average-collection period of ASUS (2014 year to 2018 year)



The average collection period is the approximate time that the company receives the amount owed by the accounts receivable. This chart shows the fluctuation trend of the average payback period of ASUS. In 2014, it took 61.5576 days to recover the accounts receivable, which is the shortest time. In 2015, it took 64.1878 days. In 16 years, the performance dropped sharply and it took 96.5413 days to recover the accounts receivable. It is the longest collection time, but the performance improvement in 17 and 18 years requires 87.5309 days and 82.0301 days respectively. The longer it takes to recover the accounts receivable, the greater the impact on the company's cash flow. The average payback period of ASUS for 5 years is 78.3695 days, and the standard deviation is 15.0939. This indicates that the average number of days that ASUS has recovered accounts receivable in the past five years is 78.695 days. This value varies by ±78.3695, which represents the recovery of ASUS. The ability of the money is very bad.

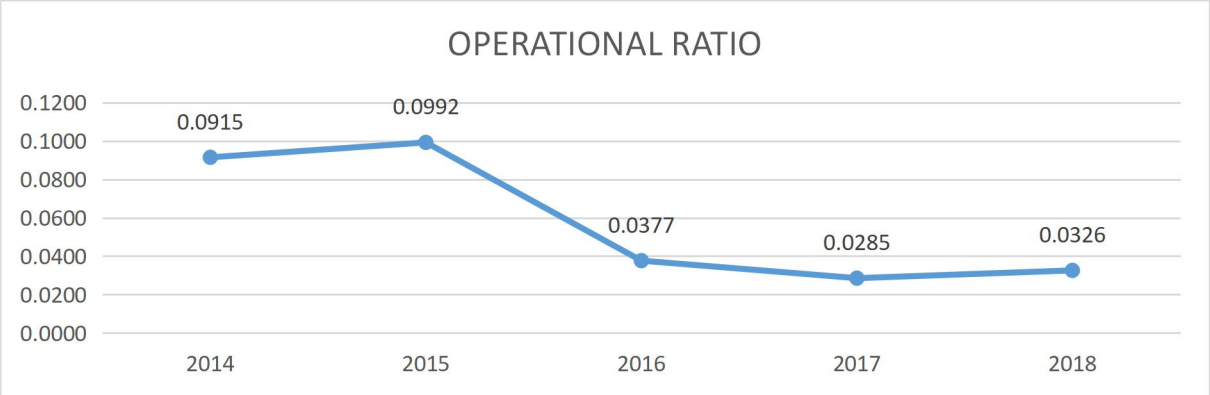
Graph 4: Debt to income ratio of ASUS from 2014-2018



The debt-to-income ratio is a ratio that indicates the sustainability of the company and the debt burden. The ability to repay debt depends on its cost and revenue structure. The debt-to-income ratio provides an easy way to measure the percentage of a company's liabilities and income. Usually, if the cash flow is stable, the larger business operations can maintain a higher debt ratio as long as they have an effective cost structure. So we can see from the table above, Asustek's income ratio dropped from 0.3915 to 0.3265. Asustek's average debt-to-income ratio is 0.3251, and the standard deviation is 0.0474, which means that ASUS's debt per dollar can generate 32.51% of the profit. It can also be said that their ability to use their liabilities to generate profits is very stable with a dispersion of ±4.74.

IV. OPERATIONAL RISK

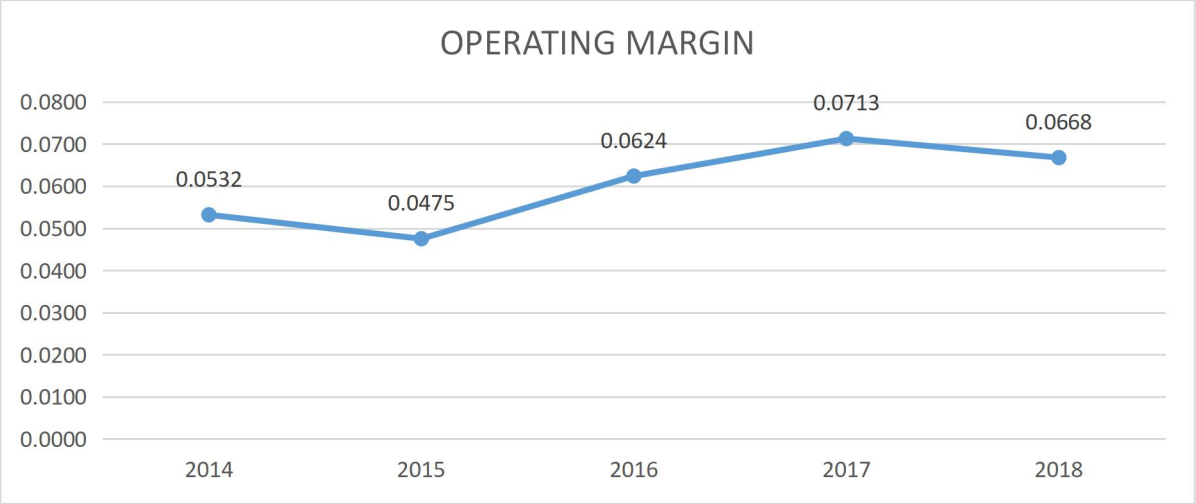
Graph 5: Operational ratio of ASUS from 2014-2018



The operating ratio represents the efficiency of the management company. The higher the ratio, the weaker the organization's ability to generate income. From the above chart, we can see the lowest operating rate of ASUS in 2017. This year, ASUS effectively managed the operating expenses. ASUS's average operating ratio is 0.0579, and the standard deviation is 0.0345, which indicates that Asus spent 5.79% of sales

per dollar, which indicates that ASUS's revenue-generating ability is relatively good and the standard deviation is very low.

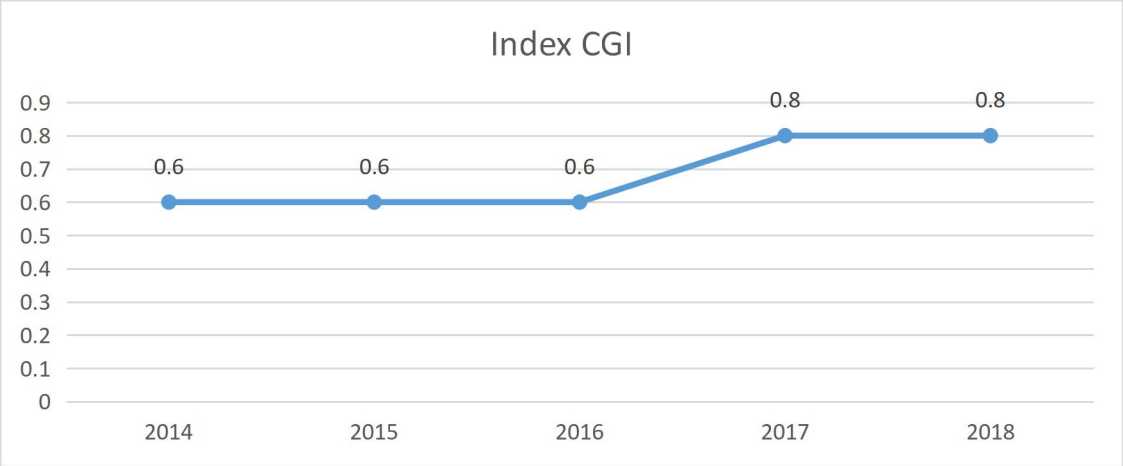
Graph 6: Operating margin of ASUS from 2014-2018



The operating profit margin tells us the variable cost of the company's profitable production after deducting $1. The company's operating profit can be derived from net sales at the beginning of the operating profit margin. The chart shows the trend of fluctuations. The minimum operating profit of Asus is 2015 (0.0475), the highest operating profit is 2017 (0.0713), and the 5-year average operating profit margin is 0.0602, which means that the company's average operating profit is the total revenue. 6.02%。

V. CORPORATE GOVERNANCE INDEX (CGI)

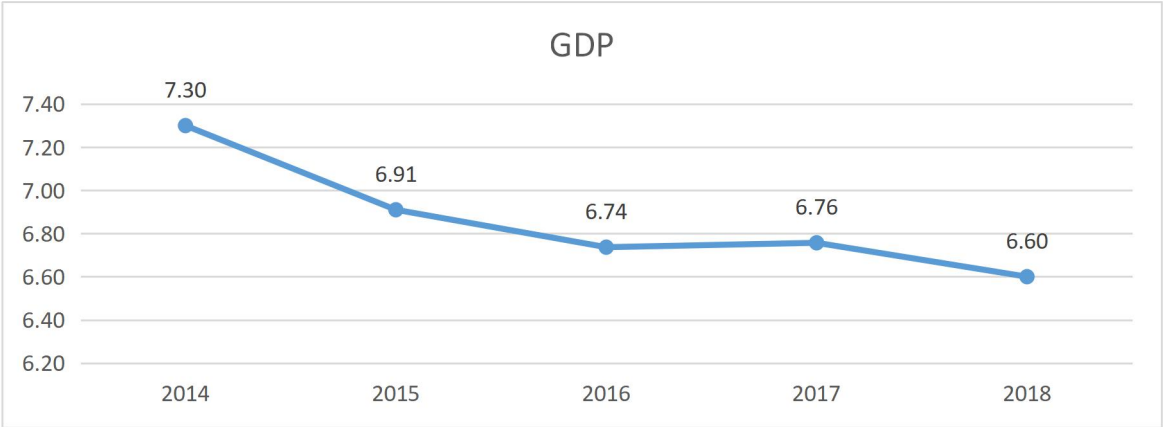
Graph 7: CG Index of ASUS from 2014-2018



The corporate governance index scoring criteria are based on five aspects, including accountability, transparency, independence, sustainability and fairness. The criteria for representing each principle are whether there is a meeting, whether the meeting has an audit committee, whether the number of non-executive committees in the meeting has reached more than 50%, and whether the female executives on the board participated in the meeting and participated in the society. Responsibility plan. A total of five standards, each standard is 1 point, the full score is five points, which one does not do it, one point is reduced, while Asus has scored 3 points in 14 to 16 years, and won 4 points in 17 and 18 years.

VI. GROWTH DOMESTIC PRODUCT (GDP)

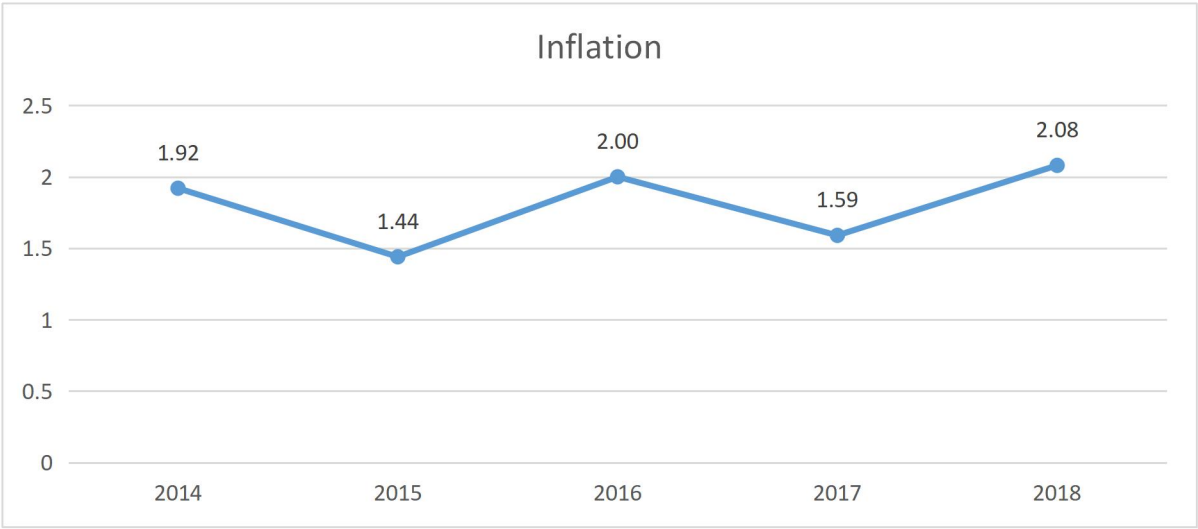
Graph 8: Growth Domestic Products of China (2014 year to 2018 year)



The role of GDP is to measure the value of a country's economic activities. The variable in this chart is the percentage increase in China's annual GDP. We can see that GDP has fallen from 7.3 percent in 14 years to 6.6 percent in 18 years, indicating that China's GDP growth is gradually slowing, from Figure 1. We can see that China's average GDP is 6.862%.

VII. INFLATION RATE

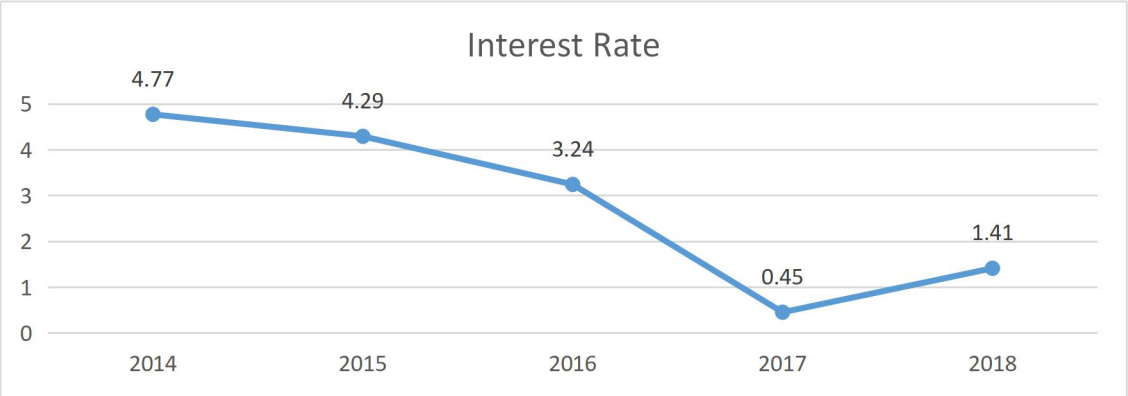
Graph 9: Inflation rate of China（ 2014 year to 2018 year）



The inflation rate is a change in the value of each country's currency. China's inflation rate fluctuates back and forth from 14 to 18 years. The highest inflation rate was 2.08 in 2018, the minimum inflation rate was 1.44 in 2015, and the average inflation rate was 1.8045.

VIII. INTEREST RATE

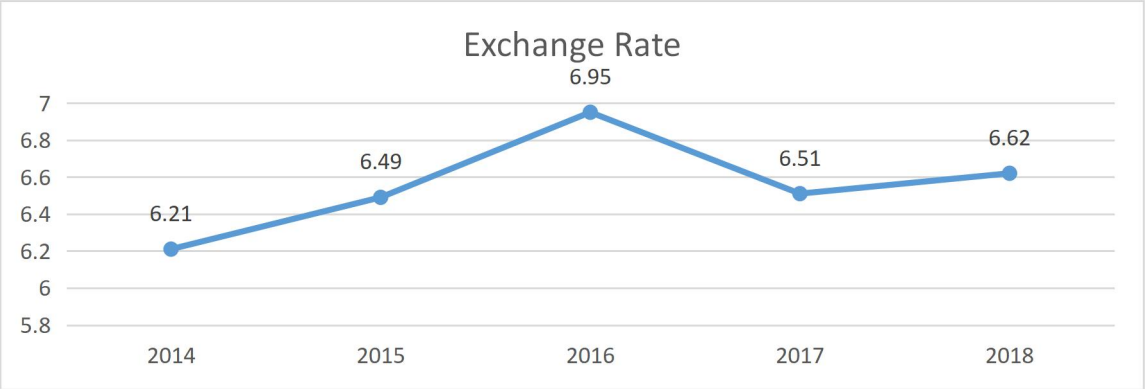
Graph 10: Interest rate of China（2014 year to 2018 year)



China's interest rate was 4.77% in 2014, but fell to 0.45% in 2017 and rose to 1.41% in 2018. We can see from Table 1 that the five-year interest rate average is 2.8308%.

IX. EXCHANGE RATE (1USD TO CNY)

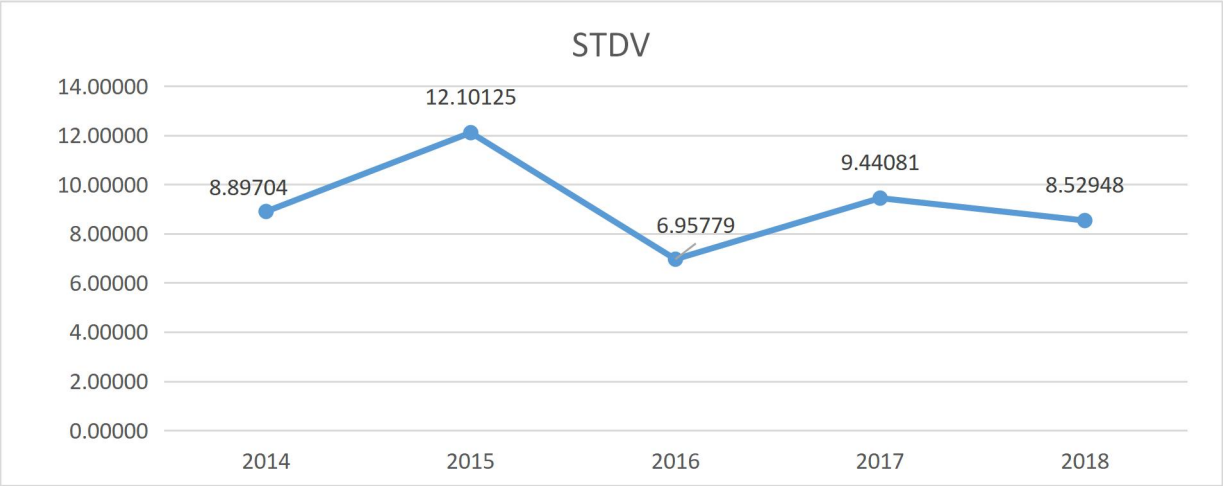
Graph 11: 1USD to CNY Exchange rate (2014 to 2018)



This shows the exchange rate of the US dollar to the Chinese yuan. RMB depreciation from 2014
From 1cny: 6.21usd to 1cny: 6.95usd. The renminbi appreciated in 2017, but it depreciated again in 2018. From the picture we can see that the average exchange rate of one dollar is 6.5554.

X. MARKET RISK (STDV)

Graph 11: Market risk of ASUS(2014 to 2018)



Asus has a minimum risk of 6.9578 in 2016 and a maximum risk of 12.1013 in 2015.

The average market risk of Asus is 9.1853.

4.2 SPSS ANALYSIS

The liquidity risk of company-specific variables will be analyzed from four aspects, and the data will be analyzed by SPSS. The four aspects are correlation, model summary, analysis of variance and coefficient.

I. Correlation

Table 2: Correlation of dependent variable and company internal and external factors of ASUS

Correlations

		OPERATIONAL RATIO	ROA	CURRENT RATIO	QUICK RATIO	AVERAGE-COLLECTION PERIOD	DEBT TO INCOME	Index CGI
Pearson Correlation	OPERATIONAL RATIO	1.000	0.529	0.612	-0.379	-0.904	0.821	-0.724
	ROA	0.529	1.000	0.160	0.092	-0.323	0.489	-0.819
	CURRENT RATIO	0.612	0.160	1.000	0.359	-0.387	0.091	-0.514
	QUICK RATIO	-0.379	0.092	0.359	1.000	0.638	-0.741	-0.102
	AVERAGE-COLLECTION PERIOD	-0.904	-0.323	-0.387	0.638	1.000	-0.931	0.388
	DEBT TO INCOME	0.821	0.489	0.091	-0.741	-0.931	1.000	-0.420
	Index CGI	-0.724	-0.819	-0.514	-0.102	0.388	-0.420	1.000
Sig. (1-tailed)	OPERATIONAL RATIO		0.180	0.136	0.264	0.018	0.044	0.083
	ROA	0.180		0.399	0.441	0.298	0.202	0.045
	CURRENT RATIO	0.136	0.399		0.277	0.260	0.442	0.188
	QUICK RATIO	0.264	0.441	0.277		0.123	0.076	0.435
	AVERAGE-COLLECTION PERIOD	0.018	0.298	0.260	0.123		0.011	0.259

	DEBT TO INCOME	0.044	0.202	0.442	0.076	0.011		0.241
	Index CGI	0.083	0.045	0.188	0.435	0.259	0.241	
N	OPERATIONAL RATIO	5	5	5	5	5	5	5
	ROA	5	5	5	5	5	5	5
	CURRENT RATIO	5	5	5	5	5	5	5
	QUICK RATIO	5	5	5	5	5	5	5
	AVERAGE-COLLECTION PERIOD	5	5	5	5	5	5	5
	DEBT TO INCOME	5	5	5	5	5	5	5
	Index CGI	5	5	5	5	5	5	5

Table shows the correlation between liquidity risk and ASUS internal factors and external factors. ASUS's return on assets, interest rates, debt, market risk, operating profit margin are positively correlated with liquidity risk, while the average payback period, positive debt-to-income inflation rate, exchange rate and operating ratio are negatively correlated with liquidity risk. . Cgi has nothing to do with liquidity risk, with the least impact of inflation and the largest impact of GDP

II. Model 1: Liquidity Risk on Internal Factors

Table 3: Model summary of ASUS's liquidity risk on internal factors

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.904[a]	0.817	0.756	0.017029158335171	1.175

a. Predictors: (Constant), AVERAGE-COLLECTION PERIOD

b. Dependent Variable: OPERATIONAL RATIO

Figure 3 shows the relationship between the dependent variable and internal factors. This figure shows that the 75.6% variance in the dependent variable can be explained by the return on assets and the operating profit margin. The conclusion of this study is the same as that of Omar Durrah et al., so the quick ratio will be proportional to the return on assets and the operating margin.

Table 4: Anova of ASUS's liquidity risk on internal factors

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.004	1	0.004	13.378	.035[b]
	Residual	0.001	3	0.000		
	Total	0.005	4			

a. Dependent Variable: OPERATIONAL RATIO

b. Predictors: (Constant), AVERAGE-COLLECTION PERIOD

As we can see in Table 4, there are ROA and operating profit margins that have a large impact on the dependent variable. The quick ratio will be affected by operating profit and ROA.

Table 5: Coefficients of ASUS's liquidity risk on internal factors

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std.	Beta			Lower	Upper	Tolerance	VIF

		Error				Bound	Bound		
1	(Constant)	0.220	0.045		4.895	0.016	0.077	0.362		
	AVERAGE-COLLECTION PERIOD	-0.002	0.001	-0.904	-3.658	0.035	-0.004	0.000	1.000	1.000

a. Dependent Variable: OPERATIONAL RATIO

From Table 5 we can see that the most significant impact on the liquidity ratio is the ROA. ROA has a positive impact on operating margins, but operating margins have a negative impact on quick ratios

III. Model 2: Liquidity Risk on External Factors

Table 6: Model summary of ASUS's liquidity risk on external factors.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.904[a]	0.817	0.756	0.017029158335171	1.175

a. Predictors: (Constant), AVERAGE-COLLECTION PERIOD

b. Dependent Variable: OPERATIONAL RATIO

This table is the sixth table, which shows the relationship between the dependent variable and external factors, and tells us that the variance of 91.8% of the dependent variable is explained by GDP. This conclusion is different from the findings of the Izzamirah team.

Table 7: Anova of ASUS's liquidity risk on external factors

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.004	1	0.004	13.378	.035[b]
	Residual	0.001	3	0.000		
	Total	0.005	4			

a. Dependent Variable: OPERATIONAL RATIO

b. Predictors: (Constant), AVERAGE-COLLECTION PERIOD

Figure 7 shows us that GDP has the greatest impact on the dependent variable, which is different from Doris Madhi's 2017 study, which states that GDP is not important for liquidity.

Table 8: Coefficients of ASUS's liquidity risk on external factors

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Tolerance	VIF
1 (Constant)	0.220	0.045		4.895	0.016	0.077	0.362		
AVERAGE-COLLECTION PERIOD	-0.002	0.001	-0.904	-3.658	0.035	-0.004	0.000	1.000	1.000

a. Dependent Variable: OPERATIONAL RATIO

Table 8 shows us that gdp has the greatest impact on liquidity ratio, and that national gdp is rising, leading to a rise in corporate liquidity ratio.This conclusion is the same as that in the Asian Economic and Financial Review.

IV. Model 3: Liquidity Risk on Internal And External Factors

Table 9: Model summary of ASUS's liquidity risk on both internal and external factors

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.904[a]	0.817	0.756	0.017029158335171	1.175

a. Predictors: (Constant), AVERAGE-COLLECTION PERIOD

b. Dependent Variable: OPERATIONAL RATIO

Table 9 shows us. The results we obtained are inconsistent with the research done by Izzamirah et al. (2017), who believes that GDP has less impact on corporate liquidity.

Table 10: Anova of ASUS's liquidity risk on both internal and external factors

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.004	1	0.004	13.378	.035[b]
	Residual	0.001	3	0.000		
	Total	0.005	4			

a. Dependent Variable: OPERATIONAL RATIO

b. Predictors: (Constant), AVERAGE-COLLECTION PERIOD

As can be seen from Table 10, GDP has the greatest impact on the dependent variable. This result is inconsistent with the research done by Doris Madhi in 2017, which pointed out that GDP is not important for liquidity.

Table 11: Coefficients of ASUS's liquidity risk on both internal and external factors

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	0.220	0.045		4.895	0.016	0.077	0.362		
	AVERAGE-COLLECTION PERIOD	-0.002	0.001	-0.904	-3.658	0.035	-0.004	0.000	1.000	1.000

a. Dependent Variable: OPERATIONAL RATIO

In Table 11, we find that GDP has the greatest impact on liquidity ratios. In addition, GDP has a positive impact on the quick ratio. This result is consistent with the study of the Asian Economic and Financial Review, which shows that an increase in the liquidity of a country will eventually increase gross domestic product.

5.0: DISCUSSION AND CONCLUSION

Introduction

The purpose of this study was to identify internal and external factors that influence ASUS' liquidity risk. To accomplish the research goals, the study used internal factors (credit risk, company performance and corporate governance) and external factors (market risk, inflation, gross domestic product, interest rates and exchange rates).

5.1 Limitations

This study is only for the mobile phone industry in China and not for the mobile phone industry in other countries. This study also represents only the data used, as it only includes ASUS's five-year performance and financial statements.

5.2 Conclusion

My point of view is that Asus has performed well in the past five years. Its liquidity is mainly affected by ROA (internal factors) and GDP (external factors). The higher the ROA and GDP in China, the better the liquidity of the company. In this case, ASUS's external factors have a greater impact on the company than internal factors. Because it is difficult for the company to control the external environment and factors. Therefore, for Asus, improving internal performance will make it even better. If the company (˘ω˘) can improve their ROA, the company's performance and ability to withstand short-term liabilities will be worse. Therefore, Asus must make full use of every dollar of assets they hold. At the same time, Asus needs to fully understand their economic situation and bear the associated risks.

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