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THE INFLUENCING OF THE INVESTMENT RATIO IN CURRENT ASSETS AND THE INVESTMENT RATIO IN FIXED ASSETS ON THE FINANCIAL CAPACITY OF PHARMACEUTICAL FIRMS

A INFLUÊNCIA DO ÍNDICE DE INVESTIMENTO EM ATIVOS CIRCULANTES E DO ÍNDICE DE INVESTIMENTO EM ATIVOS FIXOS NA CAPACIDADE FINANCEIRA DE EMPRESAS FARMACÊUTICAS

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Abstract
This study examines the influence of the investment ratio in current assets and the investment ratio in fixed assets on the financial capacity of pharmaceutical firms listed on the Vietnamese stock market. Using panel data from 22 firms over the period 2021–2024, the study employs descriptive statistics, correlation analysis, Ordinary Least Squares (OLS), and Generalized Least Squares (GLS) regression models to analyze the relationship between asset allocation and financial capacity indicators. Financial capacity is measured through capital growth rate and the possibility of financing through debt. The GLS regression results indicate that the investment ratio in current assets negatively affects capital growth rate, while the investment ratio in fixed assets negatively influences both capital growth and the ability to finance through debt. However, the investment ratio in current assets does not show a statistically significant relationship with debt financing capacity. These findings suggest that excessive investment in both current assets and fixed assets may reduce financial flexibility and weaken firms' financial capacity. The study provides practical implications for financial managers in pharmaceutical firms by

Resumo
Este estudo examina a influência do índice de investimento em ativos circulantes e do índice de investimento em ativos fixos sobre a capacidade financeira das empresas farmacêuticas listadas na bolsa de valores do Vietnã. Utilizando dados de painel de 22 empresas no período de 2021 a 2024, o estudo emprega estatísticas descritivas, análise de correlação e modelos de regressão de Mínimos Quadrados Ordinários (OLS) e Mínimos Quadrados Generalizados (GLS) para analisar a relação entre a alocação de ativos e os indicadores de capacidade financeira. A capacidade financeira é medida por meio da taxa de crescimento do capital e da possibilidade de financiamento por meio de dívida. Os resultados da regressão GLS indicam que o índice de investimento em ativos circulantes afeta negativamente a taxa de crescimento do capital, enquanto o índice de investimento em ativos fixos influencia negativamente tanto o crescimento do capital quanto a capacidade de financiamento por meio de dívida. No entanto, o índice de investimento em ativos circulantes não apresenta uma relação estatisticamente significativa com a capacidade de financiamento por dívida. Essas descobertas sugerem que o investimento

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highlighting the importance of optimizing asset allocation strategies to improve financial stability and long-term financial performance.

Keywords: Finance. Accounting. Investment Ratio in Current Assets (TTSLD) and the Investment Ratio in Fixed Assets (TTSCD). The Financial Capacity. Panel Data Analysis.

excessivo tanto em ativos circulantes quanto em ativos fixos pode reduzir a flexibilidade financeira e enfraquecer a capacidade financeira das empresas. O estudo oferece implicações práticas para gestores financeiros em empresas farmacêuticas, destacando a importância de otimizar estratégias de alocação de ativos para melhorar a estabilidade financeira e o desempenho financeiro de longo prazo.

Palavras-chave: *Finanças. Contabilidade. Índice de Investimento em Ativos Circulantes (TTSLD) e Índice de Investimento em Ativos Fixos (TTSCD). Capacidade Financeira. Análise de Dados em Painel.*

1 INTRODUCTION

Financial capacity is widely recognized as a critical factor determining the sustainability and competitiveness of firms. In corporate finance. financial capacity reflects a firm's ability to mobilize resources. maintain liquidity. expand operations. and withstand financial risks. For firms operating in capital-intensive industries such as pharmaceuticals. maintaining a strong financial capacity is particularly important because large investments are required for research and development. production facilities. and regulatory compliance (Brigham & Houston. 2019).

From a theoretical perspective. the allocation of financial resources among different asset categories plays an important role in shaping a firm's financial capacity. Corporate finance theory suggests that the structure of assets influences liquidity. risk management. and capital efficiency (Ross et al.. 2018). Firms must decide how to allocate their investments between current assets. which ensure operational liquidity. and fixed assets. which support long-term productive capacity. An inappropriate allocation of assets may reduce financial flexibility and weaken a firm's financial performance.

In practice. pharmaceutical firms face unique financial management challenges. The industry requires substantial investment in research activities. manufacturing technology. and distribution systems. At the same time. firms must maintain sufficient working capital to ensure continuous production and supply chain stability.

Consequently. the balance between investment in current assets and fixed assets becomes a key determinant of financial capacity and financial sustainability.

In Vietnam. the pharmaceutical industry has experienced significant growth in recent years due to increasing healthcare demand. population growth. and government policies supporting the development of domestic pharmaceutical production. However. pharmaceutical firms listed on the Vietnamese stock market still face financial constraints. including high investment costs. intense competition. and regulatory pressures. Understanding how asset allocation affects financial capacity can therefore provide valuable insights for improving financial management practices in this sector.

Despite the importance of asset allocation decisions. empirical research on the relationship between investment structure and financial capacity remains limited. particularly in emerging markets such as Vietnam. Most previous studies focus primarily on profitability or firm value. while relatively few studies examine how investment ratios in current and fixed assets affect financial capacity indicators such as capital growth and debt-financing ability.

Therefore. this study aims to examine the influence of the investment ratio in current assets and the investment ratio in fixed assets on the financial capacity of pharmaceutical firms listed on the Vietnamese stock market. Specifically. the study addresses the following research questions:

(1) How does the investment ratio in current assets affect the financial capacity of pharmaceutical firms?

(2) How does the investment ratio in fixed assets affect the financial capacity of pharmaceutical firms?

2 THEORETICAL BACKGROUND AND RESEARCH HYPOTHESIS

2.1 Theoretical background

2.1.1 Resource-Based View (RBV)

The Resource-Based View (RBV) argues that firms achieve competitive advantage through the effective management and allocation of strategic resources

(Barney. 1991). According to this perspective. financial resources and asset structures are essential components of organizational capabilities. Firms that allocate their resources efficiently can enhance operational efficiency and financial stability.

In the context of pharmaceutical firms. asset allocation decisions determine how financial resources are utilized to support both short-term operations and long-term strategic investments. Investment in current assets ensures liquidity and operational flexibility. while investment in fixed assets enhances production capacity and technological capabilities. From the RBV perspective. firms must allocate assets strategically in order to strengthen financial capacity and sustain competitive advantage.

2.1.2 Trade-off theory of capital structure

Trade-off theory suggests that firms balance the benefits and costs of financial decisions to achieve an optimal financial structure (Myers. 2001). In particular. firms must determine the appropriate level of debt financing and asset investment in order to maximize financial performance while minimizing financial risks.

Within this framework. the allocation of investment between current assets and fixed assets can influence financial capacity through its impact on liquidity and leverage. High investment in fixed assets may increase financial risk because it often requires long-term financing. while excessive investment in current assets may reduce capital efficiency. Therefore. achieving an optimal balance between these two types of assets is essential for maintaining financial stability and improving a firm’s financial capacity.

2.2 Research hypothesis

2.2.1 The investment ratio in current assets (TTSLD)

Current assets play an important role in maintaining liquidity and supporting daily operations. However. excessive investment in current assets may reduce capital efficiency because funds are tied up in short-term assets rather than productive investments (Ross et al.. 2018). In many cases. large holdings of current assets such as inventories and receivables may lead to higher management costs and reduced profitability.

Previous studies suggest that inefficient working capital management can limit firms' ability to expand their capital base and improve financial performance (Deloof. 2003). Therefore. an excessive investment ratio in current assets may negatively affect the capital growth rate of firms. Based on these arguments. the following hypothesis is proposed:

H1: The investment ratio in current assets negatively affects the capital growth rate (TV) of pharmaceutical firms.

Working capital management also affects firms' ability to mobilize external financing. Firms with inefficient asset structures may face difficulties in obtaining debt financing due to higher financial risk and lower asset productivity.

Studies in corporate finance suggest that lenders evaluate firms' liquidity management and asset efficiency when assessing creditworthiness (Brigham & Houston. 2019). If a firm allocates excessive resources to current assets without generating sufficient returns. its financial credibility may decline. Thus. the following hypothesis is proposed:

H3: The investment ratio in current assets negatively affects the ability of pharmaceutical firms to finance through debt.

2.2.2 The investment ratio in fixed assets

Fixed assets are essential for production capacity and technological development. However. high investment in fixed assets often requires substantial financial resources and long-term capital commitments. If these investments do not generate sufficient returns. they may reduce firms' financial flexibility and hinder capital growth.

Fixed assets are essential for production capacity and technological development. However. high investment in fixed assets often requires substantial financial resources and long-term capital commitments. If these investments do not generate sufficient returns. they may reduce firms' financial flexibility and hinder capital growth.

H2: The investment ratio in fixed assets negatively affects the capital growth rate of pharmaceutical firms.

Investment in fixed assets can increase financial leverage because such investments often require long-term financing. When the proportion of fixed assets becomes too high. firms may face higher financial risk and reduced borrowing capacity.

Investment in fixed assets can increase financial leverage because such investments often require long-term financing. When the proportion of fixed assets becomes too high. firms may face higher financial risk and reduced borrowing capacity.

H4: The investment ratio in fixed assets negatively affects the ability of pharmaceutical firms to finance through debt.

3 RESEARCH METHODOLOGY

This study employs a quantitative research design using panel data to examine the influence of the investment ratio in current assets (TTSLD) and the investment ratio in fixed assets (TTSCD) on the financial capacity of pharmaceutical firms listed on the Vietnamese stock market. Panel data are appropriate for this study because they combine cross-sectional and time-series dimensions. allowing researchers to capture both firm-specific heterogeneity and temporal variation in financial indicators (Baltagi. 2021). The dataset covers 22 listed pharmaceutical firms over the period 2021–2024. yielding a total of 88 firm-year observations.

The dependent variable. financial capacity. is measured through two indicators: capital growth rate (TV) and the possibility of financing through debt (HSN). The independent variables include the investment ratio in current assets (TTSLD) and the investment ratio in fixed assets (TTSCD) (see table 1 and figure 1). These variables were selected based on prior corporate finance literature and expert consultation. Descriptive statistics were first used to summarize the distributional characteristics of all variables. including mean. standard deviation. minimum. and maximum values. in order to provide an overview of the sample structure and variability.

Next. correlation analysis was conducted to examine the bivariate relationships among the variables and to assess potential multicollinearity problems. Following Bryman and Cramer (2001). correlation coefficients below 0.80 suggest that multicollinearity is unlikely to distort the regression estimates. This step also helps provide preliminary insights into the direction of associations between asset allocation

ratios and financial capacity indicators.

To estimate the effects of TTSLD and TTSCD on financial capacity. the study initially employs the Ordinary Least Squares (OLS) regression model. OLS provides baseline estimates and allows for an initial evaluation of the statistical significance of the explanatory variables. However. because panel data may involve heteroskedasticity and firm-specific effects. relying solely on OLS may produce inefficient estimates (Wooldridge. 2010). Therefore. diagnostic tests were performed. including the Variance Inflation Factor (VIF) to assess multicollinearity and the Breusch–Pagan/Cook–Weisberg test to detect heteroskedasticity.

Given the evidence of heteroskedasticity in part of the sample. the final estimation was conducted using Generalized Least Squares (GLS) regression. GLS is appropriate in this context because it corrects for heteroskedasticity and produces more efficient parameter estimates than OLS when error variances are not constant across panels (Greene. 2018). Accordingly. the GLS model is used as the main basis for interpreting the empirical results of this study.

Table 1

Independent variables and dependent variables

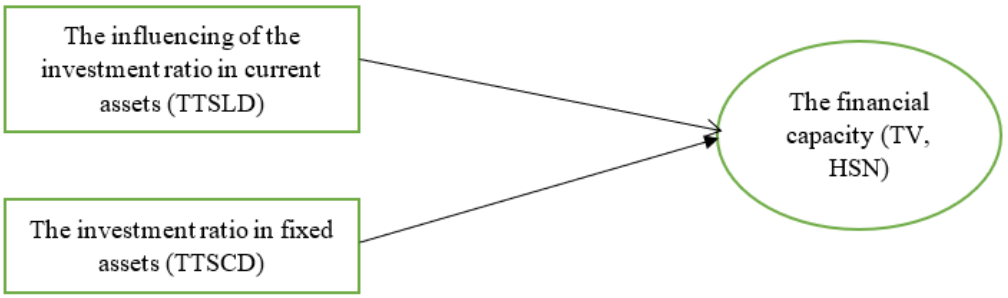
Code	Observed variable	Measurement	Sources
Independent variables			
TTSLD	The influencing of the investment ratio in current assets	Logarithm of total assets at the end of the period.	Results of previous studies and expert opinions.
TTSCD	The investment ratio in fixed assets	Ending long-term debt/Ending total assets	Results of previous studies and expert opinions.
Dependent variables: the financial capacity			
TV	Capital growth rate	(Capital this year – Capital last year)*100%/ Capital last year)	Results of previous studies and expert opinions.
HSN	The possibility of financing through debt	Debt*100%/Total Assets	Results of previous studies and expert opinions.

Source: Compiled by the authors

Figure 1

Research model

Next. research model: Inheriting previous researches and based on expert interviews. we build a research model as follows (see Figure 1)



4 RESEARCH RESULT

4.1 Descriptive statistic

Table 2 shows that the dependent variable includes 2 observed variables. and the independent variable includes 2 observed variables. Each observed variable is described by 88 observations. Basic indicators such as mean. max. min. standard deviation (SD). variance. skewness. coefficient of variation. sum of variables. range. coefficient of variation (P50). and coefficient of variation (CV) of each observed variable have been identified. and these basic indices accurately reflect the current state of financial capacity and the influence of the investment ratio in current assets (TTSLD) and the investment ratio in fixed assets (TTSCD) on the financial capacity of pharmaceutical firms.

Table 2

General descriptive statistics and detail descriptive statistics

General descriptive statistics					
Variable	**Obs**	**Mean**	**Std. Dev.**	**Min**	**Max**
Dependent variable					
TV	88	4.429545	15.30173	-44.76	66.23
HSN	88	33.63398	17.89257	12.39	92.8
Independent variable					
TTSLD	88	72.09892	12.65876	45.35987	95.44411
TTSCD	88	18.96842	11.54297	2.260714	53.39678

Detail descriptive statistics				
Stats	**TV**	**HSN**	**TTSLD**	**TTSCD**
N	88	88	88	88
Sum	389.8	2959.79	6344.705	1669.221
Range	110.99	80.41	50.08424	51.13607
Variance	234.1429	320.1439	160.2442	133.2401
Cv	3.454469	.5319789	.1755749	.608536
Skewness	.1029394	1.275709	-.2950933	1.011652
Kurtosis	7.244971	4.261332	2.090231	3.431075
p50	4.74	29.28	72.63454	16.23698

Source: Compiled by the authors and Stata software

4.2 Correlation analysis results

Table 3

Correlation analysis results of independent variable and control variable

	TV	**HSN**	**TTSLD**	**TTSCD**
TV	1.0000			
HSN	-0.3232	1.0000		
TTSLD	-0.2382	0.2618	1.0000	
TTSCD	0.0541	-0.3048	-0.7369	1.0000

Source: Compiled by the authors and Stata software

When analyzing the correlation between the independent variable and the dependent variable. the results in Table 3 show that. between the independent variable and the dependent variable. the absolute value of each correlation coefficient between 2 variables is less than 0.8; therefore. there is no multicollinearity phenomenon between the independent variable and the dependent variable and between the independent variables (Bryman & Cramer. 2001).

4.3 Regression results

Table 4

OLS regression results

OLS regression: TV **regress TV TTSLD TTSCD**						
Source	SS	df	MS	Number of obs = 88		
				F(2. 85) = 4.15		
Model	1813.55522	2	906.77761	Prob > F = 0.0190		
Residual	18556.8738	85	218.316162	R-squared = 0.0890		
				Adj R-squared = 0.0676		
Total	20370.429	87	234.142862	Root MSE = 14.776		
TV	Coef.	Std. Err.	T	P>|t|	[95% Conf. Interval]	
TTSLD	-.5247375	.1851282	-2.83	0.006	-.8928219	-.156653
TTSCD	-.3523915	.2030235	-1.74	0.086	-.7560566	.0512736
_cons	48.94686	16.46901	2.97	0.004	16.20205	81.69168
OLS regression: HSN **regress HSN TTSLD TTSCD**						
Source	SS	df	MS	Number of obs = 88		
				F(2. 85) = 4.51		
Model	2671.9548	2	1335.9774	Prob > F = 0.0138		
Residual	25180.5643	85	296.241933	R-squared = 0.0959		
				Adj R-squared = 0.0747		
Total	27852.5191	87	320.143898	Root MSE = 17.212		
HSN	Coef.	Std. Err.	T	P>|t|	[95% Conf. Interval]	
TTSLD	.1148201	.2156517	0.53	0.596	-.3139533	.5435935
TTSCD	-.3797064	.2364975	-1.61	0.112	-.8499269	.0905141
_cons	32.558	19.18439	1.70	0.093	-5.585702	70.7017

Source: Compiled by the authors and Stata software

With 95% confidence degree. Table 4 shows:

For TV: The value of F is equal to 4.15 (> 1.96). and the value of Prob is greater than the value of F by 0.0190 (< 0.05). Thus. the model is consistent and statistically significant (Bryman & Cramer. 2001). R-squared is 0.0890. meaning that the independent variables in the research model explain 8.90% of the influence of the independent variable on the dependent variable. Therefore. the research results are accepted temporarily. but the suitability of the model needs to be tested (Bryman & Cramer. 2001; Torres-Reyna. 2007; Kohler & Kreuter. 2005; Ditzen. 2018).

For HSN: The value of F is equal to 4.51 (> 1.96). and the value of Prob is greater than the value of F by 0.0138 (< 0.05). Thus. the model is consistent and statistically significant (Bryman & Cramer. 2001). R-squared is 0.0959. meaning that

the independent variables in the research model explain 9.59% of the influence of the independent variable on the dependent variable. Therefore. the research results are accepted temporarily. but the suitability of the model needs to be tested (Bryman & Cramer. 2001; Torres-Reyna. 2007; Kohler & Kreuter. 2005; Ditzen. 2018).

Table 5

Result of the autocorrelation by VIF coefficient (estat vif) of TV. HSN

Variable	**VIF**	**1/VIF**
TTSCD	2.19	0.456919
TTSLD	2.19	0.456919
Mean VIF	2.19	

Source: Compiled by the authors and Stata software

Table 5 shows that all the observed variables of the independent variables have VIF coefficients < 5. so it can be confirmed that 100% of all independent variables do not have autocorrelation (Bryman & Cramer. 2001; Torres-Reyna. 2007; Kohler & Kreuter. 2005; Ditzen. 2018).

Next. Table 6 shows the results of the Breusch–Pagan/Cook–Weisberg test used to examine heteroskedasticity in the regression model. with the null hypothesis H_0: the variance of the errors is constant. The results show that:

TV: Prob > chi^2 = 0.9467. which is greater than the commonly accepted 5% significance level (0.05). Therefore. there is insufficient basis to reject the null hypothesis H_0 at the 5% significance level. The regression model with the dependent variable TV does not have clear statistical evidence of heteroskedasticity. In other words. the homoskedasticity assumption of the linear regression model is satisfied (Bryman & Cramer. 2001; Torres-Reyna. 2007; Kohler & Kreuter. 2005; Ditzen. 2018). However. in academic studies. the use of higher-order regression models is encouraged to increase reliability.

HSN: Prob > chi^2 = 0.0000. which is less than the commonly accepted 5% significance level (0.05). Therefore. there is sufficient basis to reject the null hypothesis H_0 at the 5% significance level. The regression model with the dependent variable HSN has clear statistical evidence of heteroskedasticity. In other words. the homoskedasticity assumption of the linear regression model is not satisfied (Bryman

& Cramer. 2001; Torres-Reyna. 2007; Kohler & Kreuter. 2005; Ditzen. 2018). So. the use of higher-order regression models is required to increase reliability.

Table 6

Results of heteroskedascity (estat hottest)

TV	**HSN**
Breusch-Pagan / Cook-Weisberg test for heteroskedasticity	Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
Ho: Constant variance	Ho: Constant variance
Variables: fitted values of TV	Variables: fitted values of HSN
chi2(1) = 0.00	chi2(1) = 16.84
Prob > chi2 = 0.9467	Prob > chi2 = 0.0000

Source: Compiled by the authors and Stata software

Next. we proceeded to perform regression analysis of fixed effects (FEM) and random effects (REM). The results showed that H0: difference in coefficients is not systematic. meaning there is no difference between the two models. FEM and REM; therefore. the REM model is chosen (Bryman & Cramer. 2001). However. when re-testing for heteroskedasticity using the estathottest test. the results showed that Prob > chibar2 < 0.05: therefore. there is heteroskedasticity. or the REM model does not fit the input data (Bryman & Cramer. 2001; Torres-Reyna. 2007; Kohler & Kreuter. 2005. Ditzen. 2018). Thus. the final regression. GLS regression. should be used (Table 7).

Table 7

GLS regression results

xtgls TV TTSLD TTSCD. panels(heteroskedastic) corr(independent) **Cross-sectional time-series FGLS regression**						
Estimated covariances = 22					Number of obs = 88	
Estimated autocorrelations = 0					Number of groups = 22	
					Time periods = 4	
Estimated coefficients = 3					Wald chi2(3) = 11.81	
					Prob > chi2 = 0.0027	
TV	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
TTSLD	-.4058392	.1284704	-3.16	0.002	-.6576366	-.1540419
TTSCD	-.2785171	.1177928	-2.36	0.018	-.5093868	-.0476473
_cons	38.34465	11.64232	3.29	0.001	15.52613	61.16318
xtgls HSN TTSLD TTSCD. panels(heteroskedastic) corr(independent) **Cross-sectional time-series FGLS regression**						
Estimated covariances = 22					Number of obs = 88	
Estimated autocorrelations = 0					Number of groups = 22	

				Time periods =	4	
Estimated coefficients = 3				Wald chi2(3) =	32.46	
				Prob > chi2 =	0.0000	
HSN	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
TTSLD	-.0193431	.1071505	-0.18	0.857	-.2293542	.1906679
TTSCD	-.3859114	.1001206	-3.85	0.000	-.5821441	-.1896786
_cons	40.33871	9.286179	4.34	0.000	22.13813	58.53929

Source: Compiled by the authors and Stata software

Table 7 shows that the research model is consistent with the input data (Bryman and Cramer. 2001).

The investment ratio in current assets (TTSLD) had a negative effect on TV with a coefficient of -.4058392; the investment ratio in fixed assets (TTSCD) had a negative effect with a coefficient of -.2785171. With a significance level of 95%.

No effect of the investment ratio in current assets (TTSLD) on HSN was found; the investment ratio in fixed assets (TTSCD) had a negative effect with a coefficient of -.3859114. With a significance level of 95%.

The regression equation of the investment ratio in current assets (TTSLD) and the investment ratio in fixed assets (TTSCD) affects TV and HSN as follows:

TV = -.4058392 * TTSLD - .2785171 * TTSCD

HSN = -.3859114 * TTSCD

Indeed. hypotheses H1. H2. and H4 are accepted. while hypothesis H3 is rejected.

5 DISCUSSION AND IMPLICATIONS

The GLS regression results provide several important insights into the relationship between asset investment structure and the financial capacity of pharmaceutical firms. First. the results show that the investment ratio in current assets (TTSLD) has a negative and statistically significant impact on capital growth rate (TV). This finding suggests that excessive investment in current assets may reduce firms' ability to expand their capital base. From a financial management perspective. maintaining high levels of inventories or receivables may tie up financial resources that could otherwise be allocated to productive investments. This result is consistent with previous studies on working capital

management. which indicate that inefficient allocation of current assets can reduce financial performance and capital growth (Deloof. 2003; Brigham & Houston. 2019).

Second. the results indicate that the investment ratio in fixed assets (TTSCD) negatively affects both capital growth rate (TV) and the possibility of financing through debt (HSN). This finding suggests that excessive investment in fixed assets may weaken firms' financial flexibility and increase financial risk. Fixed assets typically require large capital expenditures and long-term financing. which may constrain firms' ability to mobilize additional financial resources. This finding aligns with the capital structure literature. which suggests that overinvestment in long-term assets may increase financial constraints and reduce firms' financial capacity (Myers. 2001; Titman et al.. 2004).

Another important result is that the investment ratio in current assets does not have a statistically significant effect on the ability to finance through debt (HSN). This may be explained by the fact that creditors often evaluate long-term financial stability and asset productivity rather than short-term liquidity indicators when assessing lending decisions. In the pharmaceutical industry. lenders may place greater emphasis on long-term assets. technological capabilities. and firm reputation rather than working capital levels.

From a policy perspective. the findings provide several implications for financial management in pharmaceutical firms. First. managers should carefully balance the allocation of financial resources between current assets and fixed assets to maintain financial flexibility. Excessive investment in either category may weaken financial capacity and increase financial risks.

Second. firms should strengthen working capital management practices to improve the efficiency of current asset utilization. Efficient management of inventories. receivables. and short-term financial resources can help release capital for productive investment and support long-term financial growth.

Third. policymakers and regulators in Vietnam's pharmaceutical sector should encourage firms to adopt more efficient asset allocation strategies. Providing financial management guidelines and improving corporate governance mechanisms can help firms optimize asset structures and enhance financial capacity in the long term.

6 CONCLUSION

This study examines the influence of the investment ratio in current assets and the investment ratio in fixed assets on the financial capacity of pharmaceutical firms listed on the Vietnamese stock market during the period 2021–2024. Using panel data analysis and GLS estimation. the study provides empirical evidence on how asset allocation affects capital growth and debt financing capacity.

The results indicate that both the investment ratio in current assets and the investment ratio in fixed assets negatively influence capital growth rate. In addition. the investment ratio in fixed assets also negatively affects the ability of firms to finance through debt. while the investment ratio in current assets does not have a significant effect on this indicator.

These findings suggest that inefficient asset allocation may weaken firms' financial capacity. Therefore. pharmaceutical firms should adopt more balanced investment strategies to maintain financial stability and enhance capital efficiency. The study contributes to the literature by providing empirical evidence from an emerging market context and highlighting the importance of asset structure decisions in determining financial capacity.

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Authors' Contribution

All authors contributed equally to the development of this article.

Data availability

All datasets relevant to this study's findings are fully available within the article.

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