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Indicator of Financial Management as Measurement of Performance in Tourist MSMEs of Campeche, Mexico

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Abstract

The control of business management is growing in importance in business administration; is to control the actions by which the objectives established by the organism will be obtained. In the tourist MSMEs of Campeche the financial management indicator is a measure used to determine the success of a project, this descriptive cross-sectional research work carried out in 11 companies of this type with empirical information of the 2015 leads us to know that the actions oriented to achieve the best profitable results come from a correct understanding of the organizational management. Using the financial technique of the "Navigation quadrant", it is determined that companies are in development derived from the proper performance of the directive management; In particular, however, opposite tendencies are checked, and this information will serve to be more competitive.

Management, Profitability, Performance Indicators, Tourist MSMEs

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1. Introduction

Business management is constituted as a means to guide organizational practices, companies must have the appropriate instruments for the control and evaluation of their actions. It is important to know the state in which our companies are located, be it good or bad, this allows us to offer you alternatives to face your problem or design new strategies that reap the correct aspects.

Thinking positively is the beginning of success, everything that can be measured can consequently be controlled in its different stages of evolution, before which a determining factor in every process is to establish a correct system of indicators that measure the management of companies, and take for granted the base of construction of competitive advantages in order to position itself solidly in local, regional, national and international competition.

The process of transformation of companies goes hand in hand with technological advances, process automation, economic development and growth of the organization. This implies that businesses are prepared to manage their financial resources in an appropriate manner; making financial decisions in accordance with their objectives.

We know that in the face of globalization, companies are exposed to financial uncertainties that lead to insolvency or lack of liquidity, as a result of inadequate financial policies or inefficient strategic performance; Therefore, organizations must know their economic and financial situation to clarify their problems, variations and causes of it. For this, it is necessary to have the means to determine and prevent errors to dictate the pertinent corrective measures, which will lead to an effective planning.

The discouragement to the performance of corporate governance is reflected in the control of business management, to grow in importance to have at hand the actions that will lead to achieve the business objectives, or failing to generate the necessary corrective actions, with this it is intended to improve the information systems to sustain the process of making effective, timely and accurate management decisions (Torrealba and Flores, 2009).

Financial analysis becomes the most useful tool that assesses the economic performance of the company over time and serves to compare its evolution with others in the same field that are well targeted and are representative of the sector with similar features. This is done through techniques on data emanated from accounting that are transformed for analysis and interpretation.

Its importance lies in the fact that it allows identifying the economic and financial areas in which the company operates, reflecting the conditions through levels of liquidity, solvency, indebtedness, efficiency, performance and profitability, making it easier to make decisions in the business function.

All companies must know their profitability, whatever the size, regardless of the economic sector in which it operates: commercial, industrial, service, agricultural, tourism, construction, because they must take responsibility for reflecting their operational efficiency. Allow to evaluate the performance of the business.

The management indicators are developed from the development of the same philosophy of total quality created in the United States of America and applied successfully in Japan, considering them as instruments of evaluation of companies based on the results of their products and services.

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The main limitation that must be eliminated is not only to use indicators as control tools, but also as an effective measurement of management to support managerial decision-making. Establishing a management system based on indicators should be aligned with the business vision and mission.

In the light of tourism development in Mexico, particularly in Campeche, in an economy that is becoming more and more integrated into the globalized world, solid and innovative organizations are needed, supported by an efficient application of scientific procedures and management, to be effective in making decisions that make them competitive in world markets, being managers responsible for finding the right strategies to achieve profitability, in turn position themselves strategically.

Likewise, it has been observed that in the great majority of MSMEs in Mexico it is not common to execute the performance evaluation to measure their management, although they know how important they have resisted it; the derivations of this work are also to sensitize the decision makers for its implementation and execution due to the relevance they have in the growth of the organizations.

Organizations are facing financial problems that are difficult for them to handle, they face financial costs, risks, deterioration of profitability, financing conflicts, ineffective decision-making, among many other variants.
It should be emphasized that due to the large and rapid changes in the business environment, managers are faced with the need to have advanced knowledge to make agile and timely decisions, for this they must apply effective management tools that optimize business financial resources.

The aforementioned background leads to the realization of this research that aims to know if in the MSMEs of the tourism sector in Campeche have valued the importance of business management using financial indicators of profitability and liquidity to improve efficiency, describing the analysis financial as a necessary part of the starting point to go on to determine the profitability index and the liquidity index of each, explaining the models used and that in their variables explain trends in business management. In his initial analytical study reference will be made to the theoretical foundations of some researchers in the field (Gitman and Zutter, 2013, Van Horne, 2003, Rubio, 2007, Hernández, 2005, Brighan and Houston, 2006).

2. Theoretical framework

In the first instance, the basic concepts of management indicators will be addressed in order to visualize their importance and application in performance, to later refer to profitability and liquidity as management indicators necessary for organizational growth. The Tourism Sector has become the most transcendent in the world; Progress, development and quality of life is evidenced by an increase in destinations in the world, which has allowed investments with the consequent rise in exports, new companies and direct investments (UNWTO, 2014).

Through the management indicators, a system of instruments is established that allows to quickly and quickly manage the company and make it possible to compare the results with the proposed goals, as well as a reference for other entities, in the same way defines parameters that facilitates the design of the objectives, plans and programs to control daily operations, consequently failure detection mechanisms are created that guarantee the possibility of taking concrete actions to obtain real solutions and of immediate application (Yutong, 2002).

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Bianchi (2004) recommends that before the implementation of the indicators in the study and measurement of performance, it is necessary to consider: 1. What can not be measured, can not be controlled, 2. What can not be measured, does not exist, and 3. Indicators are a means and not an end. The recommended procedure for managing the indicators is: 1. Define the key variables of the company or process, 2. Establish goals to be met, and 3. Measure compliance with them, using the management indicators.

In the Evaluation Indicator Management System (1998) reference is made to the characteristics of the indicators: 1. Simplicity. Ability to define the event that is intended to be measured with low costs of time and resources, 2. Validity over time. Be permanent for the desired period of time, 3. Adequacy. It must reflect the magnitude of the analyzed fact and show the real deviation of the desired level, 4. Utility. Oriented to find the causes that reach a particular value and improve them, 5. Participation of users. Get involved from the design, providing the necessary resources for its execution, and 6. Opportunity. Collection of the data in time and that the information is analyzed in a timely manner to act.

For the Bank and Finance of Miami (2007) the management indicators must be seen under a systematic approach that allows to determine the impact and relativity with which they reduce, increase or fragment the decision making in the company: 1. Efficiency, 2 Efficacy and 3. Effectiveness.

Congruent with the same form indicated by the Bank an Finance of Miami, guiding the actions towards financial management is to make a system of the economic reality of the organization in order to examine, assess and control the movements that the company developed in generating value.

It should show periods continuously, of the activities at the levels of order of decisions and operations by applying criteria to compare results and objectives, granting methods in decision-making (Ferraz et al., 2013). Financial management is to grant the organization an adequate financial methodology so that it can comply with planning, control and evaluation, in order to obtain excellent financial resources (Cardozo, 2007). Ortiz (2007) considers financial management as a phase of general administration, which is based on measures to adequately harmonize financial flows, and is reflected in the correct performance of its obligations and commitments, in addition to fostering good labor relations, commercial and financial.

For this research, the aspects mentioned by Bianchi (2004), Evaluation Indicator Management System (1998), Bank and Finance of Miami (2007), Cardozo (2007) and Ortiz (2007) that converge with the definition of Hernández (2005) are taken and Gitman and Zutter (2013) of profitability and liquidity as management indicators when considering them as financial analysis through a technique for evaluating the operational behavior of a company, facilitates the diagnosis of the current situation and the prediction of any event future oriented towards the achievement of business objectives.

Among the most prominent financial indicators and frequently used to measure financial performance are: 1. Liquidity and solvency, 2. Efficiency or activity, 3. Indebtedness and 4. Profitability, which are treated according to the researchers of the subject. : Some manage indistinctly the liquidity and solvency indicators (Rubio, 2007), having to identify as liquidity the maintenance of the necessary cash to fulfill the contracted commitments, while the solvency focuses on maintaining assets and resources acquired even when they are not referred to cash.

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Gitman and Zutter (2013) measure liquidity as the ability of companies to pay their commitment in the short term, while solvency is the entrepreneurial capacity to respond in the short term with the possession of assets to cancel their commitments. In this context, working capital is the investment made by an organization in current or short-term assets (Brigham and Houston, 2006), it includes all the resources that are destined to carry out the daily productive activity.

The business activity must know the efficiency with which resources are used, relating the value of the product generated and the production factors used to obtain it, within which are indicators such as: rotation of total assets, rotation of fixed assets, inventory turnover, as well as the rotation of accounts receivable (Gitman and Zutter, 2013) Gitman and Zutter (2013) state that the debt ratio is the degree of belonging of the company to third parties, can be seen through different indicators: debt ratio, current liabilities and total liabilities, long-term liabilities and total liabilities and reason interest coverage.

Turning to the indicator on which this research is based, reference is made to the fact that profitability is constituted as the result of managerial actions, financial decisions and the policies used in an organization, reflected in the proportion of the profit or benefit that an asset provides during a pre-established period. It visualizes the efficiency of the company in the use of the assets, the level of sales and the convenience of making investments (Gitman and Zutter, 2003).

The navigation quadrant is a technique that relates, through the two mathematical axes "X" and "Y", the positions for decision making: the economic position and the financial position; the first takes the "Y" axis in search of ascent or retreat, and the second the "X" axis for leveling and stability (Uriah, 2013).

3. Methodology

Exploratory and descriptive research applied in 11 MSMEs in the city of Campeche, as the only 20 of them in the city that, according to the Business Information System at the end of 2015, present the profile and access to be part of the study analyzes and explains the financial analysis to be able to interpret and facilitate the use of the method of "Financial Reasons" in the indicators of financial profitability and liquidity, so that from here and using the technique of the navigation quadrant the position that the sector has in the economy both at a general level and in particular. The financial indicators are measured quantitatively using the models of: liquidity and financial profitability operationalized as follows:

1. The 11 MSMEs are asked for their basic financial statements: statement of financial position or balance sheet and the statement of income for the year from January 1 to December 31, 2015. 2. Quantitative data are extracted from the main items needed for the variables that make up these financial models such as: current assets, current liabilities, total liabilities, stockholders' equity, operating income, Total assets and net income, among others, 3. Financial models are applied to manage liquidity and profitability:

Model	**Formula**
Liquidity	$L = \frac{\text{Current Assets}}{\text{Current Liabilities}}$
Financial profit	$FP = \frac{\text{Net Profit}}{\text{Total Assets}}$

Table 1 Financial Models of Liquidity and Financial Profitability
Source: self made.

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The data thus obtained are located in a matrix built for these purposes and to determine the average of the financial information of the MSMEs and place them in the navigation quadrant corresponding to them under the interpretation shown in Table 2.

Quadrant	Situation of the company
I (+ , +)	The company is profitable (+) and solvent (+), is either Consolidated or in Development, since it obtains profits and generates sufficient cash for operating activities that allow it to fulfill its obligations.
II (+ , -)	The company is profitable (+) and not solvent (-) indicates that it is in Financial Growth or Reflation, because although profits are obtained, not enough cash is generated by operating activities to pay the debts, which could cause the creditors to declare his bankruptcy.
III (- , -)	The company is in a situation of Business Failure or Death.
IV (- , +)	The company is Decapitalized or in Resizing. There are losses but the entity covers them by making their liquid assets liquid. Although the equity of the company is decreasing, it can continue forward, but the time will come when it can not pay its debts and fall in Quadrant III. (Business failure)

Table 2 Operationalization of the "navigation quadrant" technique
Source: Urías (2013)

The application of the exposed procedure is reflected in the "Results" section.

4. Results

Siguiendo la metodología establecida, con la información económica de los estados financieros básicos de las 11 MSMEs y aplicando los modelos financieros seleccionados de liquidez y rentabilidad, se construye la matriz de datos que orientará la toma de decisiones del gestor empresarial.

En cuando a la rentabilidad financiera son 7 (63.66%) con resultados positivos que van desde la obtención de $0.03 de utilidad neta por cada $1.00 de activo, hasta $0.61 que es la más alta; 4 (36.34%) presentan resultados negativos que van de $0.16 hasta $0.25 que se van perdiendo por cada $1.00 de propiedades; globalmente en este grupo de empresas su media arroja que obtienen $0.1055 de rentabilidad financiera.

Tratándose de la liquidez se determina que 9 (81.82%) empresas son capaces de afrontar sus problemas a corto plazo al tener resultados positivos, pero 2 (18.18%) no lo son al reflejar indicadores negativos, la media es de 1.3355 que se considera bastante sólida. Véase Table 3

Enterprise	**Index of financial profitability X**	**Liquidity index Y**
1	0.58	3.16
2	0.61	0.98
3	0.36	0.45
4	-0.25	0.43
5	-0.19	1.33
6	0.37	-0.01
7	-0.16	-0.13
8	0.03	1.71
9	0.42	2.17
10	-0.16	2.34
11	0.09	2.26
AVERAGE	.1055	1.3355
D.STANDARD	.20762	1.08248

Table 3 Matrix of results of financial profitability and liquidity indicators
Source: Own elaboration with the application of financial models

With the navigation quadrant technique, the results of the average obtained from the indicators of financial profitability and liquidity are positioned in the quadrants of the Cartesian axes "X" and "Y", both for the business sector and for each of the member companies to visualize their positioning.

Figure 1 shows that the average allows the location in quadrant 1, which implies that the sector is consolidated or in development, able to obtain profits and generate sufficient cash for its operating activities that allow it to meet its obligations, but it has very low levels of profitability.

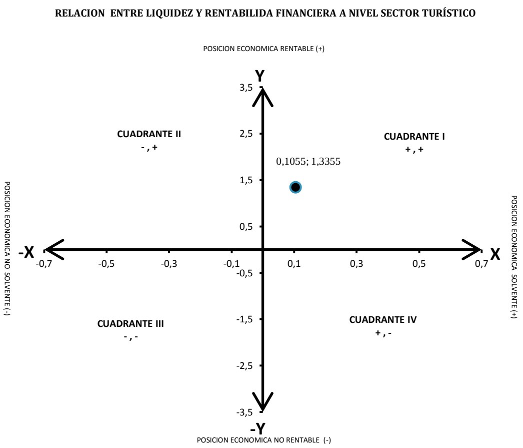

Figure 1 Financial Profitability and Liquidity at the business sector level.
Source: self made

Regarding the detailed analysis of the 11 companies participating in the research presented through Figure 2, the location of 6 (54.55%) is determined in the first quadrant that defines them in development, 3 (27.27%) are in the second with the profile that they are profitable but not solvent, that is, they obtain profits but they are not enough for the payments committed with the creditors with the risk of going bankrupt, 1 (9.09%) is in the fourth quadrant and means that it is solvent but not profitable, it is decapitalized by compromising its assets to cover its debts and continue operating, with the risk of reaching the third quadrant where it is located 1 (9.09%) organization that is already in business failure for not being solvent or profitable.

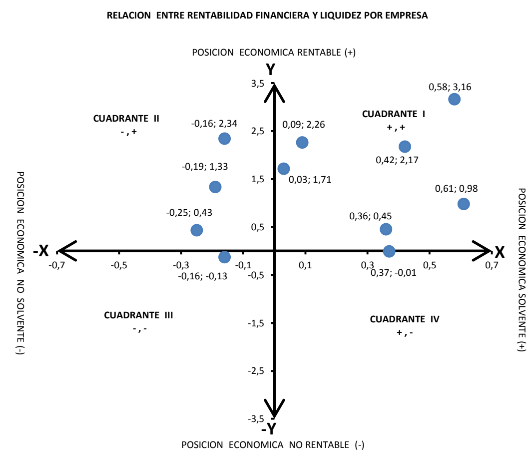

Figure 2 Liquidity and Financial Profitability of the 11 participating companies.
Source: self made.

With Figures 1 and 2 we can see the panorama presented by the 11 companies contained in the investigation, in which the administrative management is being functional in 9 of them but in 2.

5.- Discussion and Conclusions

Any organization that uses a methodology to establish management indicators should take into account that they allow adequate feedback and clearly present their form of interrelation for management that analyzes causes and establish points of improvement to support the decision that should be taken, preferably their connection with other indicators.

Having used the indicators of liquidity and financial profitability to know the effectiveness of business management, through the results of this research confirms that the tourism business sector of the MSMEs of the city of Campeche, Campeche, has been careful to keep healthy its finances to present prudent indexes, since it is outlined to a sustained growth, to obtain profitability and present liquidity.

However, not everything is encouraging since in a negative sense there are 2 companies whose management results are not on the positive path and even in one of them you can already think that you are in financial bankruptcy. Establishing the relationship between the liquidity and profitability indicators to determine the degree of business management is interesting, since it provides the necessary elements to take rooted decisions with greater precision in organizations.

As the resulting case in which, without conceding, organizations are growing, but impact variables will have to be analyzed in subsequent studies to maximize this potential and sustain their development. On the other hand, companies that are in a downward spiral, do this type of studies allows them to see the weak points that must improve or resume that leads to the path of financial success.

The administrator allows you to define the necessary financial controls to deal with changes in the environment, optimizing the positive ones and rejecting the negative ones. The panorama of the tourism sector of MSMEs should allow them to implement adequate organizational strategies to carry out their effective and efficient financial management. We must not stop analyzing the variables that make up the indicators taken as a point of reference to shore up those that show weakness and reinforce those that are contributing the positive part of finance.

Finally, from this work, research lines were opened to know the existing correlation in the variables that configure the construction of the financial indicators used as models of analysis. Also, outline its application to the other economic sectors of the State, Region and Country.

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