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Financial Analysis Of The Hotel Sector In A Frontier City

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Abstract

This research article was defined to meet the objective of identifying the behavior of growth indicators, efficiency, efficacy, effectiveness of the hotel sector in a period of time, the methodology for the research was handled descriptive-quantitative, in order to describe numerically through the indicators, the behavior of the hotel sector at the financial level. The population studied are the hotels that at the date of the study were active in the city, it was found that 121 hotels were registered, we proceeded to work the sample for which 15 hotels were taken non-probabilistically for convenience, since the population did not all had the willingness on their part to give development to the research through the application of the instrument of information collection. When compared with the results obtained from the financial analysis, this result was corroborated concluding that improved the effectiveness in the sector thus showing that the use of resources in the sector studied was optimized.

Keywords: Hotel sector, financial indicators, growth indicators.

1. Introduction

1.1. Financial Ratios

A financial index is a relation between two figures extracted from the financial statements, with which the user of the information seeks to have a measurement of the internal results of a business or of a specific sector of the economy, an aspect that is compared with previously established parameters such as the average of the activity, the indexes of previous periods, the objectives of the organization and the indexes of its main competitors.(Godoy & Morales, 2012).

For its part (Amat, 2000, p. 90; Rosales, 1996) advises that when using indicators, caution should be exercised with magnitudes that have a negative sign, since they can distort reality and lead to erroneous conclusions. For example, if the return on equity indicator is calculated for a company with a loss, i.e.,

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with equity with a negative sign, this would lead to the contradiction of a positive sign profitability indicator.

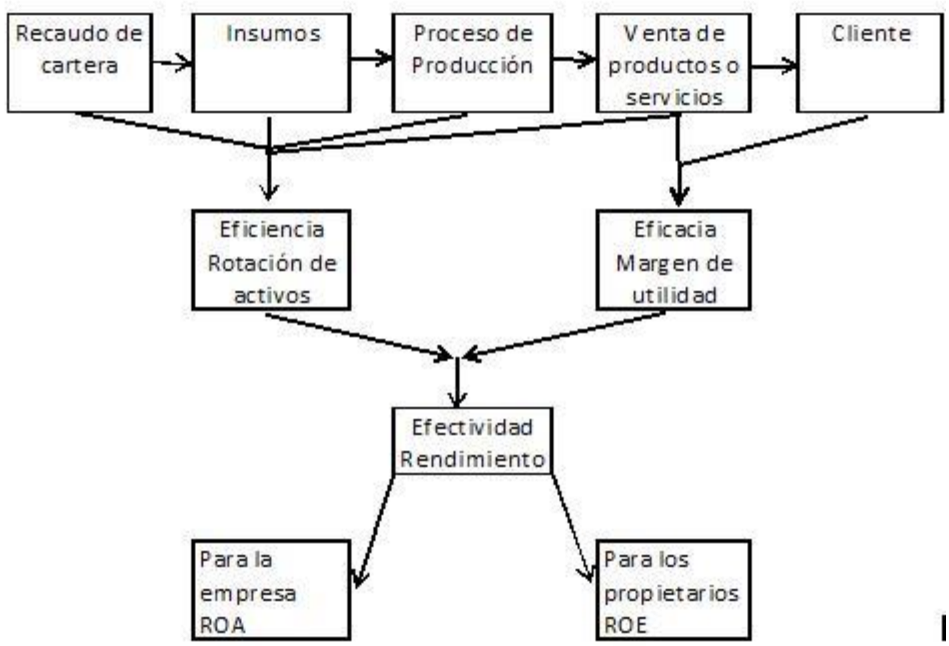
1.2. Financial Performance

For Ruiz and Rivera (2011, p.114) there are at least three sources of information that make it possible to know the financial performance of organizations: the one based on accounting information, the one that uses market information and the one that follows the criteria of value management. The author maintains that the most widely used in the world is accounting, given its legal requirements..

In relation to the financial performance indicators Ruiz and Rivera (2011, p115) explain that the most widespread in the economic environment are those of growth (sales, assets and profit), efficiency (portfolio turnover, inventory turnover, operating asset turnover and total asset turnover), efficacy (gross margin, operating margin, net margin and EBITDA/sales ratio) and effectiveness or productivity (return on assets and return on equity).(Bedoya Londoño, 2018; Perez Duarte et al., 2018)

To analyse the financial performance of companies based on accounting information, Ruiz and Rivera propose the following scheme

Figure 1. Efficiency, efficacy and effectiveness of the company's operating cycle.



Source: Ruiz and Rivera (2011)

1.3. Growth indicators

According to Ruiz and Rivera (2011, p.115) these indicators show over time the trend (increasing, decreasing or stable) of the company's sales, assets and profits, with which the behavior of the company's size can be analyzed.

This corresponds to horizontal analysis, which is a procedure that consists of comparing homogeneous financial statements in two or more consecutive periods, however, it is necessary to act with caution, because in the changes in any item, before judging it as positive or negative, it is necessary to know the causes of the change.

1.4. Efficiency indicators

Indicators of efficiency in the use of assets measure the speed of producing more cash flows with the least investment in assets. Operational assets (accounts receivable, inventories and fixed assets), as well as total assets, are the object of these calculations. Efficiency would then be related to asset turnover. As a reference value, the higher the better. Among these indicators, the following are considered

Portfolio turnover = sales / accounts receivable;
Inventory turnover = cost of sales / inventories;
Fixed assets turnover = sales/fixed assets;
Rotation of operating assets = sales / operating assets;
Rotation of total assets = sales / total assets; Rotation of operating assets = sales / operating assets; Rotation of total assets = sales / total assets.

1.5. Efficacy indicators

They measure the organization's capacity to produce profits through efforts that increase sales in proportions greater than costs and expenses. To calculate them, the different types of profits are related to sales. It is analyzed:

Gross margin = gross profit / sales;
Operating margin = operating profit / sales;
Net margin = net income / sales;
Earnings before interest, tax, depreciation and amortization = EBITDA / sales.

1.6. Effectiveness indicators

They measure the company's power to produce profits, taking into account the amount, nature and ownership rights of the resources used. To determine them, profit is related to assets or equity, depending on whether the performance is to be measured for the company or for the owners of the company. Effectiveness is the result of a combination of efficiency and efficacy. It is analyzed:

Return on assets (ROA)= Operating income / assets;
Return on equity (ROE)= net income / equity.
ROE= (Net Margin) x (Total Assets Turnover) x (Financial Leverage).

2. Method

The research is based on the quantitative paradigm since the variables financing and financial management can be measured as they are presented. The present research is descriptive. According to (Briones, 2002; Hernández Sampieri et al., 2019), Descriptive research uses systematic criteria that make it possible to reveal the structure or behaviour of the phenomena under study, thus providing systematic information that is comparable with that from other sources. In addition, (Arias, 2006) points out that descriptive research consists of the characterization of a fact, phenomenon, individual or group, to establish its structure or behaviour. The results of this type of research are located at an intermediate level as far as the depth of knowledge is concerned. The purpose of correlational research is to determine the degree of relationship or association (non-causal) existing between two or more variables (Arias, 2006).

2.1. Population

According to Arias (2006), the population is "a finite or infinite set of elements with common characteristics to which the conclusions of the research will be extended" (p. 81). While for (Balestrini, 2002) "In an investigation, the population is the set of units from which information is to be obtained and on which conclusions are to be drawn" (p. 105). In the present research, the population is constituted by the hotels registered in the city of Cúcuta.

Population: N=121

2.2. Sample

Once the population was defined, the sample was selected. Based on the criteria of Ary, Jacobs and Razavieh (1989), cited by (Arias, 2006) In descriptive research, it is recommended to consider between 10 and 20% of the accessible population. In this study, a sample of fifteen (15) persons was considered.

n=15

The selection criteria of the informants was intentional based on their willingness to collaborate and that, in the researcher's opinion, were representative of the sector.

For the analysis of the financial results, the following companies were studied: Promociones Turísticas del Norte Ltda, Hoteles Casa Blanca S.A., Organización Hotelera Arcos y Cia. S.A.S., Casinos y Servicios del Caribe S.A.

2.3. Techniques and instruments for the collection of information

According to Arias, the technique is the form or way of obtaining the information, while the instrument is the tangible or material means used to collect and store it. In the research, the technique used was the survey, using as an instrument the structured questionnaire with three-option questions in a Likert scale format. This consists of "a set of items presented in the form of statements or judgments referring to the current event or situation about which the attitude is to be measured".

The reliability of the instrument was determined by means of the Cronbach's Alpha Coefficient statistic, a procedure used for instruments that offer several options. The result obtained was 0.892, which according to (Hernández Sampieri et al., 2019) shows a reliable instrument. The instrument was applied in the selected companies of the hotel sector and by means of the documentary analysis, the selection and registration of data for subsequent analysis was carried out. The design of the questionnaire together with the documentary analysis was structured based on the variables of the study.

2.4. Data Processing and Analysis Techniques

Once the information had been classified, the quantitative analysis was carried out in order to respond to the objectives set. The quantitative evaluation was carried out by means of simple frequency distributions and graphs for the identified aspects of the study variables, using Microsoft® Excel. The same treatment was applied for the statistical analysis. The surveys were analyzed using the DYANE® program. Once the information was classified and analyzed, the results were discussed based on the theoretical bases and the works selected as background for this research..

3. Results

3.1. To identify the behavior of the growth indicators of the hotel sector in the city of Cúcuta in the period 2012-2015..

Based on this objective, we worked with the results of the survey applied in the sector and the financial analysis of the companies that report to Supersociedades in order to contrast the opinions of people related to the sector and the financial results of the companies that reported to Supersociedades.

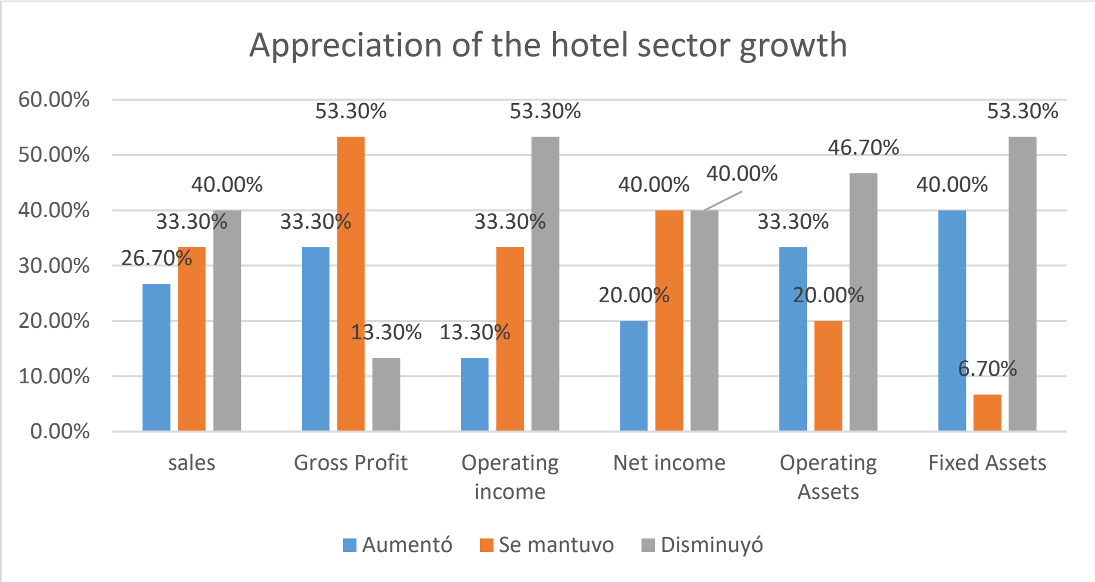
The analysis of the growth of the hotel sector was carried out by inquiring about the behavior of the following indicators: Company Sales, Company Gross Profit, Company Operating Profit, Company Net Profit, Company Operating Assets, Company Fixed Assets. The results are shown in Table 1

Table 1. Growth of the hotel sector in the city of Cúcuta.

GROWTH QUESTION	Increased		It was maintained		Decreased	
	FA	FR	FA	FR	FA	FR
sales	4	26,7%	5	33,3%	6	40,0%
Gross Profit	5	33,3%	8	53,3%	2	13,3%
Operating Profit	2	13,3%	5	33,3%	8	53,3%
Net Income	3	20,0%	6	40,0%	6	40,0%
Operating Assets	5	33,3%	3	20,0%	7	46,7%
Fixed Assets	6	40,0%	1	6,7%	8	53,3%
TOTAL	25	27,8%	28	31,1%	37	41,1%

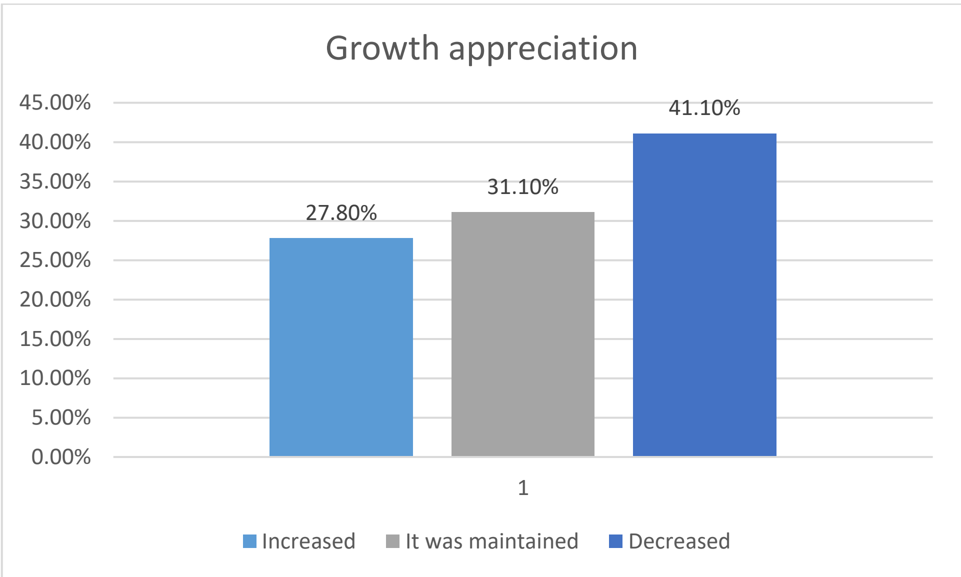
In relation to the behavior of income from the sale of services, it was found that the majority (40%) indicated that sales decreased. The 33.3% indicated that they remained the same and 26.7% that they increased. Regarding gross profit, the majority (53.3%) indicated that it remained the same. Regarding operating profit, 53.3% responded that it decreased. When asked for their opinion regarding Net Profit, 80% of those surveyed responded that it remained the same or decreased. Regarding operating assets, for the majority 46.7% said that it decreased and for fixed assets 41.1% considered that it decreased.

Figure 1. Respondents' appreciation of the growth of the hotel industry



In general terms, for 41.1% of the respondents, the growth of the sector decreased during the study period, for 31.1% the indicators remained the same and for 27.8% they increased. This is shown in Figure 2.

Figure 2. Respondents' appreciation of the growth of the hotel sector in Cúcuta



When comparing with the results obtained from the financial analysis of the hotel sector shown in Table 2, it was found that there is coincidence regarding the decrease in the growth of the hotel sector in relation to the indicators of sales, profits and assets. The exception is presented in relation to Operating Profit, where a positive variation of 1.9% is reported, while the respondents indicated that it decreased. In any case, the variation of 1.9% can be considered quite low, which brings the positions closer together.

Table 2. Financial results of the companies that report to Supersociedades.

Financial Results	Variation
NON-CURRENT ASSETS	-33,20%
TOTAL CURRENT ASSETS	-48,30%
TOTAL NON-CURRENT ASSETS	-47,30%
41 OPERATING INCOME	-29,00%
GROSS PROFIT	-35,50%
OPERATING INCOME	1,90%
INCOME BEFORE TAXES	-26,80%
59 PROFIT AND LOSS	-28,00%

Source: the author with information taken from Supersociedades - SIREM.

The decrease in the growth of the hotel sector in the city of Cúcuta during the study period was evidenced by the respondents and in the financial results of the sector. According to (González Mendoza et al., 2022a; Rivera Godoy & Ruiz Acero, 2011) los Indicadores de crecimiento permiten conocer el comportamiento histórico de las ventas, los activos y la utilidad neta que una empresa o sector ha tenido durante un período de tiempo.

3.2. To determine the behavior of the efficiency indicators of the hotel sector in the city of Cúcuta in the period 2012-2015..

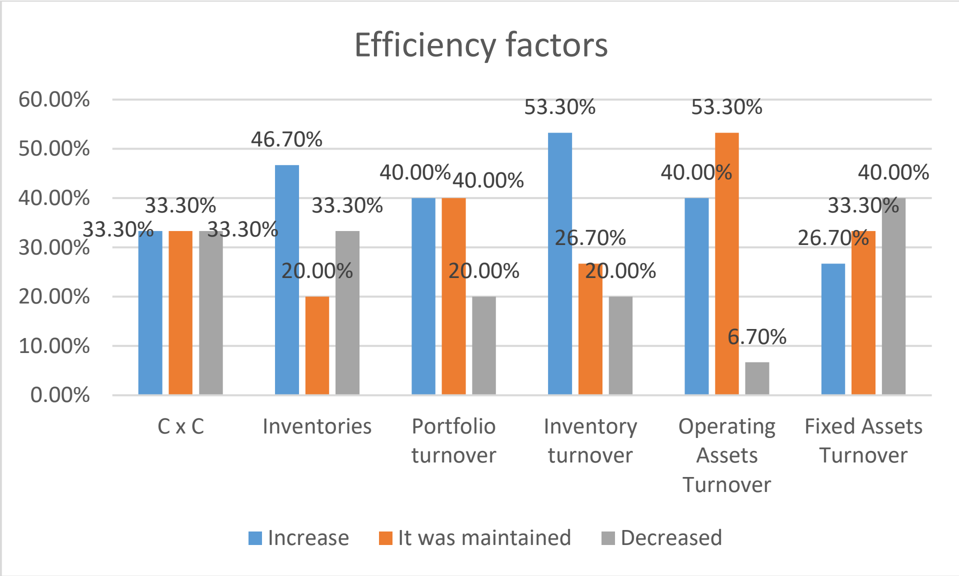
Efficiency indicators are studied based on C x C turnover, Inventories, Portfolio Turnover, Inventory Turnover, Operating Assets Turnover and Fixed Assets Turnover. The results are presented in Table 3.

Table 3. Efficiency Indicators

EFFICIENCY	Increased		It was maintained		Decreased	
QUESTION	FA	FR	FA	FR	FA	FR
C x C	5	33,3%	5	33,3%	5	33,3%
Inventories	7	46,7%	3	20,0%	5	33,3%
Portfolio Turnover	6	40,0%	6	40,0%	3	20,0%
Inventory turnover	8	53,3%	4	26,7%	3	20,0%
Rot. Operating Assets	6	40,0%	8	53,3%	1	6,7%
Rot. Fixed Assets	4	26,7%	5	33,3%	6	40,0%
TOTAL	36	40,0%	31	34,4%	23	25,6%
AVERAGE	7		5		3	

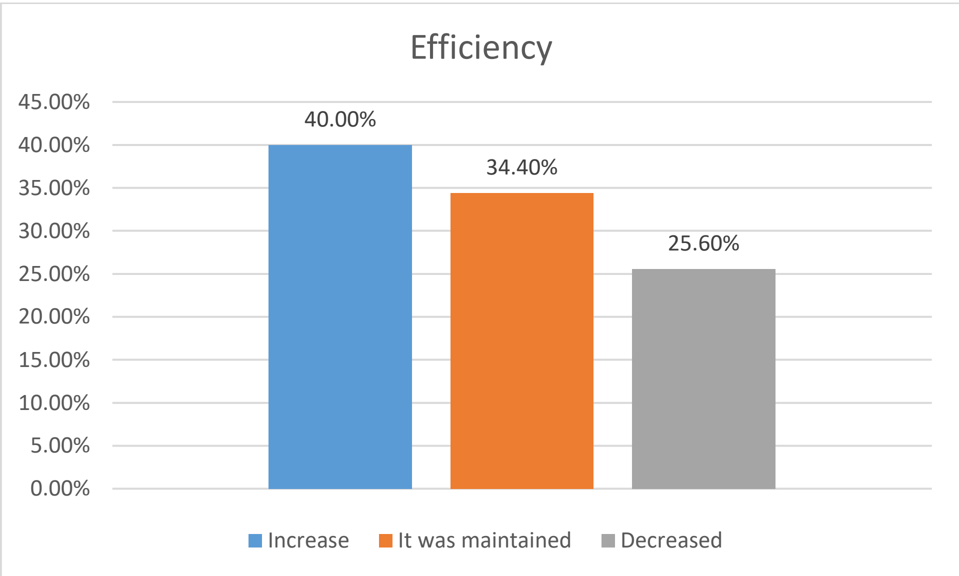
It was found that in accounts receivable there is no predominant option. The three propositions received 33.3% of the responses each. Regarding inventories, 46.7% considered that they increased. In relation to portfolio turnover, 40% responded that it increased and 40% responded that it remained the same. Regarding inventory turnover, 53.3% stated that it increased. Regarding the turnover of operating assets, the majority 53.3% responded that it remained the same. Forty percent indicated that fixed asset turnover decreased.

Figure 3. Results associated with financial efficiency factors.



When consolidating the responses to the indicators related to financial efficiency, Figure 4 shows that for 40% of those surveyed, the rotation of the variables studied increased. A total of 34.4% indicated that they remained the same and 25.6% indicated that they decreased.

Figure 4. Perception in the measurement of financial efficiency in the hotel sector in Cúcuta.



The results of the financial analysis showed the following results.

Table 4. Operational indicators for hotel sector companies in Cúcuta.

	Variation
Fixed Assets Turnover (times)	-17,5%
Total Assets Turnover (times)	31,3%
Total Inventory Turnover (times)	-5,1%

Source: the author with information consulted in Supersociedades. SIREM

There was a coincidence in the answers regarding the increase in fixed asset turnover and the increase in total asset turnover. However, with respect to inventory turnover, the answers do not coincide with the results obtained from the financial analysis. Within this framework, based on the financial analysis, it can be considered that the efficiency of the sector increased, given that the increase in the turnover of total assets was a function of the turnover of operational assets, since the turnover of fixed assets decreased.

According to Rivera (2009, 2011), financial efficiency is measured in terms of the profit obtained from the management of current assets, which allows the organization to obtain greater benefits from the management of resources. Efficiency indicators measure the speed of conversion of an asset to a more liquid one, which is achieved with a reduction of the operating cycle and a greater production of cash flows with a minimum investment (Rivera Godoy & Ruiz Acero, 2011, p. 132; van Horne & Wachowicz Jr, 2002, p. 134).

3.3. To identify the evolution of the efficacy indicators of the hotel sector in the city of Cúcuta in the period 2012-2015..

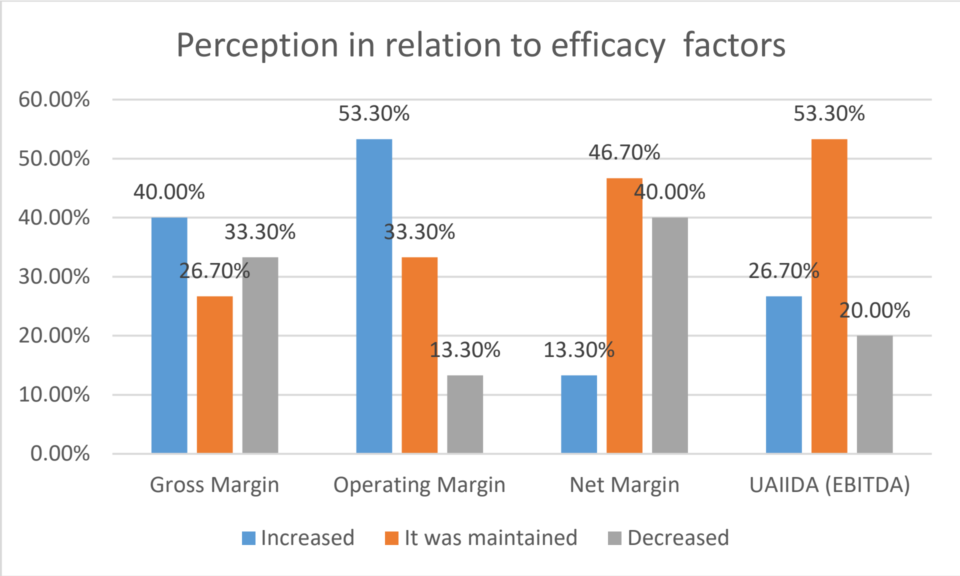
Efficacy was analyzed in terms of margins. The factors considered were: Gross Margin, Operating Margin, Net Margin and EBITDA. Table 5 shows the responses obtained..

Table 5. Factors related to sector efficacy

EFFECTIVENESS	Increased		It was maintained		Decreased	
QUESTIONS	FA	FR	FA	FR	FA	FR
Gross Margin	6	40,0%	4	26,7%	5	33,3%
Operating Margin	8	53,3%	5	33,3%	2	13,3%
Net Margin	2	13,3%	7	46,7%	6	40,0%
UAIIDA (EBITDA)	4	26,7%	8	53,3%	3	20,0%
TOTAL	20	33,3%	24	40,0%	16	26,7%

Regarding the gross margin, the majority (40%) indicated that it increased. Regarding the operating margin, 53.3% indicated that it increased. As for the net margin, 46.7% said it remained the same. When asked about earnings before interest, taxes, depreciation and amortization or EBITDA, 40% indicated that it remained the same. The results are shown in Figure 5

Figure 5. Perception of efficacy factors in the hotel sector of Cúcuta.



However, upon consolidating the results of the efficacy dimension, it was found that for 40% of those surveyed, the sector's efficacy remained the same. 33.3% stated that it increased and for 26.7% it decreased..

Figure 6. Perception of the efficacy of the hotel sector in Cúcuta

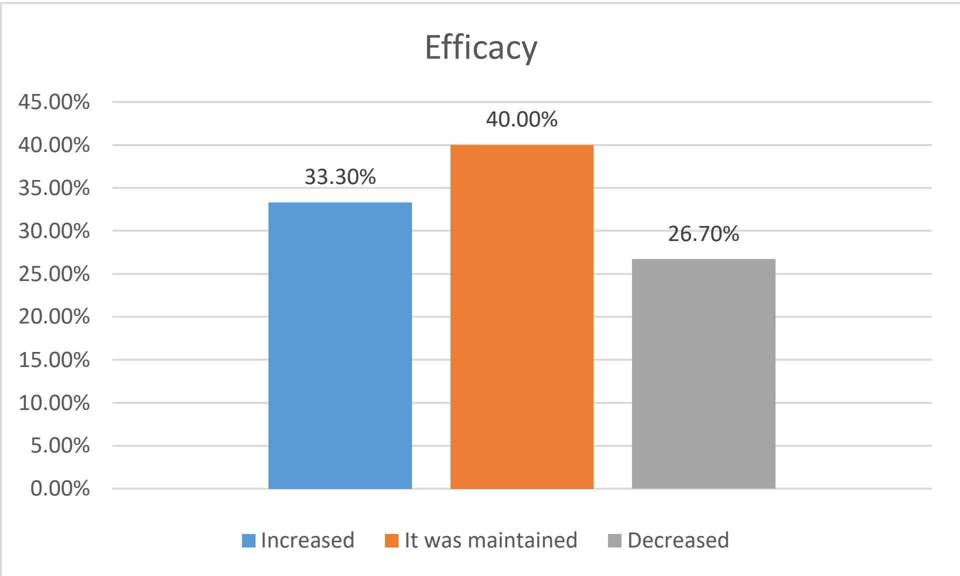


Table 6 below shows the results of the financial analysis for the companies in the sector.

Table 6. Margin indicators for hotel sector companies.

DATO	Variation
Gross Margin	-9,1%
Net Margin	1,3%
Operating Margin	43,7%
Non-Operating Margin	-113,2%
EBITDA	-32%

Source: the author with data taken from Supersociedades. SIREM

When comparing the results of the financial analysis with the results of the survey, it was found that there are coincidences in terms of: operating margin, net margin. Although there was no coincidence in the EBITDA, the respondents' assessment (53.3% remained the same and 20% decreased) shows a certain approximation with the financial results shown by the companies in the sector. As for the gross margin, although there are discrepancies

discrepancies in the total, 33.3% of those surveyed agreed with the result regarding the decrease in EBITDA.

For (Dávila López et al., 2018; González Mendoza et al., 2022b; Riaño-Solano, 2014; Rivera Godoy & Ruiz Acero, 2011) efficacy indicators provide insight into the virtue of achieving higher profits through successful cost and expense management.

3.4. To analyze the effectiveness indicators of the hotel sector in the city of Cúcuta in the period 2012-2015.

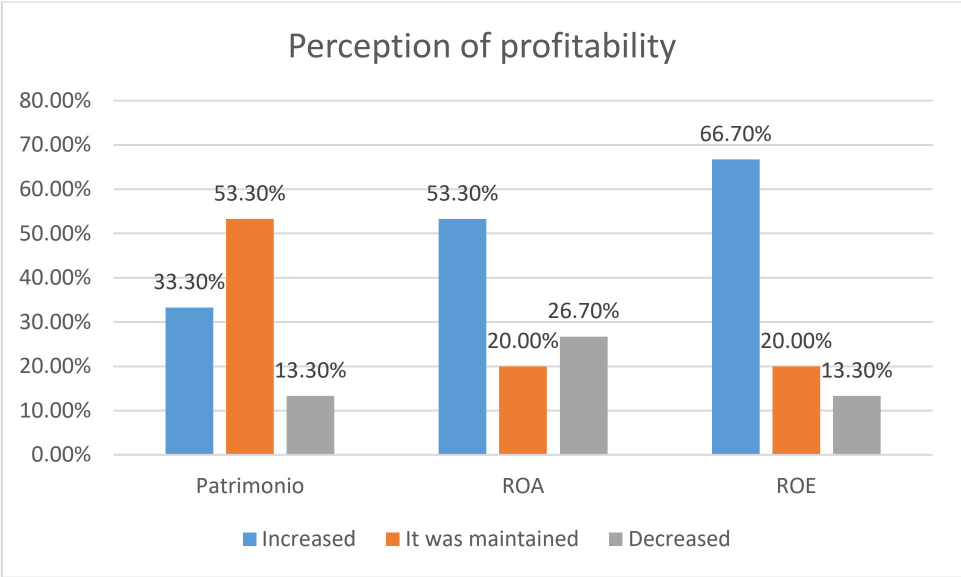
The effectiveness of the hotel sector was analyzed using the factors associated with return on assets and return on equity. The results are presented in Table 7.

Table 7. Perception of effectiveness indicators in the hotel sector

EFFICACY	Increased		It was maintained		Decreased	
ITEMS	FA	FR	FA	FR	FA	FR
Equity	5	33,3%	8	53,3%	2	13,3%
ROA	8	53,3%	3	20,0%	4	26,7%
ROE	10	66,7%	3	20,0%	2	13,3%
TOTAL	23	51,1%	14	31,1%	8	17,8%

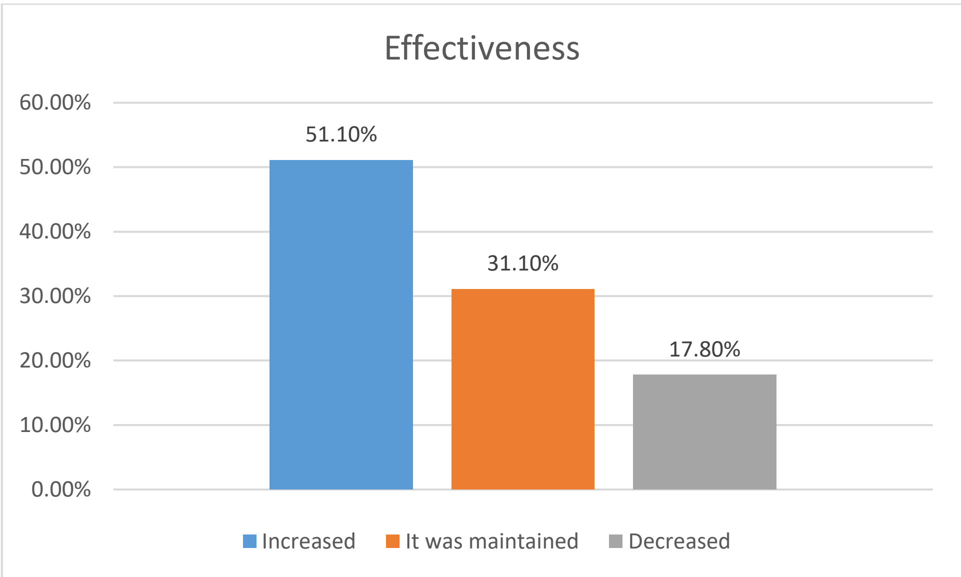
Regarding the Equity of the companies, 53.3% of the respondents stated that it remained the same. In relation to Return on Assets (ROA), 53.3% of those surveyed responded that it increased, and in relation to Return on Equity (ROE), 66.7% responded that it increased..

Figure 7. Perception of profitability in the hotel sector of Cúcuta



Consolidating the results, the figure shows that for 51.1% of the respondents the effectiveness of the companies in the hotel sector in Cúcuta increased, for 31.1% it remained the same and for 17.8% it decreased.

Figure 8. Perception of effectiveness in companies of the hotel sector in Cúcuta.



The profitability results obtained from the financial analysis of the companies in the hotel sector in the city of Cúcuta are shown below.

Table 8. Profitability of companies in the hotel sector in Cúcuta.

DATO	Variation
Operating Return on Assets (ROA)	33,5%
Return on Equity (ROE)	39,4%

Source: the author with data from Supersociedades.

There was coincidence in the responses of the respondents with respect to the results of the financial analysis. Regarding the Return on Assets (ROA), the financial analysis showed a positive variation of 33.5%, while the Return on Equity (ROE) showed a positive variation of 39.4%. For (Montoya et al., 2010; Rivera Godoy & Ruiz Acero, 2011, p. 123; Uribe montoya & Gaitan Guerrero, 2013) effectiveness indicators measure how the company is able to produce profits through the optimal use of its resources..

4. Discussion and conclusion

It was found that efficiency in the hotel sector improved with an increase in portfolio turnover and inventory turnover. In relation to the accounts receivable portfolio, there was not a majority position in the opinion of the respondents. Based on the financial analysis, it can be considered that the increase in the sector's efficiency was influenced by the turnover of operating assets, since the turnover of fixed assets decreased.

When analyzing the efficacy of the hotel sector, it can be concluded that it was maintained. The results are supported by the perception of the margins obtained in the sector. The increase in the gross margin and operating margin was offset by the net margin and EBITDA, which according to the respondents were maintained. The results were very close to those obtained in the financial analysis of the companies in the hotel sector where the results showed a decrease in gross margins, non-operating margin and EBITDA and an increase in net margin.

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