

Financial Management and Profitability in a Private Company in the Construction Sector of the District of San Borja – 2022

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Abstract

The current study was carried out in a company in the construction sector focused on short and medium-term projects, with the objective of establishing the relationship between financial management and profitability, in order to determine whether applying an improvement in the first of these has a significant influence on the second. The method used was a non-experimental method of basic quantitative correlational scope, using as a sample 27 workers from four different areas of the organization, by means of a questionnaire that describes both variables. The reliability obtained was 0.928 and 0.863 according to Cronbach. Once applied, it was determined that, according to Spearman's correlation coefficient, this relationship is significant and with a value of 0.819, therefore, it was concluded that a better management of financial management as a useful tool for decision-making, could improve the profitability of the company under study.

Keywords: *Financial management, profitability, construction sector.*

1. Introduction

When looking at the big picture, financial management is a cornerstone in the business world. Its importance transcends national borders, as it has a direct impact on global economic stability. In a globalized environment, companies' financial decisions have effects that transcend borders, affecting international markets and foreign investment. A good example of this is the construction sector, which accounts for a significant part of the global economy and relies heavily on efficient financial management (Borja et al., 2022).

In the context of construction, financial management takes on an even more prominent importance due to the nature of projects in this sector. The investment required to carry out construction projects can be substantial, and efficiency in financial management is a critical factor in ensuring the viability of each project. Accurate budget planning is essential to avoid financial deviations that can threaten the profitability and successful execution of a project (Mayett et al., 2022).

Cash flow management also takes on a starring role in the construction sector, projects often involve significant disbursements at specific times such as procuring materials and hiring labor, while payments can be intermittent and subject to delays, maintaining a healthy cash flow is crucial to ensure that there is sufficient liquidity available to cover operating costs and maintain continuity of operations. projects (Céspedes, 2022).

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In addition, the right choice of funding sources is essential in construction. The ability to access bank loans, investment capital, or financing through bond issuances can make a difference in financing costs and flexibility in project execution. Ultimately, financial management in construction not only benefits the companies involved, but also has an impact on the global economy by contributing to economic growth, job creation, and investment in infrastructure, it is a vital element that drives the expansion and stability of a sector that, in turn, it supports global economic development (Alonso & Chavez, 2021).

Considering the above, it is therefore proposed to consider the use of financial management to improve profitability in a private company in the construction sector of the district of San Borja, so it is necessary in the first instance to know if these variables are related to each other and in what way, in order to manage a plan that allows them to be improved. This raises the general question: Is there a relationship between financial management and profitability in a private company in the construction sector of the district of San Borja – 2022? The first specific question is: Is there a relationship between working capital management and profitability in a private company in the construction sector of the district of San Borja – 2022? While the second specific question is: Is there a relationship between the Accounting Information System – Financial Report Analysis Practice and profitability in a private company in the construction sector of the district of San Borja – 2022? And finally, the third specific question is: Is there a relationship between the capital-financing structure and profitability in a private company in the construction sector of the district of San Borja – 2022?

The practical justification of this research is based on the resolution of a need, this being the response to having the pertinent information to make the necessary improvements in the variables studied. The theoretical justification is given because the research is based on relevant previous theories, duly cited in the paper. Finally, the methodological justification is based on the correct use of the scientific method for its development, allowing to verify whether the hypothesis generated is accepted or denied.

Therefore, it was proposed as a general objective to determine if there is a relationship between financial management and profitability in a private company in the construction sector of the district of San Borja – 2022, the first specific objective being to determine if there is a relationship between the management of working capital and profitability in a private company in the construction sector of the district of San Borja – 2022, the second specific objective to determine if there is a relationship between the accounting information system – financial reporting analysis practice and profitability in a private company in the construction sector of the district of San Borja – 2022, and the third specific objective to determine if there is a relationship between the capital structure – financing and profitability in a private company in the construction sector of the district of San Borja – 2022.

Consequently, it was proposed as a general hypothesis that there is a significant relationship between financial management and profitability in a private company in the construction sector of the district of San Borja – 2022, with the first specific hypothesis being that there is a significant relationship between the management of working capital and profitability in a private company in the construction sector of the district of San Borja – 2022, the second hypothesis specifies that there is a significant relationship between the accounting information system – financial report analysis practice and profitability in a private company in the construction sector of the district of San Borja – 2022, and the third hypothesis specifies that there is a significant relationship between the capital-financing structure and profitability in a private company in the construction sector of the district of San Borja – 2022.

2. Objectives

2.1 General objective

To determine if there is a relationship between financial management and profitability in a private company in the construction sector of the district of San Borja – 2022

2.2 Specific objectives

- To determine if there is a relationship between working capital management and profitability in a private company in the construction sector of the district of San Borja – 2022.
- To determine if there is a relationship between working capital management and profitability in a private company in the construction sector of the district of San Borja – 2022.
- To determine if there is a relationship between the capital-financing structure and profitability in a private company in the construction sector of the district of San Borja – 2022.

3. Hypothesis

3.1 General hypothesis

There is a significant relationship between financial management and profitability in a private company in the construction sector of the district of San Borja – 2022

3.2 Specific hypotheses

- There is a significant relationship between working capital management and profitability in a private company in the construction sector of the district of San Borja – 2022.
- There is a significant relationship between the Accounting Information System – Financial Report Analysis Practice and profitability in a private company in the construction sector of the district of San Borja – 2022.
- There is a significant relationship between the capital-financing structure and profitability in a private company in the construction sector of the district of San Borja – 2022.

4. Methodology

4.1 Type and design of research

4.1.1 Type of research

According to Hernández et al. (2014), the present research would be of the basic type, since it develops the verification of theoretical knowledge already founded in a specific case in order to contribute to the analyzed theory and evaluate the best performance for the case of analysis.

The approach is quantitative, as its objective is to identify patterns, relationships, and objective trends in the information collected, and subsequently, to perform a statistical interpretation of these findings (Arias, 2020).

4.1.2 Research design

A non-experimental design was used since no alteration is made to the participants or the study context and is cross-sectional when analyzing a specific period (Hernández & Mendoza, 2018).

Finally, the level is correlational when assessing the relevance of a relationship between the analysis variables (Ñaupas et al., 2018).

4.2 Population, sample and sampling.

4.2.1 Population

Population refers to the set of individuals or elements that will be evaluated in order to achieve the purposes of the research. Therefore, in this report, the population was considered to be the workers of a private company in the construction sector that carries out works in the district of San Borja, who have to meet the following criteria:

Inclusion:

- They have to be full-time workers.
- They must have worked in the organization during the year 2022.

Opt-out:

- They must agree to participate in the study voluntarily.
- They must have completed the questionnaire in its entirety.

4.2.2 Sample

The sample is understood as a subset of the population, so in this case it was delimited to the 27 workers who work in the areas of accounting, finance, treasury and logistics in the private company of the construction sector that executes works in the district of San Borja.

4.2.3 Sampling

The sampling is non-probabilistic for convenience because a number of representative respondents were not analyzed, but rather the set of workers who share certain areas of work in common.

4.2.4 Unit of analysis

The unit of analysis refers to each subject of study, so in this case it would be each worker who will be independently evaluated in order to collect the complete data in a global way.

4.3 Data collection techniques and instruments

The technique used is based on the survey, as it allows individual data to be collected from several participants empirically, while guaranteeing the anonymity necessary for the research, with the aim of obtaining the most genuine insights possible (Rodríguez, 2020).

The instruments used were the questionnaires used in the article by Céspedes (2022). The first of these instruments corresponds to the Financial Management variable, which was subdivided into three dimensions: Working Capital Management (6 items), Accounting Information System – Financial Report Analysis Practice (7 items), and Capital Structure – Financing (11 items). On the other hand, the second instrument covered the profitability variable considering the dimensions of Financial Profitability (ROE) (3 items) and Economic Profitability (ROI) (3 items). The measurement scale for both instruments ranged from 1 (never) to 5 (always).

These questionnaires were published in a doctoral thesis submitted to the César Vallejo University (and later published in the indexed journal *Ciencia Latina Revista Multidisciplinar* the same year), validated by expert judgment, and obtained a reliability of 0.981 (for the Financial Management questionnaire) and 0.970 (for the Profitability questionnaire) by means of Cronbach's alpha. Therefore, it can be said that the instrument has sufficient criteria for its application in the present work, since it was also validated in a Peruvian population.

Instrument Name:	Financial Management Questionnaire	
Original Author:	Céspedes (2022)	
Purpose:	Determining the level of financial management of footwear-producing MSEs, Carabayllo, Lima, 2021.	
Dimensions:	<ul style="list-style-type: none"> • Working capital management (6 items). • Accounting Information System – financial report analysis practice (7 items). • Capital structure – financing (11 items). 	

Table 1. Instrument data sheet

Note. Own elaboration.

The technical data sheet of the Profitability instrument is presented in Table 2.

Instrument Name:	Profitability Questionnaire	
Original Author:	Céspedes (2022)	
Purpose:	Determining the level of profitability of footwear producing MSEs, Carabayllo, Lima, 2021.	
Dimensions	<ul style="list-style-type: none"> • Financial Profitability (ROE) (3 items). • Economic profitability (ROI) (3 items). 	

Table 2. Instrument data sheet

Note. Own elaboration.

5. Results

When the survey was applied to the selected sample of 27 workers, their answers were obtained based on the following table:

Acronym	Scale	Numerical Interpretation
N	Never	1
CN	Almost never	2
AV	Sometimes	3
CS	Almost always	4
S	Always	5

Table 3. Scale of the instrument and results

Note. Own elaboration.

From this, the responses are defined for each item of the surveys applied for financial management and profitability.

For the 1st item of financial management, the majority of positive opinions were obtained regarding it, this may be due to the fact that the company shows signs of managing its working capital through an efficient system.

Scale	N°	Percentage	Accumulated
Always	3	11.11%	11.11%
Almost always	10	37.04%	48.15%
Sometimes	8	29.63%	77.78%
Almost never	5	18.52%	96.30%
Never	1	3.70%	100.00%
Total	27	100.00%	

Table 4. Results for the 1st item of financial management

Note. Own elaboration.

For the 2nd item of financial management, the majority of positive opinions were obtained regarding it, this may be due to the fact that the company has a periodic follow-up in the inventory records, ensuring that these correspond to the physical inventory.

Scale	N°	Percentage	Accumulated
Always	5	18.52%	18.52%
Almost always	12	44.44%	62.96%
Sometimes	3	11.11%	74.07%
Almost never	6	22.22%	96.30%
Never	1	3.70%	100.00%
Total	27	100.00%	

Table 5. Results for the 1st item of financial management

Note. Own elaboration.

For the 3rd item of financial management, the majority of positive opinions were obtained regarding it, this may be due to the fact that the company shows liquidity for the fulfillment of its balances or acquisition of materials and/or goods.

Scale	N°	Percentage	Accumulated
Always	5	18.52%	18.52%
Almost always	9	33.33%	51.85%
Sometimes	10	37.04%	88.89%
Almost never	3	11.11%	100.00%
Never	0	0.00%	100.00%
Total	27	100.00%	

Table 6. Results for the 3rd item of financial management

Note. Own elaboration.

For the 4th item of financial management, the majority of negative opinions were obtained regarding it, this may be due to the fact that, having liquidity so as not to generate accounts payable, the few that are created by nature outside the company do not have adequate control.

Scale	N°	Percentage	Accumulated
Always	4	14.81%	14.81%
Almost always	6	22.22%	37.04%
Sometimes	6	22.22%	59.26%
Almost never	10	37.04%	96.30%
Never	1	3.70%	100.00%
Total	27	100.00%	

Table 7. Results for the 4th item of financial management

Note. Own elaboration.

For the 5th item, the majority of positive opinions were obtained regarding it, this may be due to the above, having sufficient liquidity to guarantee the allocation of budget for the requested purchases.

Scale	N°	Percentage	Accumulated
Always	6	22.22%	22.22%
Almost always	3	11.11%	33.33%
Sometimes	10	37.04%	70.37%
Almost never	7	25.93%	96.30%
Never	1	3.70%	100.00%
Total	27	100.00%	

Table 8. Results for the 4th item of financial management

Note. Own elaboration.

For the 6th item, the majority of positive opinions were obtained regarding this, this may be due to the perception of a correct planning of expenses that considers emergency funds in the face of possible unforeseen events.

Scale	N°	Percentage	Accumulated
Always	6	22.22%	22.22%
Almost always	8	29.63%	51.85%
Sometimes	8	29.63%	81.48%
Almost never	4	14.81%	96.30%
Never	1	3.70%	100.00%
Total	27	100.00%	

Table 9. Results for the 6th item of financial management

Note. Own elaboration.

For the 7th item, the majority of positive opinions were obtained regarding it, this may be due to the fact that the company follows the accounting standards and principles established and recognized according to its needs to prepare its financial reports.

Scale	N°	Percentage	Accumulated
Always	5	18.52%	18.52%
Almost always	11	40.74%	59.26%

Sometimes	5	18.52%	77.78%
Almost never	4	14.81%	92.59%
Never	2	7.41%	100.00%
Total	27	100.00%	

Table 10. Results for the 7th item of financial management

Note. Own elaboration.

For the 8th item, the majority of positive opinions were obtained regarding it, this may be due to the fact that the company follows the accounting norms and standards established by regulatory bodies or recognized institutions.

Scale	N°	Percentage	Accumulated
Always	5	18.52%	18.52%
Almost always	9	33.33%	51.85%
Sometimes	5	18.52%	70.37%
Almost never	6	22.22%	92.59%
Never	2	7.41%	100.00%
Total	27	100.00%	

Table 11. Results for the 8th item of financial management

Note. Own elaboration.

For the 9th item, the majority of positive opinions were obtained regarding it, this may be due to the fact that the financial statements are published every certain period of time so that workers and third parties have knowledge of the financial management of the company.

Scale	N°	Percentage	Accumulated
Always	9	33.33%	33.33%
Almost always	5	18.52%	51.85%
Sometimes	7	25.93%	77.78%
Almost never	5	18.52%	96.30%
Never	1	3.70%	100.00%
Total	27	100.00%	

Table 11. Results for the 9th item of financial management

Note. Own elaboration.

For the 10th item, the majority of positive opinions were obtained, this may be due to the fact that the company manages a financial statement that adapts to international standards for MSEs.

Scale	N°	Percentage	Accumulated
Always	4	14.81%	14.81%
Almost always	12	44.44%	59.26%
Sometimes	6	22.22%	81.48%
Almost never	4	14.81%	96.30%

Never	1	3.70%	100.00%
Total	27	100.00%	

Table 12. Results for the 10th item of financial management

Note. Own elaboration.

For the 11th item, the majority of positive opinions were obtained regarding it, this may be due to the fact that the company adapts depending on the accounting indicators to plan its position or procedure.

Scale	N°	Percentage	Accumulated
Always	4	14.81%	14.81%
Almost always	8	29.63%	44.44%
Sometimes	9	33.33%	77.78%
Almost never	4	14.81%	92.59%
Never	2	7.41%	100.00%
Total	27	100.00%	

Table 13. Results for the 11th item of financial management

Note. Own elaboration.

For the 12th item, the majority of conservative opinions were obtained regarding it, this may be because, although there are decisions about the direction of the company that it is necessary for all workers to know, there are also other decisions that must be kept private or handled with caution.

Scale	N°	Percentage	Accumulated
Always	5	18.52%	18.52%
Almost always	7	25.93%	44.44%
Sometimes	8	29.63%	74.07%
Almost never	6	22.22%	96.30%
Never	1	3.70%	100.00%
Total	27	100.00%	

Table 15. Results for the 12th item of financial management

Note. Own elaboration.

For the 13th item, the majority of conservative opinions were obtained regarding it, this may be due to the fact that the construction projects with which it usually works are short and medium term, which means that its capital is in constant reinvestment, so it is likely that the company is partially aware of such structuring.

Scale	N°	Percentage	Accumulated
Always	7	25.93%	25.93%
Almost always	7	25.93%	51.85%
Sometimes	6	22.22%	74.07%
Almost never	6	22.22%	96.30%
Never	1	3.70%	100.00%

Total	27	100.00%
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Table 16. Results for the 13th item of financial management

Note. Own elaboration.

For the 14th item, the majority of positive and negative opinions were obtained regarding it, this may be due to the fact that part of the staff must consider that the structure is adequate while another part must consider that it must adapt to the market of short and medium term projects where the company is located.

Scale	N°	Percentage	Accumulated
Always	4	14.81%	14.81%
Almost always	9	33.33%	48.15%
Sometimes	4	14.81%	62.96%
Almost never	9	33.33%	96.30%
Never	1	3.70%	100.00%
Total	27	100.00%	

Table 17. Results for the 14th item of financial management

Note. Own elaboration.

For the 15th item, the majority of negative opinions were obtained regarding it, this may be due to the fact that, as mentioned above, the company has a good liquidity indicator, so it rarely uses its credit lines, but works with the joint capital of the shareholders.

Scale	N°	Percentage	Accumulated
Always	5	18.52%	18.52%
Almost always	6	22.22%	40.74%
Sometimes	6	22.22%	62.96%
Almost never	9	33.33%	96.30%
Never	1	3.70%	100.00%
Total	27	100.00%	

Table 18. Results for the 15th item of financial management

Note. Own elaboration.

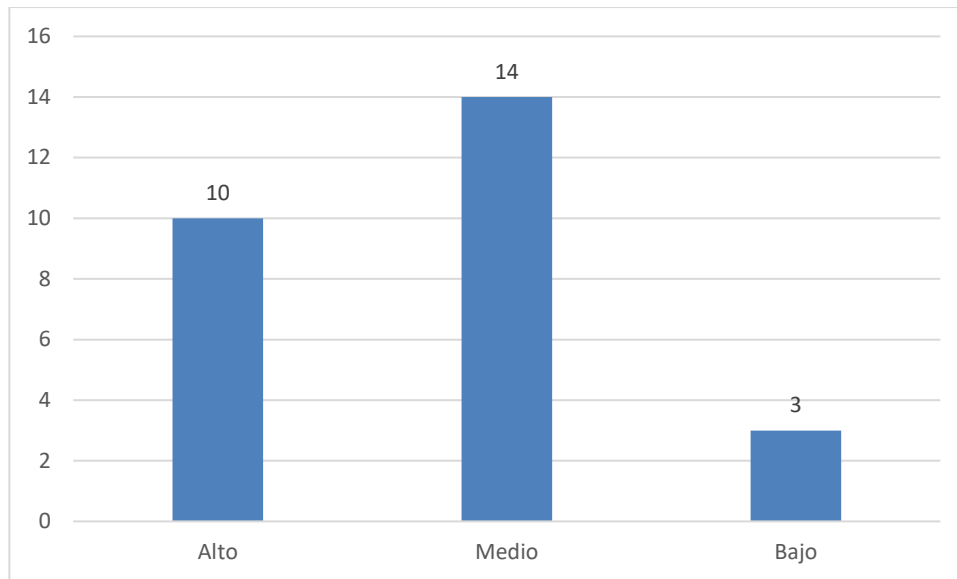


Figure 1. Grouping Data for Financial Accounting

For the dimensions of the financial management variable, the following was obtained:

Scale	N°	Percentage
High	6	22.22%
Middle	19	70.37%
Low	2	7.41%
Total	27	100.00%

Table 19. Results for the Working Capital dimension

Note. Own elaboration.

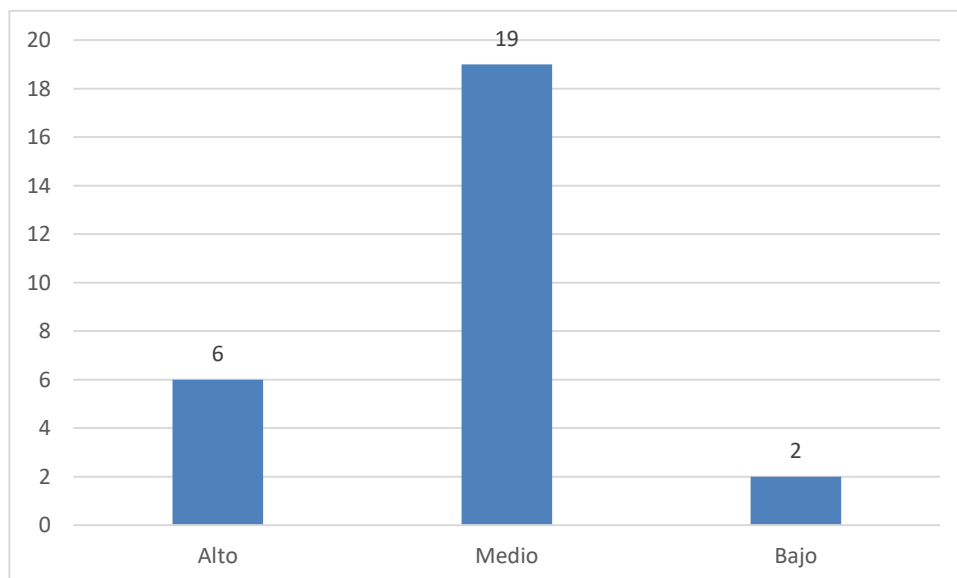


Figure 2. Data Grouping for the Working Capital Dimension

Scale	N°	Percentage
High	9	33.33%
Middle	15	55.56%
Low	3	11.11%
Total	27	100.00%

Table 20. Results for the Financial Statements dimension

Note. Own elaboration.

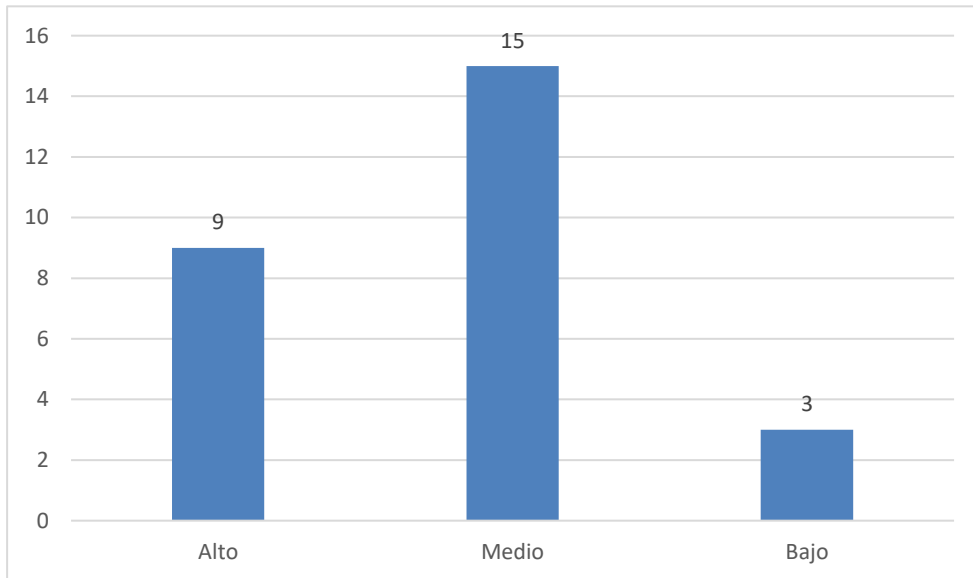


Figure 3. Grouping Data for the Financial Statements Dimension

Scale	N°	Percentage
High	11	40.74%
Middle	13	48.15%
Low	3	11.11%
Total	27	100.00%

Table 21. Results for the Debt Ratio dimension

Note. Own elaboration.

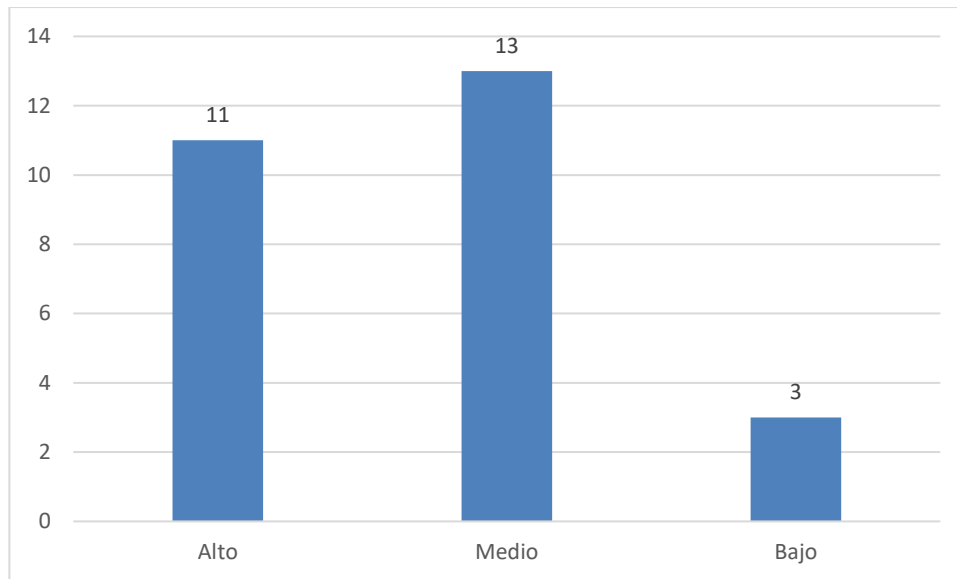


Figure 4. Grouping Data for the Debt Ratio Dimension

Scale	N°	Percentage
High	12	44.44%
Middle	12	44.44%
Low	3	11.11%
Total	27	100.00%

Table 22. Results for the Profitability variable

Note. Own elaboration.

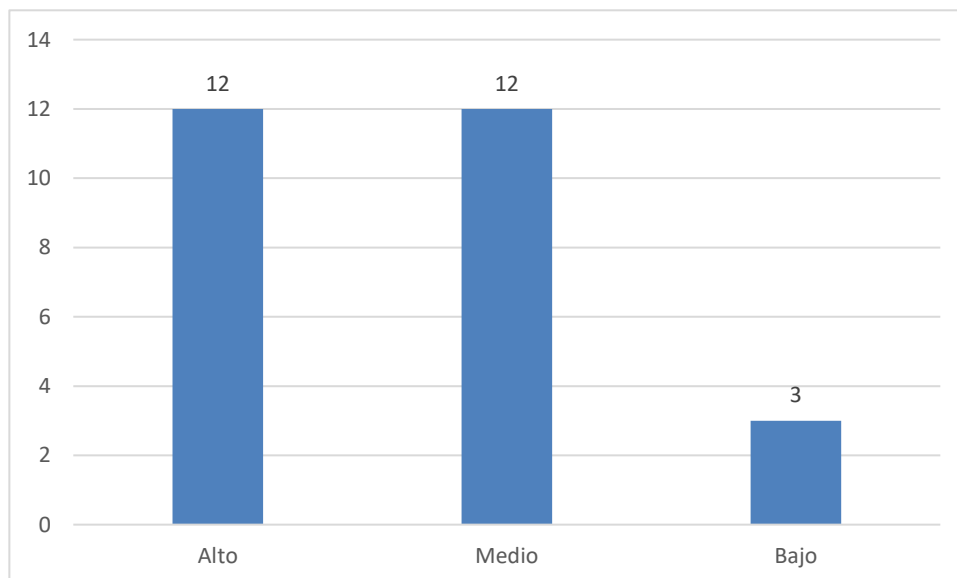


Figure 5. Grouping Data for the Profitability Variable

To verify that the results are reliable, Cronbach's alpha coefficient is used, whose value must exceed 0.8 in both instruments to consider that the information collected by them can be processed by the relevant statistics to test the hypotheses of the study.

Indicator	Instrument	Percentage
α_1	Financial management	0.928
α_2	Profitability	0.863

Table 23. Instrument reliability coefficients

Note. Own elaboration.

Then, the normality test was performed to check if the data obtained are non-parametric or parametric, for which the Shapiro-Wilk test was used, as it is the test that determines normality in tests of less than 50 units of analysis.

Indicator	Instrument	Shapiro-Wilk (Significance)
N1	Financial management	0.001
N2	Profitability	0.075

Table 24. Normality of the data obtained from the instruments

Note. Own elaboration.

In the case of this research, the data obtained for financial management are non-parametric (being <0.05), while the data obtained for profitability are parametric (being >0.05), which implies that a non-parametric statistic must be used to analyze the hypotheses, this being Spearman's correlation coefficient.

Analysis of the general hypothesis

		Financial management	Profitability
Financial management	Spearman's coefficient	1,000	,819
	Significance p	.	,000
	Sample	27	27
Profitability	Spearman's coefficient	,819	1,000
	Significance p	,000	.
	Sample	27	27

Table 25. Correlation between financial management and profitability

Note. Own elaboration.

Table 25 shows that the significance is less than 0.05, so the hypothesis proposed by the research is correct, and the respective relationship is defined as very high, which implies that, with a better management of financial management as a useful tool for decision-making, the profitability of the company under study can be maintained and increased.

		Working Capital Profitability	
Working Capital	Spearman's coefficient	1,000	,590
	Significance p	.	,001
	Sample	27	27
Profitability	Spearman's coefficient	,590	1,000
	Significance p	,001	.
	Sample	27	27

Table 26. Correlation Between Working Capital and Profitability

Note. Own elaboration.

Table 26 shows that the significance is less than 0.05, so the hypothesis proposed by the research is correct, and the respective relationship is defined as moderate, which implies that, although working capital management is related to profitability, it is not as influential as it seems. This may be due to the nature of the projects and the form of financing used by the company in them.

		Financial Statements	Profitability
Financial Statements	Spearman's coefficient	1,000	,811
	Significance p	.	,000
	Sample	27	27
Profitability	Spearman's coefficient	,811	1,000
	Significance p	,000	.
	Sample	27	27

Table 27. Correlation Between Financial Statements and Profitability

Note. Own elaboration.

Table 27 shows that the significance is less than 0.05, so the hypothesis raised by the research is correct, and the respective relationship is defined as very high, this implies that the financial statements are the main tool with which the company makes its decisions regarding the projects it tackles. So, if the analysis of these is clearer and more precise, profitability will be affected in the same proportion.

		Indebtedness ratio	Profitability
Indebtedness ratio	Spearman's coefficient	1,000	,678
	Significance p	.	,000
	Sample	27	27
Profitability	Spearman's coefficient	,678	1,000
	Significance p	,000	.
	Sample	27	27

Table 28. Correlation Between Financial Statements and Profitability

Note. Own elaboration.

Table 28 shows that the significance is less than 0.05, so the hypothesis proposed by the research is correct, and the respective relationship is defined as high, this implies that the ratio of indebtedness or financing used by the company through shareholders is efficient for the short-term projects that it mostly executes.

6. Discussion

Regarding the findings of the general hypothesis that raises the relationship between financial management and profitability, Cazorla (2022) pointed out observing a challenging panorama in which the liquidity, management and indebtedness indicators were outside the expected standards in the sector, particularly having a financial return (ROE) of 10.46% and an economic return (ROA) of 0.26%. This reflects low performance, i.e., as in this research, better financial management is related to better profitability when the first of these is applied efficiently in the company's processes.

Urbina (2022) also mentioned in his study that there is a significant connection, but in his moderate case, respondents stated that financial management is beneficial and successful, as it contributes to decision-making and ensures the profitability of the organization. Since in the present research the same relationship is significant but very high, this constitutes a means to corroborate that financial management applying specific parameters that benefit the organization will improve its profitability indicators.

On the other hand, Aiquipa and Arana (2020) found that there is a significant incidence of the variables evaluated, so organizations should, without distinction to their magnitude or scope, guarantee their development through correctly evaluated investments so that such capital provides sufficient liquidity, that is, as determined in this research, Financial management and profitability grow or decrease proportionally according to the decisions made in them, so ensuring a correct development of the former will also improve the latter, regardless of the circumstances.

Regarding the findings of the first specific hypothesis that poses the relationship between working capital and profitability, Cedeño and Zambrano (2020) found that there is a significant influence with opportunities for improvement, so a financial management proposal was carried out that will allow offering a better guide to the organization's stakeholders so that each specific case is evaluated and the best opportunity that benefits is selected the profitability of each organization. This information is contrasted with the present research, where it was determined that the management of working capital, that is, of the current resources that the company has, whether goods or human resources, must be properly used in order to improve the general profitability of the projects.

For his part, Tafur (2021) concluded that there was a significant relationship, so he stated that improving financial strategies and having more assertive planning would achieve organizational objectives by improving the profitability obtained. This statement coincides with what was determined in the study, where the planning or management of working capital provides the opportunity to have strategies designed to increase the benefits received.

With respect to the findings of the second specific hypothesis that raises the relationship between financial statements and profitability, Yaguache and Hennings (2021) concluded that the organization requires better financial tools and strategies to ensure effective and sustainable management in the long term, so an in-depth investigation is recommended in terms of the available tools that could improve the situational analysis that existed. In the same way, it is suggested that this analysis be constant over time so as not to be impacted by the threats that could arise in the context externally. Since in the present research it was determined that of the three dimensions that make up financial management, the use of financial statements as a tool for decision-making is the most significant relationship, which is why we agree with the previously cited authors that an analysis of these

financial statements leads to the adaptation of better financial strategies and, hence, improving the profitability of the company.

In addition, Villavicencio (2021) identified the activities involved and established the appropriate costing measures, the number of transactions per period of time, among other activities, thereby calculating the cost of the service for each type of customer and comparing the real costs, determining the variations to proceed to obtain a better justified profitability, coinciding with what was proposed in this research, Financial statements provide adequate information to propose procedures that optimize processes or their costs, so that profitability is improved proportionately.

On the other hand, Coaquira (2023) suggested that the organization where he carried out his study should have better management that could be achieved through training or specializations available to those in charge of the competent area, since he determined that the financial statements of the area were not being used properly and therefore were obtaining a reduced profitability. This coincides with what was determined in this research, being that financial statements and profitability have a significant relationship, it does not necessarily imply that both should improve, what is determined by the author is interpreted as meaning that a misuse of this tool can have the opposite effect to what every company aspires to, which is to improve its profitability over time.

With respect to the findings of the third specific hypothesis that raises the relationship between debt ratio and profitability, Morocho (2022) observed deficiencies in the liquidity and asset management of his company under study, as well as excessive and unnecessary expenses for the purposes of the organization, which impacted the profitability of the organization. This coincides with what was found in the present research, where not establishing correct parameters regarding financing and indebtedness has a significant relationship with not obtaining the expected results in the profitability of the company.

In addition, Chafloque (2022) revealed that there were deficiencies in the financial management of his company under study, particularly in the case of liquidity, which decreased the profits received in 2019 in contrast to 2020. Similarly, problems were found in the planning stage, such as non-compliance with the Financial Operating Framework (MOF) and outdated organizational charts. This again coincides with the importance of having proper control over the indebtedness that a company may have, as it affects its liquidity and therefore, its profitability.

7. Conclusion

It was determined that there is a relationship between working capital management and profitability in a private company in the construction sector of the district of San Borja – 2022, having a value of .590 according to Spearman's coefficient, explaining that it has a moderate and positive relationship.

It was determined that there is a relationship between the practice of financial report analysis and profitability in a private company in the construction sector of the district of San Borja – 2022, having a value of .811 according to Spearman's coefficient, explaining that it has a very high and positive relationship.

It was determined that there is a relationship between the debt-financing ratio and profitability in a private company in the construction sector of the district of San Borja – 2022, having a value of .678 according to Spearman's coefficient, explaining that it has a high and positive relationship.

Finally, it was determined that there is a relationship between financial management and profitability in a private company in the construction sector of the district of San Borja –

2022, having a value of .819 according to Spearman's coefficient, explaining that it has a very high and positive relationship.

8. Recommendations

The use of correct working capital management was recommended to improve the profitability of our company, this involves effectively managing current assets and liabilities, such as accounts receivable, inventory and accounts payable, maintaining a proper balance will allow you to avoid a lack of liquidity and, at the same time, minimize the opportunity cost of having idle funds, By managing working capital optimally, you will be able to make the most of available resources and ensure that you have the necessary funds to operate efficiently and take advantage of strategic opportunities.

It was recommended to use financial statements as an invaluable tool to improve the profitability of the company by leveraging them as a source of key information, it will be possible to identify trends, evaluate past performance and make informed decisions for the future, through a detailed analysis of the financial statements, areas for improvement can be identified, Understand costs and profit margins, and adjust business strategies accordingly.

Prudent management of the debt-to-equity ratio was recommended to maintain a sound financial structure and improve profitability, by carefully balancing debt with equity, it will be possible to reduce financial costs and increase return on investment, it is important to regularly evaluate the debt-to-equity ratio to ensure that it is aligned with the company's financial and strategic objectives, That is why the right selection of financing sources and debt management will make it possible to take advantage of financial leverage effectively and, at the same time, minimize the associated risks.

It was recommended to have sound financial management to boost the profitability of the company, this involves effective financial planning, realistic budgets and constant monitoring of financial results, efficient cost management, optimization of cash flows, and identification of profitable investment opportunities are key aspects of financial management.

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