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Gestión financiera basada en la creación de valor para el sector microempresarial de servicios

Financial management based on the creation of value for the services micro-business sector

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ABSTRACT

The objective of the research was to design a financial management model to improve profitability in the Nia student residence in Cuenca city, with the purpose of trying to achieve a better position in the market for city student residences and in the mind of university students. The research design was non-experimental; so, it was focus on the analysis of the variables involved: financial management based on value creation. The research was mixed, with a quantitative approach. The research concludes that the financial management model optimizes the creation of value in the NIA Student Residence; besides, with the respective procedures and the timely treatment, the profitability objectives could be achieved.

Descriptors: Economic and social development; education and development; development planning; economics of education. (Words taken from the UNESCO Thesaurus).

INTRODUCTION

In these last two decades, the educational system of Ecuador has changed. Reforms have been carried out in higher education trying to find high quality university standards in all cities of the country in order to increase new opportunities for young high school graduates from all over the country. This leads to the creation of student residences. In cities like Quito and Guayaquil, the student residence market is more consolidated, but in Cuenca, it is in an early development stage nowadays. These three cities stand out because the main universities are located there.

A large percentage of students that come from the province of Azuay and the neighboring provinces such as Cañar, El Oro, Loja, Morona Santiago and Zamora Chinchipe settle in the city of Cuenca causing a high demand for accommodation. The NIA Student Residence is a small organization dedicated to the accommodation of university students, located in the city of Cuenca belonging to the province of Azuay. It was created in 1999 with commercial activities that include rental of rooms and apartments for university students. It has 2 collaborators in charge of the administrative, operational and warehouse areas.

The NIA student residence since its inception, provides accommodation to students, a place where people of different genders and customs meet and adhere to rules designed to facilitate coexistence and safety, that is, a residence where they can eat, sleep, study and receive cleaning services.

The problem focuses on the low financial performance of the NIA student residence, causing a weak profitability in the residential market at times of a high number of students. In addition, there is the absence of a financial management model that allows greater control of capital and profitability, which has caused the organization to stop in terms of innovation in services, comfort and improvement of its market position. Therefore, there are important variables that are part of the object of study such as working capital, financial management, value creation and profitability, which allow the development of the ideal model to obtain profitability in the company.

The disadvantage is the lack of a useful instrument to improve profitability, specifically, a management system designed to respond to the needs of the student accommodation activity and allow the administration to obtain a greater flow of capital. Due to the aforementioned scenario, the idea is to design a financial management model based on the optimization of working capital and value creation that favors the improvement of the profitability of the NIA student residence in the city of Cuenca.

In this perspective, this research seeks to diagnose the current situation of student residences in the city of Cuenca to finally elaborate the components of the financial management model for optimizing the value creation of the Nia student residence.

METHOD

The research was descriptive with a quantitative approach (Hernández, Fernández & Baptista, 2014). The applied method was deductive, demonstrating the economic and financial feasibility. In this way, a case study that was carried out from the research in the NIA student residence was considered as a reference. The design was non-experimental, analyzing the variables involved: financial management based on value creation.

With the results obtained, the historical - logical method was used. It provided the study of past events, with the logical methodology and it was possible to demonstrate the causes and effects of the phenomenon found. The systemic method facilitated the

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design of a financial management model for value creation applied to the Nia student residence. The study universe was finite, that is, 22 people who live in the Nia student residence, it was applied to 100% of people.

RESULTS

The main results of the research instruments applied to the tenants of the rooms and apartments that use the lodging services of the Nia Student Residence are shown below:

Characterization of the economic agent

One of the problems in finding a rental is the gender that the landlord accepts in the residence, it is generally easier for women, due to the fact that the male sex tends to do other types of activities within the rooms such as consumption of alcoholic beverages. With the results obtained, it was demonstrated that 65% of the tenants are female and 35% are male in the Nia student residence.

Regarding people’s ages, 46% of the users are between 17 and 26, they migrate to the city of Cuenca to carry out their third level university studies; most of them came from the coast and east. There are also students between 27 and 36 years, that is, those who are completing their third-level degree and fourth-level studies. And people between 37 and 46 years old whose purpose is to complete master's degrees.

All kinds of communication are important when having a business. According to the data obtained, 62% of the users expressed that they know about the NIA residence by recommendation, 31% indicated that they did it through the web, while 4% said they found it out through the newspaper and 4% on the site.

Generally, the student users when selecting a place to live look for certain factors according to their interests and preferences. Particularly, the tenants of this student residence focuses on the infrastructure and good treatment (5.79%), the rules of coexistence (5 , 60%), privacy and security (5.51%), proximity and price, wifi and bathroom 5(.46%) respectively; besides, services and location (5.37%), kitchen (5.32%), entertainment (4.81%), freedom to receive visitors (4.76%), gender of the other tenants (4.62%), library (4.39%), entertainment (4.30%), Cable TV (4.16%), security (4, 11%) and sauna (2.71%).

PROPOSAL

A management model allows the correct management of the resources available to a business so that the net profit is within the profitability margins for its shareholders; therefore, the following proposal is presented.

Financial management model

Financial management recognizes a difficulty in managing the economic operations of the organization; it is necessary to carry out a detailed evaluation. For this, the current situation of the business under study is examined.

Analysis of the current situation of Nia student residence.

Formulation of the model

The conceptual model consists of three stages, starting with a relevant step for the coordination of operations and budget preparation; followed by the guide for execution and review of financial details; and finally, by the management and decision-making support.

Financial planning

This stage represents the initial financial statements that the company has, considering the coding of each account and the preparation of constant cash flow.

Initial Financial Statements of Nia Student Residence

In this phase, it is proposed to structure the budget, chart of accounts, balance sheets and indicators.

Budget

Costs and expenses

The budget aims to organize the list of accounts that will be used during a period. In this section the difference between costs and expenses must be taken into account. Costs are those items incurred as a direct part of the service such as basic services and residential rental. The expenses include payment to administrative personnel, advertising, professional services (accountant, lawyer). In phase 2 (execution), the 2 main accounts and sub-accounts related to costs and expenses are detailed.

Financial indicators

For purposes of knowledge and determination of profitability, solvency and liquidity, the indexes were measured. The results of liquidity indicators reflect that for each dollar of obligation of NIA Student Residence, it has $ 10.21 to pay, subtracting the value of inventories. Despite the fact that it is a non-commercial service company, however, it is estimated that for every dollar owed, it has $ 10.10 to pay, it also reflects a good working capital due to the relatively low payable obligations.

Decision phase

Measurements

In order to create value for a business, there are multiple tools to be used that allow the safe orientation of its operations. This small family business may consider the following strategies to add value.

1. Expand the student residence rental service.
2. Offer food services in addition to technological services.
3. When the company has several structured houses for the business, it means an increase in clients and staff. It will be necessary to consider indicators for measuring the efficiency of the service.

Policy and regulation development

Among the policies, rules and procedures that this small business should take into account, we may highlight:

1. Negotiation between the parties. In this scenario the issues in which both parties are in common agreement are discussed, such as: value to be paid, duration of the contract, due dates for payments.
2. Knowledge of the rules of coexistence. This part is very important since the student residence will be inhabited by people from different parts of the country, making the residence a place of ethnic diversity.
3. Signing of contracts between the owner and the representative of the student resident. In this case, any doubt, concern or suggestion is agreed with knowledge of the cause.
4. Payment by the representative of the student resident. For this, it is recommended to deliver an inventory indicating the status of the facility and the objects that are part of the apartment or room rented by the resident.

CONCLUSIONS

The financial management model to optimize the creation of value in the Nia Student Residence with the respective procedures and the timely treatment enables the profitability objectives to be achieved. This reflects image and trust to the users by reflecting the mission, vision and business values.

In this sense, a business must be clear about its strategic objectives since the direction of the company is guided by them. From the accounting and financial point of view, it is essential to know the income, costs and expenses that are generated in the accounting cycles; therefore, the accounting process must be carried out permanently.

After using these strategic financial management tools, this company is in a position to decide and project itself into the future. Considering its long history in the local market, it may increase its value chain and infrastructure after using this document that contains the proposal for improving its economic and financial management.

FINANCING

Non- monetary.

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