Trakia Journal of Sciences, Vol. 9, Suppl. 3, pp 254-258, 2011

Available online at:
http://www.uni-sz.bg

ISSN 1313-7069 (print)
ISSN 1313-3551 (online)

ANALYSIS OF EFFICIENCY AND PROFITABILITY IN THE SECTOR DIVERSIFIED TOURIST COMPANIES

D. Doncheva, D. Ivanova*

Department of Economics, Faculty of Economics, Trakia University, Stara Zagora, Bulgaria

ABSTRACT
This article has the aim to analyze the sectoral profitability of diversified companies in the tourism. Diversification of the companies in the sector could be an effective defensive strategy to reduce risk in economic and financial crisis, seasonality and cyclicality in the industry. Effective restructuring of temporarily free resources and entering into new products in areas remote from the main activity is an opportunity for more efficient total operation of diversified firms. The tourism is one of the priority sectors in Bulgaria and as such he undoubtedly has its macroeconomic significance and place in the Bulgarian economy. Indices of turnover at current prices for the past two years have declined from an average of 15%, due to financial and economic crisis in the global and national scale. Potential of domestic tourism for the realization of economic and social effects makes it more attractive and preferred area for investment and a priority policy of various structures of public and private sectors.

Key words: sectoral profitability factor influences, production diversification, tourism

The thesis advocated in this paper is that the sectors analyzed profitability of diversified firms can be more precise, more precise and in depth to assess both the overall activity of a diversified company and by segment. Through this assessment can identify more clearly the problems underlying the operation of companies, to identify better alternatives to solve them, namely to uncover untapped opportunities for efficient business sector.

The object of this study is diversified tourist companies operating in the resort of national importance. The object of the company is letting its own assets / tourist and commercial /; maintain the general infrastructure of the resort, use of beaches; works by assigning housing, buying - selling goods, providing services.

Profitability analysis is not confined to the calculation of the profitability indicators. It reveals connections and relationships between key business indicators to identify factors influencing profitability, measure their impact, optimizing some key parameters of determining maximum profit, to disclose reserves and negative aspects in business. Profitability is an indicator that measures the efficiency of resource use on enterprise profitability of the enterprise measured in different aspects. In practice the four basic types of profitability.

Economic profitability shows the net profit of BGN 100 each have assets.

For assets research period wore a net profit of 2.63 lv. to 2.64 lv., it means have a constant factor of economic profitability **(Table 1)**.

***Table 1.** Economic profitability*

Return on total assets			
Indicators	**2009**	**2008**	**Absolute changes**
Net profit	1832	1718	114
Total assets	69307	65363	3944
ROTA	**2,64**	**2,63**	**0,01**

100 lv. equity wore a net profit of 8.21 lv. and for 2009. - 8 lv., it means have reduced the financial profitability of 0.21 lv. **(Table 2)**.

***Correspondence to:** *Desislava Ivanova, PhD, Department of Economics, Faculty of Economics, Trakia university, Stara Zagora 6000, Bulgaria, telephone: 0899497037, e-mail: divanova@uni-sz.bg*

Table 2. *Financial profitability*

Return on equity			
Indicators	**2009**	**2008**	**Absolute changes**
Net profit	1832	1718	114
Equity	22886	20917	1969
ROE	**8,00**	**8,21**	**-0,21**

In the commercial profitability for 2008. 100 lv. income contained wore profit from 17.71 lv. and for 2009. - 18.95 lv., it means we increase the commercial viability of 1.24 lv. **(Table 3)**.

Table 3. *Commercial profitability*

Return on revenue			
Indicators	**2009**	**2008**	**Absolute changes**
Net profit	1832	1718	114
Revenue	9670	9702	-32
ROR	**18,95**	**17,71**	**1,24**

Profitability on the basis of costs shows how profits provide a 100 lv. cost. For the period costs 100lv. profit from providing 21.84 to 23.63 lv., it means we increase the profitability of the base cost of 1.79 lv. **(Table 4).**

Table 4. *Profitability based on costs*

Return on expenses			
Indicators	**2009**	**2008**	**Absolute changes**
Net profit	1832	1718	114
Costs	7754	7868	-114
ROEX	**23,63**	**21,84**	**1,79**

Of the four types of profitability, relatively prominent are the positive constants, suggesting a good efficiency in the management of the company for the period.

Using factor analysis models of profitability we aim to outline the main factors affect the profitability of the company.

ROTA усл.		2,46
ROTA усл.'		2,64
Ifl. CI =ROTA усл. - ROTA $_0$	=	-0,35
Ifl. TO$_{CA}$ =ROTA усл.' - ROTA усл.	=	0,18
Ifl. R$_{100}$ =ROTA $_1$ - ROTA усл.'	=	0,12

The analysis of profitability based on assets **(Table 5)** increase in investment by 0.95 percentage points absorption leads to a reduction of profitability based on assets with 0.35 points. The increase in the turnover of current assets by 0.42 points lead to increased profitability based on assets of 0.18. Increase trade profitability by 0.91 resulted in an increase in profitability based on assets by 0.12. In general, under the influence of three factors based on the profitability of assets decreased by - 0.05 points, picking up a little.

ROE усл.		20,9515
ROE усл.'		20,9597
Ifl. α =ROE усл. - ROE $_0$	=	-0,67
Ifl. i% =ROE усл.' - ROE усл.	=	0,0082
Ifl. ROTA* =ROE $_1$ - ROE усл.'	=	-0,97
		-1,63
Leverage effect		
FLL= ΔROE/ΔROTA*	=	5,08

Table 5. *Profitability-based assets*

Return on total assets (ROTA)			
Indicators	**2009**	**2008**	**Absolute changes**
Return on total assets (ROTA)	2,76	2,81	**-0,05**
Capital intensive (CI)	6,29	5,34	0,95
Return on revenue (ROR)	19,81	18,90	0,91
Turnover of current assets TO$_{CA}$	1,14	0,72	0,42

In this case, the effect of leverage is expressed in the fact that each point reduction in the overall economic viability leads to increased profitability by 5.08 points.

From the factor analysis of profitability **(Table 6)** shows that in general the influence of three factors - overall economic profitability, internal rate and ratio of "debt-property", it declined by -1.63 points. Greatest negative impact is the total icons. profitability (-0.97 points), then the ratio of "debt-ownership" (-0.67). The only positive impact comes from the domestic interest rate (0.0082), which is grounds to claim that the company better manage long-term borrowing money.

From the presented models we can deduce the following relationships are highlighted:
• relatively stable indicators of species viability, suggesting good performance of the company for the period;
• measure the factors influences set the right policy from the management, better management of costs, revenues, fixed assets and liabilities of individual business segments;
• Despite reported high levels of capital structure, the effect of financial leverage remains positive, which is a clear testimonial

for effective debt management;

The parent company is the holder of the capital and has established eight subsidiaries and over 15 companies under common control, operating in both tourism and beyond. At first glance presented segmentation suggests a typical vertically diversified tourist enterprise. In our opinion, however, the company is clastic type, because Construction sector in sales volume (55%) are represented by housing and 45% of the construction of hotels and entertainment places. Subject of future research is the variance of revenue by segment to assess risk in diversified business enterprises.

Table 6. *Return on equity*

Return on equity (ROE)			
Indicators	2009	2008	Absolute changes
Return on equity (ROE)	19,99	21,62	-1,63
General return on total assets (ROTA*)	6,64	6,96	-0,32
Internal rate of interest (i%)	0,05967	0,0637	-0,004
Debt-equity ratio α	2,03	2,12	-0,09
Leverage E=α x (ROTA* - i%)	13,35	14,66	-1,31

Many enterprises provide groups of products and services or operate in different geographical areas that are subject to differing rates of profitability, growth opportunities, future prospects and risks. Information on different types of products and services company and its activities in different geographical areas, often called segment information is related to the assessment of risks and returns of diversified or multinational enterprise but may be impossible to determine from the aggregated data. Therefore, segment information is widely recognized as necessary to meet the requirements of users of financial statements.

The modern position of IAS 14 is to identify business and geographical segments that have different profile of risk and return. It identifies various factors that can be used to analyze risk and return in different sectors.

Segment reporting purposes to present the differences in risk and reward in business and geographical units and to direct investors whether to buy or sell tie their investments in an industry or region.

Under IAS 14 "Segment Reporting" can be attributed to a specific sector only those revenues, expenses, assets and liabilities that are used refer to the corresponding segment. Part of the cost and equity can not be divided exactly by sector, so do not calculate the financial cost and profitability for the sector. Should be calculated by sector only economic and commercial profitability **(Table 7).**

Table 7. *Sectoral profitability*

BUSINESS SEGMENTS												
Business segment	**Construction**		**Hospitality**		**Rentals**		**Infrastructure**		**Others**		**Total**	
thousand lv.	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Revenue from external sales	1957	2019	1067	1926	1095	844	754	710	825	375	5698	5874
Segment assets	2635	3667	2467	2202	5678	4231	1373	1077	15792	14151	27945	25328
Result for the segment	**509**	**865**	**233**	**500**	**1090**	**895**	**457**	**406**	**-434**	**-43**	**1855**	**2623**
Economic Re	**0,1932**	**0,2359**	**0,0944**	**0,2271**	**0,1920**	**0,2115**	**0,3328**	**0,3770**	**-0,0275**	**-0,0030**	**0,0664**	**0,1036**
Δ Re	-0,0427		-0,1326		-0,0196		-0,0441		-0,0244		-0,0372	
Commercial Rtr	**0,2601**	**0,4284**	**0,2184**	**0,2596**	**0,9954**	**1,0604**	**0,6061**	**0,5718**	**-0,5261**	**-0,1147**	**0,3256**	**0,4465**
Δ Rtr	-0,1683		-0,0412		-0,0650		0,0343		-0,4114		-0,1210	

The analysis shows that economic and commercial profitability of the sector "Other" for the analyzed periods remain negative, which is a consequence of the resultant negative indicator in the sector. This result is due to the high increase in cost of revenue and low revenue.

Overall during the research period, and both reduce the profitability (except for commercial profitability of the sector "infrastructure" (0.343). Despite this reduction, the values of profitability are positive, indicating a good management of available resources and capital.

To answer the question: "Does the company manages the invested capital well?" Than an analysis of sectoral profitability can use the model of Du Pont analysis of the profitability of invested capital (ROI-return on investment):

$$ROI = \frac{\pi}{A} = \frac{\pi}{Q} \times \frac{Q}{A} = R_Q \times TO_A$$

where:
π is profit from sales of products (can be used both operating and net profit from sales);
Q - revenues from sales of products;
A - assets used in the production (fixed and current);
R_Q - return on sales (earning as% of sales);
TO_A - turnover of productive assets (turnover of assets).

The index is the ratio of operating profit from sales of goods and assets invested in the production and shows the annual return on the productive investment.

According to Du Pont model profitability of investment in productive capital assets can be represented as the product of indicators "Profitability of sales" and "Turnover of productive assets." Profitability of sales shows the share of profits in income from sales. The second factor shows how revolutions are made productive assets for the period, as measured by sales revenue. If he wants to increase profitability, the company should strive to increase the values of both factors, while respecting the optimal ratio between them.

Through regular monitoring and podfaktorite factors, determining the specific values of the two indicators mentioned above, establish the specific reasons for the change in the degree of effectiveness of an action or proceeding, allowing you to take timely and appropriate management decisions.

From **Table 8** it is clear that the period of annual return on investment has accelerated, which is a result of acceleration of the turnover of productive assets and effective management of sales.

Reported lower levels of positive economic profit in the model of Du Pont is the result of:
• obtained the concession of beaches in 2009. Which inevitably leads to an increase in intangible assets (property rights);
• The model summarizes the overall economic efficiency and sectoral characteristics of assets vary due to specific industries.

Table 8 Анализ Du Pont

	2009	**2008**	**?**	**%**
Inventories	2587	2164	423	19,55
Receivables	5857	10732	-4875	-45,42
Cash	59	614	-555	-90,39
Total current assets	8503	13510	-5007	-37,06
Tangible materials	15451	14657	794	5,42
All productive assets (A)	**23954**	**28167**	**-4213**	**-14,96**
Sales revenue	6585	7675	-1090	-14,20
Turnover of assets (TO_A)	**0,2749**	**0,2725**	**0,0024**	**0,89**
Profit of operations	1916	1834	82	4,47
Profitability of sales (R_Q)	**0,2910**	**0,2390**	**0,0520**	**21,76**
Return on investment ($ROI=TO_A*R_Q$)	**0,0800**	**0,0651**	**0,0149**	**22,85**

CONCLUSION

Consequence of returnees economic indicators and categories in the manufacturing and financial analysis of company we could highlight effective management of revenue and expenditure budget. Species reported profitability and factor influences give us grounds to argue that more effort could be directed to the management of equity and total assets and their shares in the formation of profit. Due to the diversification of activities in the company, trade marks high profitability rate, which would be impossible for specialization of activity.

Investors have reduced the typical corporate risk by investing in well-diversified portfolio, because co ¬ lo diversification of enterprise level is not af-needy by reducing investor risk.

The study confirmed the positive effect of monopoly in the sector through diversification of activities, manifested primarily as a process of consolidation of individual companies within the industry or outside it in order to increase profitability. Not least to mention the defensive role played diversification of activities in times of economic crisis by maintaining a relatively constant values of species viability and profit.

Since the end of 2008 reveals a negative impact on economic situation in the country has the world economic and financial crisis. The sector in which the company primarily operates is dynamic, fast growing and relatively less vulnerable to negative factors and the observed phenomena. However, considering the general trends of the business environment in the country we recommend steps towards updating and adapting to new conditions of management policy of financial and business risk, namely:

• Find new opportunities to expand the product list for maintenance and optimal use of existing production facilities and markets of the company;
• Optimization of staff numbers and increasing the efficiency of labor;
• Current control and optimization of cost structure;
• Retention of the commitment level of market risk and divert the resources available to invest mainly in property, plant and equipment, investment properties and investments in subsidiaries.

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