CHALLENGES IN THE RELATIONSHIP BETWEEN LIQUIDITY AND PROFITABILITY: PERSPECTIVES FROM A LITERATURE REVIEW

Victor Hugo Puican Rodríguez¹
Henry Elder Ventura Aguilar²
Freddy Manuel Camacho Delgado³
Liliana Del Carmen Suárez Santa Cruz⁴
Anita Maribel Valladolid Benavides⁵
Carlos Alberto Hinojosa Salazar⁶
Julio Arévalo Reategui⁷
Benjamín Roldan Polo Escobar⁸
Alejandro Alcántara Suyón⁹

ABSTRACT

Purpose: The purpose of the literature review is to examine and synthesize the current state of knowledge in the literature on the relationship between liquidity and profitability in companies. It aims to understand the importance of these two variables for the financial performance and long-term viability of organizations.

Theoretical framework: The theoretical framework focuses on the importance of liquidity and profitability in the business context. Key concepts related to the ability of companies to service their debts (liquidity) and whether they are viable and generate profits over time (profitability) will be addressed. Factors such as capital intensity, competition, and industry-specific risks, which may influence the relationship between the two variables, are also considered.

Design/Methodology/Approach: The design of the literature review involved the review and synthesis of a total of 250 articles related to liquidity and profitability. Of this number, 61 articles were selected from academic platforms such as SCOPUS, LATINDEX and others. A mixed approach was presented to address the topic, combining different perspectives and methodological approaches.

Results: The results of the review revealed several gaps in the study of the relationship between liquidity and profitability. These include the lack of longitudinal cross-country studies, which limits the understanding of

¹Universidad Nacional de Trujillo, Diego de Almagro 344, Trujillo, Perú. E-mail: vhpuicanr@unitru.edu.pe
Orcid: https://orcid.org/0000-0001-7402-9576

²Universidad Nacional de Trujillo, Diego de Almagro 344, Trujillo, Perú. E-mail: hventura@unitru.edu.pe
Orcid: https://orcid.org/0000-0003-4207-7682

³Fabiola Salazar Leguía National Intercultural University Jirón Ancash, Bagua, Amazonas, Perú.
E-mail: fmcamacho@unibagua.edu.pe Orcid: https://orcid.org/0000-0002-3053-5300

⁴Universidad Cesar Vallejo Av. Victor Larco, Trujillo, La Libertad, Perú. E-mail: ldsuarez@ucvvirtual.edu.pe
Orcid: https://orcid.org/0000-0003-2560-7768

⁵Fabiola Salazar Leguía National Intercultural University of Bagua, Perú. E-mail: avalladolid@unibagua.edu.pe
Orcid: https://orcid.org/0000-0001-5656-2748

⁶Universidad Nacional Toribio Rodríguez de Mendoza de Amazonas Calle Higos Urco, Chachapoyas, Amazonas, Perú. E-mail: carlos.hinojosa@untrm.edu.pe Orcid: https://orcid.org/0000-0001-5603-0979

⁷Universidad Nacional Toribio Rodríguez de Mendoza. Calle Higos Urco, Chachapoyas, Amazonas, Perú. E-mail: julio.arevalo@untrm.edu.pe Orcid: https://orcid.org/0000-0003-1999-5071

⁸Universidad: Universidad Nacional Toribio Rodríguez de Mendoza. Calle Higos Urco N° 342-350-356, Chachapoyas, Amazonas, Perú. E-mail: benjamin.polo@untrm.edu.pe
Orcid: https://orcid.org/0000-0001-5056-9957

⁹Universidad Cesar Vallejo, Av. Victor Larco, Trujillo, La Libertad, Perú.
E-mail: aalcantaras11@ucvvirtual.edu.pe Orcid: https://orcid.org/0000-0002-8239-7923
differences in financial performance in different contexts. It was also found that factors such as capital intensity, competition and sector-specific risks may cause heterogeneous relationships between liquidity and profitability across business sectors.

**Social, practical and research implications:** The social implications of this review highlight the importance of maintaining good liquidity and profitability management in companies, as their ability to service debt and generate sustainable profits over time is derived from these variables. Business practices need to consider industry-specific factors to understand how they can influence the relationship between liquidity and profitability. From a research point of view, this review identifies the need for more longitudinal cross-country comparative studies and a sectoral approach for a more complete understanding of the relationship between these financial variables.

**Originality/value:** The originality and value of this review lies in its mixed approach and synthesis of a significant number of academic articles related to liquidity and profitability. By highlighting research gaps and emphasizing the importance of a sectoral approach, this review provides valuable insights for future research and financial practices in the corporate context.

**Keywords:** Liquidity, Profitability, Relationship, Financing, Company.

DESAFIOS NA RELAÇÃO ENTRE LIQUIDEZ E RENTABILIDADE: PERCEPÇÕES DE UMA ANÁLISE DA LITERATURA

RESUMO

**Objetivo:** O objetivo da revisão da literatura é examinar e sintetizar o estado atual do conhecimento na literatura sobre a relação entre liquidez e lucratividade nas empresas. Seu objetivo é compreender a importância dessas duas variáveis para o desempenho financeiro e a viabilidade de longo prazo das organizações.

**Estrutura teórica:** A estrutura teórica concentra-se na importância da liquidez e da lucratividade no contexto empresarial. Serão abordados os principais conceitos relacionados à capacidade das empresas de pagar suas dívidas (liquidez) e se elas são viáveis e geram lucros ao longo do tempo (lucratividade). Fatores como intensidade de capital, concorrência e riscos específicos do setor, que podem influenciar a relação entre as duas variáveis, também são considerados.

**Desenho/Metodologia/Abordagem:** O desenho da revisão da literatura envolveu a revisão e a síntese de um total de 250 artigos relacionados à liquidez e à lucratividade. Desse número, 61 artigos foram selecionados de plataformas acadêmicas, como SCOPUS, LATINDEX e outras. Foi apresentada uma abordagem mista do tópico, combinando diferentes perspectivas e abordagens metodológicas.

**Resultados:** Os resultados da revisão revelaram várias lacunas no estudo da relação entre liquidez e lucratividade. Essas lacunas incluem a falta de estudos longitudinais entre países, o que limita a compreensão das diferenças no desempenho financeiro em diferentes contextos. Também foi constatado que fatores como intensidade de capital, concorrência e riscos específicos do setor podem causar relações heterogêneas entre liquidez e lucratividade nos setores de negócios.

**Implicações sociais, práticas e de pesquisa:** As implicações sociais desta análise destacam a importância de se manter uma boa gestão da liquidez e da lucratividade nas empresas, uma vez que sua capacidade de pagar o serviço da dívida e gerar lucros sustentáveis ao longo do tempo deriva dessas variáveis. As práticas comerciais precisam levar em conta fatores específicos do setor para entender como eles podem influenciar a relação entre liquidez e lucratividade. Do ponto de vista da pesquisa, esta análise identifica a necessidade de mais estudos comparativos longitudinais entre países e uma abordagem setorial para uma compreensão mais abrangente da relação entre essas variáveis financeiras.

**Originalidade/valor:** a originalidade e o valor deste análise estão em sua abordagem mista e na síntese de um número significativo de artigos acadêmicos relacionados à liquidez e à lucratividade. Ao destacar as lacunas de pesquisa e enfatizar a importância de uma abordagem setorial, esta análise fornece percepções valiosas para pesquisas futuras e práticas financeiras no contexto empresarial.

**Palavras-chave:** Liquidez, Lucratividade, Relacionamento, Financiamento, Empresa.
1 INTRODUCTION

The relevance of a company's liquidity and profitability lies in the immediate influence that these aspects exert on the financial health of the company and its capacity for constant expansion over time, this is supported by Cardozo et al. (2023) state that obtaining resources through their short-term activities is an important factor for companies to meet their daily needs. In addition, they state that investing in the right things in the long term allows companies to achieve the much-desired profitability.

As every for-profit organization is created with the objective of achieving economic benefits in each time, it is important to learn more about the liquidity and profitability of firms (Hidayat & Dewi, 2023; Garnov et al., 2022). However, to do this, a firm must acquire the ability to convert its assets into cash as quickly as possible without suffering losses in value (Adelopo et al., 2021; Anikin et al., 2023; Madaan et al., 2023).

A business entity is a business that focuses on economic activity with the purpose of maximizing its profitability (Simbolon et al., 2022; Vilas, 2023). For optimizing profitability, the company has established goals that require the dedication of the owner and management. The company owner pursues the optimization of profit from operational work (Quoc et al., 2022; Murhadi et al., 2023; Artamonova et al., 2023).

Every business entity requires the ability to preserve detailed records, books, and reports on each mode of business activity for the purpose of monitoring its evolution (Sujan et al., 2020; Stepanova et al., 2023). Initially, a thorough analysis of financial statements using various widely used analytical tools is required so that they can be interpreted, understood, and assimilated (Pooja, 2020; Zhang et al., 2023).

2 MATERIAL AND METHODS

An exhaustive analysis of the literature was carried out in various academic data sources, such as Scopus, Latindex and other world-renowned virtual platforms. A total of 250 articles from different academic databases were reviewed, from which, after an exhaustive review and synthesis of the information, 61 articles were selected for this study.

The inclusion criteria covered all studies that directly addressed the topic of liquidity and profitability, considering empirical studies, theoretical studies, systematic reviews, meta-analyses, and those that provided valuable information on the variables studied. In addition, publications that are no more than 6 years old, i.e., from 2018 to the present, and that have undergone peer review will be considered. It was also decided to include articles in Spanish and English, as these are the languages with the highest number of publications in the world.

Exclusion criteria included research that did not focus on theorizing about liquidity and profitability, papers that had not been submitted to peer review and articles that were not published by an academic body. The table presents the methodological design, by which the search parameters of the information that was submitted to the respective analysis will be developed, and the criteria by which the scientific production was classified.
### Table 1 Phases and procedures of search parameters in the literature

<table>
<thead>
<tr>
<th>Detail</th>
<th>Steps First</th>
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<th>Third</th>
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<tr>
<td>Phase</td>
<td>Data collection</td>
<td>Construction of analysis material</td>
<td>Drafting conclusions and final document</td>
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<tr>
<td>Procedure</td>
<td>The data collection is carried out by means of the Search tool in the web page of Scopus, Latindex, Google Scholar.</td>
<td>The information identified in the previous phase was organized. The classification was carried out using graphs, figures and tables based on data provided by Scopus, Latindex and other platforms.</td>
<td>After the analysis carried out in the previous phase, the conclusions were drawn up and the final document was prepared.</td>
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<tr>
<td>Ranking</td>
<td>Published papers whose study variables are related to liquidity and profitability.</td>
<td>Number of published articles by indexing, word cloud and most cited authors</td>
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<td>Research papers published during the period 2018-2023. Without distinction of country of origin. Without distinction of area of knowledge.</td>
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Note: Own elaboration (2023).

### 3 RESULTS AND DISCUSSION

#### 3.1 Research work that has been done on the subject, addressing the different dimensions of the study variables

The dimensions used to assess profitability encompass return on assets (ROA) and return on equity (ROE), as they are measurement indicators that provide an accurate understanding of the economic and financial reality of a company (Nigusie, 2022; Olufemi & Olatise, 2020; Kumar and Joshi, 2019; Prasad, 2019; Samo & Murad, 2019; Iqbal, 2019; Hristova et al., 2019; Abbas et al., 2019; Apostolos et al., 2019; Zamil et al., 2023; Angulo et al., 2023; Calahorrano et al., 2021; Contreras, 2020; Markoná et al., 2020; Miranda & Fiel, 2022; Zambrano et al., 2021; Ary, 2021). In addition, it is important to mention the earnings per share (EPS) metric since it is an indicator that allows measuring the company's profitability with the investments made (Lim & Rokhim, 2021).

The most considered dimensions of liquidity according to the contributions of several researchers are the current ratio that is obtained by dividing them current assets with the current liabilities, in addition, they raise to the acid test that is operationalized by subtracting the current assets minus the inventory, the found data is divided with the current liabilities. Equally, They also consider the cash ratio or defensive test that is obtained by dividing the cash and cash equivalents by the current liabilities, they also consider the working capital that is reached by subtracting the current assets from the current liabilities, and the cash conversion cycle that is found by adding the days of inventory with the days of accounts receivable, this result is subtracted with the days of accounts payable (Haro et al., 2023; Rezabala et al., 2023; Laura & Phala, 2021; Latorre et al., 2021; Mantilla & Huanca, 2020; Chambi, 2020).

#### 3.2 Hypothesis testing between liquidity and profitability

Hi: Liquidity affects company profitability

Considering the stated hypothesis several scholars established in their results that liquidity, which measures the ability to cover current obligations using current assets, has a
positive and statistically significant effect on profitability (Nigussie, 2022; Mohammed, 2021; Mohanty & Mehrota, 2018; Chasha et al., 2022; Domingo et al., 2020; Ramirez & Maldonado, 2020; Kusumawati & Setiawan, 2019; Ashbin & Sindhuja, 2021).

$H_0$: Liquidity does not affect the company's profitability.

The findings established in studies conducted and published by different researchers showed that liquidity does not affect profitability (Abdelaziz et al., 2020; Alarussi & Alhaderi, 2018).

3.3 Different approaches used on liquidity and profitability

The approaches used in different research studies are diverse. The first theory is the trade-off theory, which states that when the company seeks to increase its liquidity it would be sacrificing its profitability and vice versa, since investments that are more liquid tend to generate lower returns than those that need less cash. Likewise, the use of the company's life cycle theory has been found, since it establishes that when a company has just started its operations in the market, what is prioritized is profitability over liquidity, whereas when the organization is already positioned in the market, things change, because the entity is more interested in having adequate and pertinent liquidity to meet its needs.

Similarly, it has been found that several researchers use the behavioral theory of the firm since it focuses on analyzing the decisions and actions of the members of the company, since they allow verifying the level of influence on the performance of the company. Finally, we have the agency theory that is mostly used in the economy and finance of companies because it emphasizes that it is important to detect in time the conflicts of interest that may exist between shareholders and managers, since the former seek to maximize profitability and economic abundance in the company, while managers always seek to have incentives to act in their own interest.

3.4 Evolution of knowledge on the research topic

Liquidity and profitability were the main focuses of early research on the relationship between working capital and liquidity management (Chen & Yu, 2021). These analyses investigate the connection between liquidity metrics such as working capital and the firm's current ratio and profitability (Duan & Niu, 2020). Some of these studies found a negative correlation between liquidity and profitability, indicating that a high level of liquidity is often accompanied by a low level of profitability, as idle funds are not invested (Tan & Tuluca, 2023).

According to Reschwati et al. (2020) state that some research has found a negative correlation between cash on hand and profitability, other studies have found no such link. The nature of the connection between the two may change depending on the specific characteristics of the firm, industry, period, and other factors (Czerwińska et al., 2021). Since there is no universally constant relationship between liquidity and profitability, this fact should be always considered (Akymenko et al., 2023).

Although these metrics can give a rough idea of a firm's liquidity, others, such as the quick ratio, cash-to-assets ratio, and cash-to-debt ratio, are also used in the current literature and provide more nuanced information (Nguyen et al., 2023).

Subsequently, the focus of the study shifted to agency theory, i.e., how the competing interests of shareholders and management affect a firm's profitability (Andrasic et al., 2022). It was argued that an increase in liquidity would help mitigate agency problems by providing a financial buffer and decreasing the probability of insolvency (Alshubiri, 2022).

Although agency theory has provided a conceptual basis for understanding conflicts between shareholders and management, it is essential to keep in mind that agency problems are
often complex and multifaceted (Indy et al. 2023). Correlations between liquidity and profitability are not limited to just that, it also depends on other factors, such as corporate governance structure, incentives, and oversight (Turrado et al., 2023).

Other research has focused on efficiency and risk management as key determinants of the profitability-liquidity nexus. Considering the costs associated with maintaining excessively high or low liquidity levels, these studies investigate how firms can achieve a balance between the two (Zhang et al., 2022).

In this regard, Onjewu et al. (2023) point out that resource utilization, output per unit effort, and overall operating efficiency are ways to measure efficiency given that it is crucial to think about how particular aspects of efficiency relate to the profitability and liquidity index. In addition to internal liquidity management, it is important to keep in mind that external factors, such as market competition and economic conditions, can have an impact on efficiency (Ma et al., 2022).

The optimal level of liquidity may change depending on factors such as the nature of the company, the nature of the industry and the state of the market. Therefore, the optimal balance between profitability and liquidity should be determined by considering the specific circumstances and employing appropriate analytical methods (Dong et al., 2021).

In this regard, Solomon et al. (2021) externalize that while it is true that risk management can increase business profits, it is also vital to keep in mind that the relationship between risk and return is nuanced and depends on a number of variables, because effective risk management requires not only the identification, measurement and mitigation of the company's material risks, but also the adoption of balanced decisions that allow capitalizing on growth opportunities.

Recent studies have used more sophisticated empirical analyses and economic models to investigate the connection between cash flow and profitability, thanks to improvements in data collection and analysis made possible by technological advances, contextual and industry-specific factors, as well as more accurate (Yeboah et al., 2021; Liu & Ma, 2021). While it is true that technological advances have facilitated data collection and analysis, it is also crucial to recognize that analyzing the connection between cash flow and profitability remains a formidable challenge given that the reliability of the results can be affected by the varying quality, coverage, and accuracy of the available data, and by the choice of liquidity and profitability measures used in the analysis (Yan et al., 2021).

In addition, economic and market cycles can affect the relationship between liquidity and profitability. Firms may choose to hold higher levels of liquid assets as a precaution during economic downturns or periods of uncertainty, which can have an impact on short-term profitability (Davis et al., 2021; Omodero et al. 2023; Bayadyan, 2023).

3.5 Controversies or gaps identified in the literature review

These variables have been studied for quite some time, which has generated different controversies and gaps in published research, such as definitions and measures as there is a lack of agreement on how liquidity and profitability should be defined and quantified, because the inability to easily compare results across studies and draw broad conclusions is compounded by the fact that different studies use different metrics.

Also, the directionality of the relationship was evidenced by some disagreement as to whether liquid assets should lead to higher returns since some research suggests that companies that have more cash on hand are better able to weather financial storms and capitalize on growth opportunities. However, others argue that higher profitability may result in reduced liquidity because earnings may be reinvested rather than held at high levels in cash. In addition, the influence of other factors between the link between liquidity and profitability were found to
determine whether they are related, with firm size, industry, capital structure, operating efficiency, and inconsistent findings in the literature.

3.6 Opportunities for future lines of research to better understand the relationship between liquidity and profitability

To further measure the degree of association of liquidity and profitability, it is necessary to continue to conduct longitudinal analysis since conducting longitudinal studies to investigate the changing nature of these variables over a variety of economic and business cycles will allow to better capture the changing dynamics and understand their long-term effects. Similarly, the sectoral approach should be pursued because this allows the connection between liquidity and profitability to be examined as it varies across industries. Different industries may have different relationships depending on factors including capital intensity, competition, and sector-specific risks. A sector analysis provides more accurate and relevant data for business decisions.

Also, the global environment must be considered by contrasting how countries and regions manage liquidity and profitability. The relationship can be affected by different legal frameworks, financial regulations, and business cultures. In addition, a mixed-method approach is required, with quantitative studies complemented by qualitative research on the views of executives and financial experts, since knowing how liquidity and profitability factors influence business decisions in the real world provides useful, contextualized knowledge. There is even a need for risk and event analysis to see how unusual events, such as financial crises, natural disasters, or economic downturns, influence the liquidity-return relationship, as this would help to understand how companies can manage their liquidity in times of high uncertainty and how this translates into financial results.

3.7 Research question and objective of the research, and at the same time the hypothesis of the research is stated

After processing the information from the previous points, the research question was formulated as follows: What is the current state of knowledge in the literature on the relationship between liquidity and profitability? Likewise, the main objective was to examine and synthesize the current state of knowledge in the literature on the relationship between liquidity and profitability.
Description: After an extensive literature review in multiple academic databases, the most relevant studies related to liquidity and profitability were selected for inclusion. In this sense, a total of 34 articles were found indexed in SCOPUS, 14 in LATINDEX and 13 in other databases such as Crossref, INDEX COPERNICUS and PROQUEST.

This strategy of selecting studies indexed in respected databases such as SCOPUS and LATINDEX guarantees the inclusion of high academic quality and scientifically rigorous papers. In addition, these platforms enjoy wide recognition in the academic community, and their selection ensures the validity and relevance of the studies reviewed in the context of liquidity and cost-effectiveness research. The articles selected for indexing on various platforms will provide a solid basis for a comprehensive literature review on the topic in question.

Note: Prepared by the authors with information from articles downloaded from academic platforms (2023).
Description: The articles were loaded into the qualitative coding software ATLAS Ti version 23 after being translated into Spanish. This method allowed a thorough review of the materials and the extraction of data relevant to the present research.

Across the 61 articles included in this analysis, qualitative content analysis revealed that the words "profitability" and "liquidity" were the most frequently used words, highlighting the focus of the study on this concept. Other words appearing frequently include "business", "relationship", "credit", "financial", "current", "cash", "debt" and "indicators" were also identified.

These findings show that the files analyzed fit the variables of interest explored in this paper. The abundance of these keywords suggests that the chosen articles dealt with topics related to business profitability, financial relationships, credit, operating asset management, and performance and debt evaluation.

The use of ATLAS Ti version 23 as a qualitative coding tool provides a solid basis for performing a systematic analysis and gaining a deeper understanding of the topics and concepts discussed in the articles. This methodology is useful for detecting patterns, trends and relationships among the variables studied, all of which add up to new insights into the field of study.

Figure 3 Most cited authors

Note: Figure obtained from VOSviewer with information from SCOPUS database articles (2023).

Description: Based on current bibliographic records, we know that Zimon, G. is the most cited author. A total of 37 references have been made to his work, demonstrating significant scholarly recognition. It is worth noting that the number of citations his work has received can be used as an indicator of how influential and relevant he was in the scientific community.

The authors Chudy, K., Kochanski, K., Nakomiencky, J. and Wójcik, M., who were cited five times each, share second place. Despite having a lower number of citations than Zimon, G., it is vitally important to note that their work has also attracted the attention of other researchers and scholars.

These findings highlight the importance and breadth of these authors' contributions to this area of research. The citations they received reflected the recognition and appreciation of
the academic community for their work, which further consolidated them as experts in the research topic.

Reviewing the 34 articles indexed in SCOPUS, 14 in LATINDEX and 13 in other platforms such as Crossref, INDEX COPERNICUS and PROQUEST provided a complete picture of the connection between liquidity and profitability. The results of these studies allowed several important conclusions to be drawn.

First, there is a strong correlation between liquidity and profitability in the sample companies. Numerous studies support the hypothesis that higher liquidity is linked to higher financial profitability. This suggests that a firm's profitability is directly related to its liquidity conversion efficiency.

It has also been found that optimal liquidity can be maintained, and profitability improved through proper management of both current assets and current liabilities. The studies reviewed highlight the importance of financial planning, inventory management, accounts receivable management and cash flow management in achieving a healthy balance between liquidity and profitability.

In addition, studies have been found that investigate the impact of macroeconomic variables on the relationship between liquidity and profitability. These studies show that this correlation can be affected by extraneous variables, including interest rates, inflation, and the general economic climate. These macroeconomic factors should be considered when examining the relationship between liquidity and profitability because they provide a broader framework for interpreting monetary dynamics.

A more nuanced picture of the studied variables related to company profitability emerged from the analysis of the 61 articles that were converted and coded using ATLAS Ti version 23. The results show that the most frequently occurring word is "profitability", which highlights its essential importance in the context of the research.

In addition, words such as "companies", "relationship", "credit", "financial", "broker", "cash", "financial", "performance", "debt" and "indicators" appear frequently. The importance of financial management, analysis of financial ratios, evaluation of profitability and debt, these key terms.

The findings highlight the need to thoroughly understand and analyze the factors that affect a company's profitability. Key terms related to financial performance and resource management appear frequently, suggesting that the featured articles focus on these issues vital to the success and longevity of companies.

The results obtained unequivocally demonstrate the preeminence of Zimon, G. in the field studied. With a total of 37 citations, his work has been widely recognized and mentioned by other researchers and scholars. The large number of citations of his work suggests that it is crucial to the development of knowledge in the field.

However, the importance of Chudy, K., Kochanski, K., Nakomienczny, J. and Wójcik, M. cannot be underestimated even though the authors received significantly fewer citations (five each). These five citations demonstrate that their work has attracted the attention of others in the field and is considered valuable by those professionals.

Discrepancies in citation counts between Zimon, G. and other authors may have multiple causes. This can be attributed to factors such as the novelty of your research methods, the quality and significance of your findings, and your ability to make connections to previous research. The number of citations you receive may also be affected by factors such as the scope and visibility of your publication.
4 CONCLUSIONS AND VALUE PROPOSALS

Based on the overall objective, longitudinal analyses are required to understand the dynamic nature of the liquidity-return relationship over economic and business cycles. This will allow the identification of changing dynamics and an understanding of the long-term effects of these factors. Long-term studies provided a clearer picture of the interaction between liquidity and profitability. Because factors such as capital intensity, competition, and industry-specific risks can cause disparate relationships between liquidity and profitability across industries, it is prudent to take an industry-specific approach to studying this nexus.

When comparing how different countries and regions handle liquidity and profitability, it is important to consider a global context. Differences in legal frameworks, financial regulations and business cultures can have an impact on the partnership. In addition, a nuanced picture of the correlation between liquidity and profitability can be obtained through a cross-case analysis of a variety of scenarios. The recommended approach is to mix quantitative studies with qualitative research on the perspectives of executives and money experts. Knowing how liquidity and profitability factors affect real-world business decisions provides more applicable and contextualized knowledge. The connection between liquidity and profitability can be better understood with the addition of qualitative viewpoints to the analysis.

A risk and event analysis are required to investigate how unforeseen events, such as financial crises, natural disasters or economic downturns, influence liquidity and profitability. A company's liquidity management and financial performance can be severely affected by such events. The ability to see how companies can manage their cash flow in times of high uncertainty is an asset for decision making.

The review of the selected articles leads to the conclusion that there is a close relationship between a company's liquidity and its profitability. Financial gains are possible through prudent liquidity management that prioritizes the optimization of current assets and liabilities. Companies are most profitable when they can quickly convert their assets into cash and skillfully manage their short-term liabilities. Financial planning and efficient management of liquid resources are key to achieving a good balance between liquidity and profitability.

It is also important to consider the macroeconomic environment when analyzing the relationship between liquidity and profitability. When evaluating a company's financial performance, it is important to consider the possible influence of external economic factors. Based on the findings, profitability was found to be a very relevant topic in the literature reviewed. The converted and coded articles show significant interest in understanding the factors and variables that decrease the profitability of companies and the ways in which this impacts their financial performance.

The predominance of finance-related terminology and the evaluation of financial indicators suggests the importance of efficient resource management, thorough financial analysis, and the consideration of key metrics to measure performance and debt. According to the data collected, Zimon, G., stands out as the most cited author in the field of study considered. The academic community has shown considerable appreciation for his work as he has been cited 37 times. This indicates that his work has been influential in promoting knowledge in the field and is used as a valuable resource by other researchers.

In contrast, although Chudy, K., Kochanski, K., Nakomienzny, J. and Wójcik, M. have received fewer citations than Zimon, G., each of their five citations still indicates that their research has been valued and considered relevant to the field. Although their influence may be notable in terms of citations, their work and contribution to the existing body of knowledge should not be underestimated. These findings highlight the variety of approaches taken in the field of study and highlight the importance of the research conducted by each author in understanding and advancing the field. The findings of Zimon, G., together with the
contributions of the authors, enrich the scientific literature and ensure a firm foundation for future research and advances in the field.

To better manage your working capital, a thorough analysis of cash conversion cycles and average collection and payment terms is recommended. Strategies to accelerate invoice collection, negotiate more favorable payment terms with suppliers and adjust inventory levels are examples of what may fit into this category.

It is crucial to keep abreast of macroeconomic developments and assess how they may affect the liquidity-return ratio. To make informed financial management decisions, it is necessary to monitor key economic indicators such as interest rates, inflation, and the market. Additional research should be carried out to study other potential factors that influence the liquidity-return ratio, such as operating efficiency, capital structure and investment strategies. This will provide a better understanding of how different factors reduce profitability and liquidity.

Finally, it is recommended that the results and practices derived from effective liquidity and profitability management be shared with other practitioners and academics in the industry. This could foster knowledge sharing and the adoption of effective financial strategies in various organizations. Practitioners and academics interested in profitability are encouraged to further research and explore the characteristics identified in the selected articles. As part of this process, additional studies may be undertaken to delve deeper into facets of financial management and relationships.

It is crucial that companies pay close attention to both the management of their resources and the continuous evaluation of their financial indicators. Key profitability, debt and performance metrics can be analyzed and tracked on a regular basis to help identify areas for improvement and guide data-driven decision making for maximum financial benefit. Researchers and subject matter experts are encouraged to discuss findings and best practices obtained through analysis of converted and coded items. This will foster the exchange of information and experiences, which will result in the progress and growth of the field of study. Considering the importance of the key terms identified, it is recommended that future studies investigate the connections between these concepts, testing the effects of their combination on financial performance and corporate profitability.

REFERENCES


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