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IMPORTANCE OF LIQUIDITY ANALYSIS IN THE PROCESS OF FINANCIAL MANAGEMENT OF COMPANIES OPERATING IN THE TOURISM SECTOR IN SLOVAKIA: AN EMPIRICAL STUDY

Abstract: *The article defines the financial analysis, with the emphasis on the liquidity analysis, as an essential tool of the corporate financial management process. The main objective of the article is, based on the statistical verification, to analyse liquidity of companies operating in the tourism sector, namely companies providing accommodation services, identify the key factors which influence the level and development of liquidity and therefore, when managed appropriately, may bring the improvement in liquidity management leading to the enhancement of the quality of the financial management process in companies and to their excellence. On the selected sample of companies operating in the tourism sector in Slovakia, the research results reveal the low long-term level of average current and total liquidity for the 2011 to 2014 period and indicate moderate to weak relationship between selected liquidity and profitability ratios. As liquidity is one of the areas reflecting one side of company´s performance, its systematic and proper management may help companies achieve their goals on the way to excellence.*

Keywords: *corporate financial management, financial analysis, liquidity, liquidity management process*

1. Introduction

The business sector is undoubtedly a key accelerating component in any economy and a corner stone of its structure. On the present, under the global competitive pressure, companies continuously try to seek ways of quality and innovative products/services improvement which would contribute to the support of their competitiveness, effectiveness and flexibility (Nicola *et al.*, 2015). They have to manage all aspects of their performance in a very serious, responsible and innovative way to stay in the game. In order to be able to play their crucial role they have, inter alia, remain financially healthy. Ensuring that is one of financial management tasks. Financial management concerns on how to make the best decisions on the way to excellence of business processes, mainly regarding the company´s value enhancement. And, as Vujovic *et al.*

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(2013) argue, business excellence has become the most powerful means of achieving competitive advantage of organizations. One of the ways in search of excellence in the field of financial performance of a company is an implementation of effective tools of working capital management including the liquidity analysis. Based on its results, a financial manager can take appropriate measures to eliminate detected failures and problems and make decisions aimed at further successful and sustainable performance of a company. The analysis of liquidity provides the base of relevant information necessary for efficient liquidity management.

The main objective of the article is, based on the statistical verification, to analyse liquidity of companies operating in the tourism sector, namely companies providing accommodation services, identify the key factors which influence the level and development of liquidity and therefore, when managed appropriately, may bring the improvement in liquidity management leading to the enhancement of the quality of the financial management process in companies. The article defines financial analysis as an essential tool of the corporate financial management process. It focuses on the importance of liquidity analysis and its management with the aim of improving the quality of the overall corporate financial management. Then it moves to main characteristics of the tourism industry as an industry our research focuses on. On the selected sample of companies operating in this sector in Slovakia it evaluates liquidity of analysed companies over the period 2011 – 2014, characterizes the relationship between liquidity and profitability of the companies and identifies the key determining factors. Using statistical verification of key assumptions on the empirical sample it provides the basic framework for improving the quality of corporate financial management.

2. Financial management as an integration of financial processes

In any economy, the business sector is a driving force of the development and growth. In the era of global competition, there is no more "safe" position in the market. This caused that many companies – the ones on "the top", the ones which want to get there, but also the ones which want to stay in "the game", very seriously, responsibly and comprehensively think about all aspects of their work (Jasarevic *et al.*, 2015). Only those companies that are dynamic are able to respond to the market demand swiftly, and are capable of research and development of new products, innovations and technological changes (Lesáková *et al.*, 2009). Companies provide different kinds of income in terms of wages to employees, dividends to owners, taxes to the state and municipality, and they generate profit for their further development. If they are to accomplish this crucial mission, they have, on the other hand, to meet all their financial obligations. Ensuring this is a complex task belonging to the business finance function represented by financial management. Financial management of a company should be an effective component of its consistent performance management system which is described by Závadský and Hiadlovský (2014) as a system that should offer management quick insight into how well the organization is performing its tasks and to what extent the organizational objectives are being obtained.

Financial management should mainly focus on how a company creates and maintains its value and therefore concerns on how to make the best decisions on the way to excellence of business processes leading to company´s value enhancement. Since all financial criteria and objectives are a part of overall economic criteria and business objectives, they have to be respected in business management. Virtually, all decisions made in a company are at least partially financial because they involve making trade-offs between costs and benefits that are spread over time (Bodie *et al.*, 2009). Hereupon, all decisions and processes, not only financial ones, will finally be reflected in company´s financial results. We can hence regard financial management as an integrating factor of all processes belonging to the system of business management. Thus, financial management is concerned with financial aspects of business activities and its contents comprises organizing and management of financial processes within the company. Understood in this way, it involves the four fundamental components – financial planning, financial decision-making, organization of financial processes, financial analysis and control (Musa *et al.*, 2015).

As may be seen above, the financial analysis is one of key components of financial management. Dias and Heras (2013) compare the approach of authors who advocate that one can only manage what one can measure to that one of those who say that the good financial performance is usually a result of quality management. In respect of measuring financial performance, the financial analysis is a key tool for managers. It measures and helps evaluate performance of a company and its processes the result of which is an overview on a situation in a company based on which it will be possible to update and specify particular objectives and tasks and take corrective measures (Sedliačiková *et al.*, 2015). A thorough analysis of the processes and effectiveness of the entire management system, identifying the causes of deviations and discrepancies, establishing causal relationships in the system is one of the most important tasks in ensuring the effectiveness of control in management systems. Without this knowledge, it is impossible to assess the rationality of resource costs to achieve the objectives, i.e. eventually - the effectiveness of processes and the whole system (Vasilkov and Gushina, 2014). The tools of the financial analysis are used to evaluate a degree in which formulated financial objectives are achieved (ex post analysis) or predict future development of the financial situation of a company (ex ante analysis). Based on its results financial managers are expected to take measures to eliminate detected failures, discrepancies and problems and make decisions aimed at further successful operation and performance. Therefore, financial analysis should accompany the process of financial manager´s decision-making. The reliable and objective financial analysis is able to identify critical aspects that may endanger future existence of a company (Gundová, 2013). On the other hand, it also may reveal strengths which can, when maintained and boosted, help a company become more sustainable and competitive.

3. The importance of the liquidity analysis in the process of financial management

In line with the modern financial theory, value maximization (for the owners of a company) is the primary purpose of the firm´s existence. It is also considered to be the primary financial objective of the company. As stated above, financial management strives for making decisions that help a company achieve business excellence, mainly in terms of its value enhancement. Kanji (2002) defines business excellence as an approach that allows organizations to achieve the balanced satisfaction of stakeholders and increase the long-term strategic success. World´s most popular models of business excellence, which include the EFQM Excellence Model, the Malcolm Balridge National Quality Award and the Deming prize, are based on some sets of criteria analysing connections between the most important variables of TQM: people, business processes and company performance (Alfirevic *et al.*, 2013). Thus, it seems apparent that the concept of business excellence is consistent with the primary business as well as financial objective of company´s value maximisation. Excellent companies maximize their value and achieve excellent performance.

Liquidity is one of the areas reflecting company´s performance. Liquidity management maintaining the current assets and current liabilities balance on a proper level is an important condition for improving performance of the company and its value enhancement. In the light of this, we can say that improving liquidity has direct positive impacts on company´s performance. We therefore strongly believe that liquidity management is a crucial managerial area within the processes of financial management which, if performed successfully, may help the company achieve its goals on the way to excellence.

As thereinbefore stated, companies should be able to meet all their payable financial obligations on a daily basis. Thus, it is extremely important whether or not a company is able to realize the assets within a short period to settle their liabilities when the debts are due. A company which is not able to pay off these debts within a short period may cause the conditions of forming bad debts, and encounters the risk of bankruptcy (Lin *et al.*, 2014). Oliveira and Fortunato (2006) claim that the availability and cost of finance is one of the factors which affect the ability of a company to grow. There is a common knowledge that even the most profitable company may go bankrupt if it does not manage its liquidity in a proper way (Błach *et al.*, 2014). Management of liquidity belongs to a broader area of working capital management which is an integral part of corporate financial management. We assume that financial managers devote the major portion of their time and attention to management of working capital. Its main objective is, as that of fixed assets and long-term financing decisions, the maximisation, or at least the enhancement, of the company´s value. This will be achieved by optimising positive cash flows through striking an appropriate balance between costs and revenues on the one hand, and risk, on the other (McLaney, 2006). The trade-off between liquidity and profitability has to be controlled by a financial manager in order to meet that ultimate goal of reaching the optimal amount of working capital. Working capital management is normally of a short-term character and directly affects liquidity of the company. In this context, liquidity can be thought of as the ability of the company to pay its financial obligations in a timely manner without reducing its financial flexibility. Liquidity management deals with those accounts on the balance sheet typically labelled as current assets and current liabilities (Vinczeová and Krištofík, 2013). If companies want to survive and develop, they have to timely recognise and adequately master more diverse and complex risks (Luburic *et al.*, 2015), including the risks resulting from the lack of cash flows. Companies need to have sufficient cash flow to perform their operations with the aim to minimize risk of inability to meet their short-term and maturing liabilities. This ability is a measure of company´s liquidity. Efficient management of liquidity is thus one of the most important decisions regarding current operations of any company. In many companies, the amount of working capital invested in current assets may be significantly high as a proportion to total capital employed. It is important that these funds are used in an efficient way and there is no excess of working capital indicating the presence of idle funds without any return which ultimately leads to the low rate of return of capital employed. This consequently affects the profitability of the company. That means that idle working capital imposes opportunity costs on the firm which results in the reduction of its profitability margin and finally also of its value. This implies that both insufficient as well as excessive amount of working capital are adverse for the company and its liquidity and profitability. The appropriate evaluation of working capital and identification of its basic elements can help managers decide over the company´s operations more efficiently and enable them to manage working capital effectively in a way that balances liquidity and profitability. This would affect the level of investment in current assets as well as the appropriate sources of their financing (Atseye *et al.*, 2015). Working capital can be found as the lifeblood of a company as it directly affects its liquidity which is crucial to ensuring company´s day-to-day operations and its financial health or the very survival. Consequently, it is obvious that the analysis in the area of working capital management, and particularly the liquidity analysis, is absolutely of vital importance for any company.

A strong evidence of correlation between company´s working capital management and its profitability can be found in many empirical studies. Atseye *et al.* (2014) present results of several of them. Shin and Soenen´s results show the relationship between cash conversion cycle and profitability of the company in the U.S.A. over the period 1975 – 1994. They found a significant negative correlation between the value of the company and its cash conversion cycle. The results of Deloof revealed a significant negative correlation between gross profit and the average settlement period of debtors. Another research carried out by Lazavridis and Tryfonidis revealed the relationship between managing an adequate level of the cash conversion cycle and maintaining each one of its components at an optimal level. The authors argue that this relation, if maintained adequate, may create benefits for the company. These results undoubtedly reflect the importance of working capital management and its liquidity versus profitability implications. The implementation of effective tools of working capital management including the liquidity analysis is a recommendable way in search of excellence in the field of financial performance of any company.

The findings of Škuflić and Minarić (2015) indicate that the firm size, lagged profitability, concentration, liquidity, solvency, capital productivity and labour productivity positively influence profitability, while the firm age affects it in a negative way. The empirical results suggest that concentration has the most significant effect on profitability. If liquidity increases by 1 per cent, on average, profitability will increase by 0.07 per cent in the consequent period with all other variables held constant. If solvency increases by 1 per cent, on average, profitability will increase by 0.16 per cent in the consequent period with all other variables held constant. However, by increasing the age of the hotel company by one year, on average, profitability will drop by 0.23 per cent in the consequent period with all other variables held constant.

According to Tung *et al.* (2010), profitability of a company is positively and significantly affected by a market share, however, there is a reverse negative effect of total operating costs and capital intensity which confirms hotel industry issues regarding capital. The results of Gonzáles and Jareño (2014) show an inverse relationship between indebtedness and overall liquidity accompanied by some cases of positive relationships between the volume of equity and overall liquidity. This result demonstrates the fact that there is lower cash flow when there is greater indebtedness and confirms the positive effect of self-financing on company's liquidity, as well as the negative (complementary) effect of external financing.

It is also necessary to give consideration to liquidity constraints faced by companies and their possible impact on the company growth. Oliveira and Fortunato (2006) give an overview of several studies exploring this relationship. They investigate the effect of cash flow on investment and show that financial constraints are a significant determinant of companies´ investment decisions. Particularly for young firms the investment rate largely depends on available cash flow. Therefore we may underline the significance of the liquidity analysis even in young and small enterprises in the long term, i.e. in terms of investments and growth of the company. Apparent differences may be also observed between large firms and SMEs. When deciding about sources of working capital, small enterprises (especially those in countries with underdeveloped capital markets) have usually to rely rather on the owners´ equity, trade credit or short-term bank loans. We think that there is a direct relationship between a company´s growth and its working capital needs. Nevertheless, smaller businesses with effective investment opportunities may be unable to raise appropriate funds to exploit them which may decelerate their growth potential.

Good performance indicators are required for a better analysis and judgement of any measured data and to get a clear picture of the performance status of the company (Sailaja *et al.*, 2014). Liquidity can be explored in various contexts. Some studies explore the correlation between current assets and financing costs, other concern on the optimal level of the volume of current assets, or focus on the relationship between the volume of current assets and company´s profitability. The most common indicators of measuring liquidity are the current ratio and quick ratio (also referred to as the acid-test ratio). They are static measures of liquidity, based on forced liquidation of assets, and do not measure the ongoing ability of a firm to go back to cash (Lancaster and Stevens, 1998). These measures, therefore, fail to evaluate its "nearness" to cash as liquidity is defined by the International Financial Reporting Standards (IFRS) or Financial Accounting Standards Board (FASB). Moreover, there can be big differences in the values of these two ratios across different industries. These values also may be differently interpreted as it is hard to determine whether such an isolated value is good or bad according to the ratio description. It appears that traditional indicators are not sufficient any more. Some more preferred modern approaches include for example the cash conversion cycle which is considered a better method than traditional ratios to evaluate company liquidity. Some authors, for example Lin *et al.* (2014) see its advantage in that it is not only a measure of the outflow and inflow period of working capital but also considers the sales volume, thus it is able to correctly evaluate whether a company´s working capital management policy is appropriate or not without the scale influence. It may also be an alternative measure to evaluate company´s liquidity as well as profitability. The policy in this area should strive for the reduction of the cash conversion cycle.

4. The liquidity analysis in companies operating in the tourism sector in Slovakia

The tourism industry directly affects the social, cultural and economic sectors of any country. It brings large amounts of income into the economies and also creates large number of opportunities for employment. There are other industries, mainly those providing services, which also benefit from this industry, such as for example transportation, hospitality and entertainment facilities. It is therefore apparent that tourism is an important, even vital, source of economic growth for many countries and their regions.

4.1. The main characteristics of the tourism industry

In the EU, the tourism industry in its narrow sense (i.e. including the traditional providers of tours and tourism services) is made up of 1.8 million companies, particularly small and medium-sized ones. Tourism generates 5 per cent of GDP and employs 5.2 per cent of active population which represents approximately 9.7 million persons. If we consider its close relation with other industries, this percentage appears even higher, i.e. more than 10 per cent of GDP and minimum 12 per cent of total employment which corresponds to 13 million employees (Soave, 2016).

Tourism is one of the most dynamically developing industries and in Slovakia, with its achievements, represents a full-valued industry. The revenues in the industry exceeded 2 bil. € in 2015. In the Slovak

Republic, more than 20 thousand entrepreneurs run a business in tourism and there are approximately 3,500 accommodation facilities with more than 160 thousand beds realizing more than 12 million overnight stays (Cestovný ruch, 2015). According to available statistics, the year 2015 was the most successful year for tourism in the history of the independent Slovak Republic (Tlačová správa zo 6.valného zhromaždenia ZCR SR 02.02.2016, 2016). Slovak tourism, also by means of these numbers, demonstrates its high potential for the Slovak economy as well as the fact that it is an important industry regarding its significant share in the export of services, GDP generation but also new jobs generation and the development of Slovak regions. In 2014, the tourism share on GDP was 2.6 per cent and that one of the export of services was 31.8 per cent. In accordance with the Tourism Satellite Account, the share of jobs in characteristic tourism industries accounted even for 6.3 per cent of all jobs in the economy in 2013. Entrepreneurs´ jobs represented 4.8 per cent of them (Satelitný účet cestovného ruchu, 2016).

Based on the financial analysis realized by Finstat, a specialized financial portal, in 2013 the industry of tourism, gastro and leisure time reported the average ROA value of -2.7 per cent since, in accordance with the generated profit, only 34 per cent of all companies made a profit, while 66 per cent companies suffered a loss. The average ROE value of -8.9 per cent was obtained just due to a high number of companies which suffered a loss. Based on the average gross margin of 16.4 per cent we can deduce that there are companies with relatively high expenses in relation to the sales generated in the industry. The negative value of the average profit margin of -4.3 per cent was achieved by tourism on account of prevailing companies which suffered a loss. Average total gearing was 70.30 per cent. Average current liquidity of 0.62 was recorded which is typical for these companies as their accounts receivable are lower than their liabilities since they mostly receive immediate payments for their services (Finančná analýza firiem v Slovenskej republike, 2016).

Kučerová *et al.* (2006) point out to the particularities of tourism companies compared with other ones which are to be regarded when selecting financial ratios and particularly when interpreting their results. They mention the following main characteristics:

- the companies provide a relatively wide assortment of services under the often moving demand,
- the demand for the services intensity often changes depending on their localisation and season,
- their capacity, standard and complexity of provided services is also affected by their localisation (the character of a recreational area),
- they are highly demanding of human resources, personal costs account for the high percentage of total expenditures, possibilities of the human labour substitution are limited in providing services,
- many of them require a high volume of capital and the share of their fixed assets is high which significantly affects their economics.

Kapiki (2012) remarks that quality in the tourism and hospitality industry involves consistent delivery of products and guest services according to expected standards. Delivering quality service is an essential condition for success in the emerging, keenly competitive, global hospitality markets. Orieška (2011) adds that quality of tourism services expresses a complex of their useful attributes which provide them with the ability to satisfy needs and meet expectations of visitors in tourism. The attributes of services can be divided into two groups, namely in term of the demand (a customer): i.e. the reliability, respectability, impression, focus on the customer, responsibility; and in term of the offer (a producer), i.e. employees, technical facilities, operation processes in providing services, marketing and providing customers with information. Following these attributes a customer evaluates quality in service providing or after it as a final result – a service consumption experience, though, on the side of the offer there is an option for producers to preventively, continuously and consecutively evaluate a process of service providing and manage it.

The outcomes of the Kapiki´s survey (2012) suggest that, aiming at excellence and profitability, attention should be focused on quality service, maintenance of existing guests by exceeding their expectations, continuous quality improvement, employment, regular training and empowerment of service-oriented staff, search for best practices through benchmarking and, finally, pursuit of quality accreditation through the various schemes, such as the eco-labels, ISO and the EU Foundation for Quality Management.

On the present, there is no complex national system of quality in the area of tourism services in Slovakia. On the ground of the EC initiative related to the introduction of the quality mark in tourism (ETQL), Slovakia may join this initiative through the Slovak system of tourism services quality (SSKS CR) which is being introduced by the Ministry of Transport, Building and Regional Development of the Slovak Republic. The Slovak system of tourism services quality is an innovative and voluntary tool intended for the organizations operating in the tourism industry offering the quality certification of their service quality. The Slovak system of tourism services quality is able to systematically help increase service quality, obtain the expert knowledge and support their competitiveness. The system is based on simple principles of quality management the foundation of which is the solid knowledge of customer´s needs and the continuous improvement of provided services quality. Resulting from the newly created quality standards, for the time being it is possible to obtain a certificate in the following services: accommodation, gastronomy, winter ski centres, aqua parks and swimming pools, tourist guide services and tourist information centres. This project will bring the standards, service evaluation and will generate a pressure on service operators in tourism. The certification will bring advantages to companies by means of achieving and maintaining service quality on such a level that will lead to systematic customers´ needs satisfaction, providing a customer with a certainty that the service provided meets the required quality standards, and obtaining a substantial competitive advantage. Customers will be able to distinguish the certified tourism facilities from the other ones, they will be able to make decisions in an easier way since certification will be a guarantee of quality. In the Slovak Republic the potential of tourism is very high and also due to quality management we are able to ensure sustainable development of the companies belonging to this sector (Štartuje Slovenský systém kvality služieb, 2016).

4.2. The research methodology, results and discussion

The source of our research database comprises individual final accounts of 188 companies operating in the tourism industry in the Slovak Republic in accordance with the statistical classification of economic activities SK NACE 55 Accommodation over the 2011 – 2014 period. Based on the availability and completeness of final accounts for the all four analysed years we selected the data sample from the parent population including 1,667 companies. The data sample consists of 188 companies actively operating over the whole monitored period with the generated sales volume higher than 50,000 €. Due to the unavailability and incompleteness some statistical units were excluded from the database. The computation of selected financial ratios is consistent with the methodology of the ratio calculation applied by the information portal CRIBIS which was used as the primary source of financial data – individual final accounts of business entities (https://www2.cribis.sk/).

Based on the final accounts data of selected companies and the calculation of the current and overall liquidity ratios we arrived at the conclusion that there is only a little difference between average values of these indicators. Following this conclusion we can state that the companies of the main SK NACE 55 record a low percentage of inventories. Companies operating in the tourism, gastro and leisure time industry also have the low volume of short-term accounts receivable since they usually receive immediate payments for their goods and services, however, their obligations are due even in one month. Hence, the volume of their accounts receivable is lower than that one of accounts payable and therefore total liquidity is less than 1. As it results from the table 1, the liquidity ratios (current liquidity and overall liquidity) have been recording low values on a long-term basis. In term of the industry and its main characteristics and as mentioned above, this is particularly subject to the low volume of accounts receivable and high volume of accounts payable as well as the low amount of inventories. Based on the evaluation of the liquidity development over the 2011 – 2014 period we argue that the average values were moderately improving, though, they still showed markedly low values. The median of the liquidity ratios reaches approximately half values of averages of the above indicators, i.e. half of companies in the analysed set have got into serious financial distress in the area of short-term financial management of liquidity, which is also indicated by the 2013 statistical data showing that in that year as many as 66 per cent of accommodation facilities suffered a loss.

With respect to the quality improvement in the liquidity area and sufficient cash flow generation we suggest companies to collect accounts receivable by means of the world famous reservation portals which may lead to the decrease of the settlement period for accounts receivable, or convert an unpaid reservation to an obligation to provide a service in the future with sales collected in advance, thus also increasing their liquidity itself. Companies could similarly use discount portals to present their accommodation facilities, nevertheless they have to beware of the long-standing customers´ loyalty and particularly quality of all provided services.

Table 2. Descriptive statistics of the liquidity ratios in selected companies operating in tourism over the 2011 – 2014 period

	Current Liquidity Ratio				**Overall Liquidity Ratio**			
	2011	**2012**	**2013**	**2014**	**2011**	**2012**	**2013**	**2014**
Mean	0,4266	0,4548	0,4124	0,5076	0,5133	0,5491	0,4884	0,6273
Std. Error	0,0444	0,0499	0,0434	0,0518	0,0489	0,0593	0,0455	0,0689
Median	0,2550	0,2700	0,2400	0,2600	0,3100	0,3300	0,2950	0,3450

Source: Own elaboration of the SPSS outputs

The more financial ratios are monitored by a company, the better picture about its financial situation can it obtain. On the basis of the financial ratios results and awareness of its financial health, a company makes decisions on its future management and direction in a more accurate and better way.

Within the frame of statistical methods, the correlation analysis providing information about the relationship between the selected liquidity and profitability ratios was applied. The relationship intensity between particular indicators was assessed based on the Spearman´s rank-order correlation coefficient (Spearman´s rho). Its values are reported in the Table 3.

Any strong relationship between the particular indicators was not confirmed, yet there is a moderate to weak relationship presented in the Table 2. The values marked with ** mean the correlation on the 0.01 significance level (two-tailed) and the values marked with * mean the 0.05 significance level correlation (two-tailed).

Hypothesis: There is a direct relationship between the liquidity and profitability ratios.

Table 3. Spearman's rho

Year		**Return on equity (ROE)**				**Return on assets - gross (ROA)**				**Operating Return on Sales (ROS)**			
		2011	**2012**	**2013**	**2014**	**2011**	**2012**	**2013**	**2014**	**2011**	**2012**	**2013**	**2014**
Current Liquidity Ratio	Correlation Coefficient	,181*	,211*	,278**	,128	,199**	,273**	,294**	,313**	,257**	,327**	,321**	,282**
	Sig. (2-tailed)	,046	,029	,003	,172	,006	,000	,000	,000	,000	,000	,000	,000
	N	122	107	112	116	188	188	188	188	188	188	188	188
Overall Liquidity Ratio	Correlation Coefficient	,152	,215*	,306**	,146	,154*	,260**	,314**	,309**	,265**	,343**	,350**	,280**
	Sig. (2-tailed)	,095	,026	,001	,118	,035	,000	,000	,000	,000	,000	,000	,000
	N	122	107	112	116	188	188	188	188	188	188	188	188
**. Correlation is significant at the 0.01 level (2-tailed).													
*. Correlation is significant at the 0.05 level (2-tailed).													

Source: Own elaboration of the SPSS outcomes

Based on the results of the correlation analysis of the selected financial ratios we confirm the formulated hypothesis by means of Spearman´s rho and detected different degrees of correlation between the particular financial ratios. The results that are close to 1 report a strong relationship between the indicators, and on the contrary, the results close to 0 report a weak correlation. By means of the statistical software SPSS, the statistically strongest relationships were identified between the liquidity ratios and operating sales profitability.

In conclusion it is advisable to emphasize that, with regards to complex liquidity management within the improvement of financial management quality of a company, in addition to the financial indicators, it is also desirable to monitor and also analyse the nonfinancial indicators which significantly influence overall performance of a company, for example in accordance with the principle of strategic management based on the Balanced Scorecard concept.

Systematic liquidity management of a company improves quality of processes at the level of overall financial management as well as quality of financial management as a whole. Excellence of the financial management processes can additionally be enhanced by means of the optional certification of the quality management system in a company with the objective to grow customer satisfaction. A systematic approach to quality management can support a systematic increase of economic performance and competitiveness of an individual company and the tourism industry as a whole. This finally may have a positive effect on the overall performance of the whole national economy.

5. Conclusions

The tourism industry has a large growth potential for the Slovak economy not only for its contribution to the income and jobs generation, but also because it supports the development of other related industries. Our research identified a long-term low level of average current and total liquidity in companies operating in the tourism industry. This accrues from some specific features of the industry and results in serious problems in the area of short-term financial management of liquidity. This fact is also confirmed by losses suffered in companies of the analysed industry. The relationship between the profitability and liquidity ratios is direct in the industry. The strongest correlation was identified between the ratios of liquidity and operational sales profitability. Systematic liquidity management improves quality of processes within overall company financial management. Companies can achieve the improvement in the area of quality of processes by means of the certification of the quality management system. This could subsequently lead to growing customer satisfaction by means of the achievement of long-term required quality of provided services, companies could create the competitive advantage, maintain the long-term market position, and increase the visit rate of accommodation facilities. This could finally increase the liquidity level. A good financial situation of a company is a result of quality financial management, therefore we also suggest companies operating in the tourism industry some other possibilities to raise liquidity such as the collection of accounts receivable by means of world famous reservation portals or the use of discount portals to present their accommodation facilities.

As liquidity belongs to the areas reflecting performance, its proper management is an important condition to improve company´s performance, enhance its value and, finally, also contribute to business excellence achievement. The systematic quality improvement in the processes of financial management affects the improvement of economic performance of companies themselves as well as that one of the national economy as a whole.

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