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PROFITABILITY POSITION AND MANAGEMENT EFFICIENCY: ANALYSIS OF SELECT INDIAN AVIATION FIRMS

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ABSTRACT

Airline service decisions are increasingly influenced by the new drivers of profitability. The fluctuating profitability must be better understood by the firm to formulate a better strategy. The Primary objective of a business undertaking is to earn profits. Profit earning is considered essential for the survival of the business. Profitability analysis measures how well a firm is performing in terms of its ability to generate profits. Profitability of the firm is highly influenced by internal and external variables, i.e., size of organizations, liquidity management, growth of organizations, component of costs and inflation rate. Efficiency ratios are used to measure the quality of the company's receivables and how efficiently it uses its other asset. A sustainable business and mission requires effective planning and financial management. Ratio analysis is a useful management tool that will improve understanding of financial results and trends over time and are the key indicators of organizational performance. Managers will ratio analysis to pinpoint strengths and weaknesses from which strategies and initiatives can be formulated. Funders may use ratio analysis to measure results against other organizations or make judgments concerning management effectiveness and mission impact.

KEY WORDS: Profitability, profit earning capacity, survival of the firm, Return on equity, Efficiency

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