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To Study The Factor Affecting Profitability & Overcomes The Problem In Project Finance By Case Study

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Abstract : This research work is aimed at assessing the factors affecting profitability and fraud of contractors in construction projects with a view to establishing indebt measures to improve the situation. Among the specific objectives to achieve this aim is identifying and assessing the significant factors affecting contractor's fraud. Respondents include clients, consultants and contractors, completed closed-ended questionnaires and were required to rank the factors on a Likert scale of 1 to 5. The simple descriptive and frequency analysis were used to analyze the data obtained using SPSS. The total mean, standard deviation, standard error of each of these grouped factors were generated and each of the factors as adequately ranked. The study concludes that, government policies and instability in the economy are the key factors that affect contractors profit negatively since they always put pressures on cost of materials and labour as a result many contractors hardly recover all the cost incurred and recommends that construction organizations should analyze profitability at the onset before embarking on the project. It is only by ascertaining the expected profitability and risk involved that they would be able to achieve the target. The information about company performance, especially about its profitability, is useful in substantiating managerial decisions regarding potential changes in the economic resources that the company will be able to control in the future. This objective aims achieving superior economic results that will increase the company's competitiveness and will satisfy the shareholders' interests. The paper presents some company performance analysis models, which highlight the influencing factors. The models are based on regression analysis, and the obtained results emphasize the strong connection between the profitability of the analyzed company expresses through Return on assets and the management of available resources.

Keywords: Risk, project Finance, fraud, project risk, profitability

I. INTRODUCTION

Each year the construction industry usually experiences a proportionally greater number of bankruptcies than do other industries. Among the causes of this salient problem is the level of profit margin allowed during the estimating process as well as being able to articulate claims during the construction process. Excess of returns over outlay or expenditure, infers that the business is yielding fair profit. Profit is the return from the employment of capital after deducting the amount paid for raw materials and wages, real or estimated rent, interest, insurance etc. posit that profit is the primary goal of any construction business even though it may not be the only goal. Any firm that is making consistent loss will in no distance time liquidate. The survival of the industry depends largely on the ability of contracting firms to maintain and

sustain economic profit, to finance growth and expansion. Unfortunately, many construction firms have gone into liquidation and huge capital has had its flight from the industry. Understandably, construction business by its nature is fraught with risk. In consequence, contractors all over the world seek commensurate profit as compensation for risks undertaken. Profit is one of the most important measurements and yardsticks in determining the health and success of a business. Webster Dictionary (1986) put it in simple terms: "Total sales Less Total Expenses Equal to Profit".

Many contractors have suffered untold hardship sometimes resulting to high blood pressures, and untimely death due to their company's inability to meet up with their financial commitments. It is either the company is persistently owed as a result; creditors dispossessed them of their collateral in order to recover the debt/capital. It is pertinent to state that an experienced contractor should make provision for retained earnings in every payment made to have something to fall back to should situations like this arise. The main thrust of this research work is to find ways contractors can mitigate issues and shore up their profit margin in order to save them from life threatening contractual problems.

II. LITERATURE REVIEW

1 **Camelia Burja, (2011),** The information about company performance, especially about its profitability, is useful in substantiating managerial decisions regarding potential changes in the economic resources that the company will be able to control in the future. This objective aims achieving superior economic results that will increase the company's competitiveness and will satisfy the shareholders' interests. The paper presents some company performance analysis models, which highlight the influencing factors. The models are based on regression analysis, and the obtained results emphasize the strong connection between the profitability of the analyzed company expresses through Return on assets and the management of available resources.

2 **Rozalia Pala and Annalisa Ferrando, (2010)** This paper investigates the financing conditions of non-financial corporations in the euro area. We develop a new firm classification based on micro-data by distinguishing between three groups of firms: unconstrained, relatively and absolutely constrained firms. We also provide further evidence on the sources of the correlation between corporate cash flow and cash savings by conducting the analysis in a dynamic framework. Our results suggest that the propensity to save cash out of cash flows is significantly positive regardless of firms financing conditions. This implies that even for firms with favourable external financing conditions, the internal cash flow is used in a systematic pattern for inter-temporal allocation of capital. The results also indicate that the cash flow sensitivity of cash holdings cannot be used for testing financing constraints of euro area firms.

3 **Boeing Singh Laishram And Satyanaranaya N. Kalidindi, (2009)** Public–private partnership (PPP) road projects are highly leveraged capital-intensive projects. Lenders, which provide the major portion of financing in the form of debt instruments, undertake loan approval processes to examine the various aspects of the projects that could influence the debt servicing capability while making credit decisions. In view of this, project sponsors could also assess beforehand how desirable is the project from the debt financing perspective in order to facilitate timely arrangement of debt financing and avoid funding problems. The Desirability Rating Analytical Tool (DRAT) has been developed in order to enable the project sponsor to assess how desirable the project is from a debt financing perspective. DRAT uses the aggregation operator Choquet fuzzy integral to aggregate the information relating to the various aspects of PPP road projects that lenders take into account while making credit decisions. The application of DRAT is illustrated with an example of a PPP road project from a National Highways Development Programme undertaken by the National Highway Authority of India, Government of India. DRAT expressed the result of the information aggregation in the form of a desirability rating profile indicating the degrees of membership to different levels of desirability. The desirability rating profiles of the project provide valuable information for decision making and can help in formulating strategies on improving the performance of the project where it is not performing satisfactorily.

4 **Alastair Adai, (2005)** the purpose of manuscript is to examine financial risk management. The UK valuation profession has been criticised for inconsistencies and failures to reflect risk and uncertainty in certain valuation assignments such as the pricing of urban regeneration land. Also the Investment Property Forum/Investment Property Databank specifically concluded that a new approach is needed which combines conventional analysis of returns uncertainty with a more comprehensive survey of

business risks. This debate has been brought into sharper focus by the publication of the Carsberg Report, which emphasised the need for more acceptable methods of expressing uncertainty, particularly when pricing in thin markets. The paper commences with an examination of risk analysis within investment decision making and the property industry, drawing on the findings of the most recent literature that assesses the utilization of risk management approaches. Financial risk management is examined and the workings of the D&B credit rating model illustrated. The paper explains the decision-making framework within which the property risk score is applied. The aim of this paper is to present an alternative paradigm for the reporting of risk based on techniques utilized within business applications. In particular it applies a standard credit-rating technique, based on the D&B model, to report the level of risk within property pricing – property risk scoring (PRS).

III. METHODOLOGY

3.1 The influence factors of economic performance – variables

The Return on Assets (ROA) indicator expresses the company's ability to generate profit as a consequence of the productive use of resources and of the efficient management, and it's used as a dependent variable in the assessment of economic performance. It is computed as a ratio between Net Income and Total Assets. In following it is presented the economic significance and the calculus way for the selected variables in order to study their impact on the industrial companies' performance. Fixed Assets Ratio (FAR) expresses the share of the assets that the company disposes of permanently for its activities and indicates the level of capital investment in the technical and productive infrastructure. A high level of this indicator means an active investment policy, but its growth over a certain level (50%) may lead to an efficient use of the working capital and it limits the ability to expand current activities.

$$\text{Fixed Asset Ratio} = \frac{\text{Fixed assets}}{\text{Total assets}}$$

Debt Ratio (DAR) shows the extent to which the total assets of the company are funded by loans. A growth in dynamic ensures an increase in the amount of the business's financing sources, but also leads to less autonomy and financial solvency. For this reason, it's necessary to rationally and efficiently use this financing method.

$$\text{Debt Ratio} = \frac{\text{Total Debts}}{\text{Total assets}}$$

A good view of the modality of business financing is provided by the indicator Financial Leverage Ratio (FLR). It can be expressed as a ratio between debts and own capitals. Achieving a optimum rapport of financing structure can ensure company's investors by the perspective of a future development and implicitly, of the increasing of equities

$$\text{Fianacial Leverage Ratio} = \frac{\text{Total Debts}}{\text{Total shareholder equity}}$$

Sales to Current Assets Ratio (SCAR) is expressed as a ratio between Net sales and Total current assets and shows the incomings of the company from the management of current assets. A high level of this indicator signals the existence of a working capital deficit. In dynamic, usually a decrease of the ratio means a narrowing down of the company's activity, which slows its production, thus diminishing inventories and accounting receivables, which are related to the current activity.

$$\text{Sales to current Assts Ratio} = \frac{\text{Net sales}}{\text{Total current assets}}$$

Sales to equity ratio (SER) shows how well were used the own capitals for generating sales. In dynamic, an increasing of this indicator, generally suggests a positive aspect that reveals a better management of own capitals used in activity and a raise of their efficiency.

$$\text{Sales to Equity Ratio} = \frac{\text{Net sales}}{\text{Total shearholder equity}}$$

Gross Margin Return on Inventory (GMROI) indicates if the modality of inventory management generates profit. It is an important indicator for appreciating the inventory efficiency and the company's performance.

$$\text{Gross Margin return inventoty} = \frac{\text{Gross margin}}{\text{Average inventory}}$$

The indicators Expenses Revenue Ratio (ERR) connects expenses with revenue, and expresses the efficiency achieved by a company through minimize its costs. In dynamic, a decrease of this ratio indicates an improvement in resources management and economic performance increasing.

$$\text{Expenses Re venue Ratio} = \frac{\text{Operating Costs}}{\text{Operating Income}}$$

Net Income (NI) is an absolute expression of return, which synthesizes all financial flows related to the consumption of production factors and to achieve revenues. Through their significance, the selected indicators and the independent variables express various aspects of efficient management of resources and they were used in modelling the performance for the analyzed company.

3.2 Fraud

A fraud investigation can have a profoundly negative impact on a company's reputation. This can threaten growth prospects, company share price and profitability. In certain cases a company convicted of corruption can be barred from tendering on public sector projects. Despite this, to many Construction companies doing business around the world, fraud and corruption are prevalent to the extent that they are now an 'accepted cost of doing businesses. 'Time for a new direction: fighting fraud in Construction' contains insight from Grant Thornton's forensic and investigation teams in Australia, Drawing on insights from the five countries, it explores why, when crime figures are falling around the world, fraud occurs so frequently in the Construction sector. By highlighting the scale, trends and types of fraud and corruption that affect Construction companies and the public sector, this report provides practical guidance for organisations that want to identify fraud and mitigate their risk. Responsibility must start with business leaders and their boards. This report makes a range of recommendations to the Construction industry to help it avoid being a weak link in the fight against fraud and corruption, including a phased, five-step protection process; and a robust programme of tests, responsibilities and corrective measures.

Although the numbers are a useful guide on the scale of fraud, volumes are difficult to estimate. "Most fraud is undetected so the quantum is impossible to accurately estimate. Businesses that have suffered from fraud are very reticent to let people know they have been a victim. Fraud happens, but it's another thing to report it – mainly for reputational reasons." Dealings with governments continue to attract more than their fair share of fraudulent activity. Construction fraud is front page news in Canada. The Charbonneau Commission has been investigating fraud and corruption in the awarding of public construction contracts across Quebec. Fraud has gone to the heart of local government with one mayor being charged with 'gangsterism'. Renata Eva Milczarek, Raymond Chabot Grant Thornton Quebec, says: "The investigation is shining a light on the issue of fraud and is creating a lot of public scrutiny." Fraud is also widespread in India. The most common type is bribery related to the need to clear projects through multiple official channels. However, in a number of regions significant progress is being made in implementing controls. For example, the construction of the Olympic Park for London's 2012 Olympic Games incurred only one serious instance of fraud, compared to the 19 that occurred in the building of the city's Millennium Dome 12 years before.

3.3 The Concept Profit as Related To Construction Project

The word profit has many definitions and too easily adjusted upward and downward for accounting and taxation purpose. Although you may have done a great deal to increase performance, your success may not show up in accounting profits or profit increases at the end of a year COHEN (2009). Construction business by its nature is fraught with risk; hence contractors all over the world seek commensurate profit as compensation for risks. The oxford Advanced Learners Dictionary defines profit as money gained in business especially the difference between the amounts earned and amount spent. In micro project consideration, the sale of products (of a construction project) at a profit depends heavily on how well the

managers are able to analyze and interpret supply and demand conditions to control production cost and hold cost down so that prices can be set at competitive level. For instance, to obtain the best machinery, material, and labour factor at economic costs to squeeze out the biggest possible profit under given supply conditions.

In construction project, the term profit can be defined as the money the project makes after accounting for all cost and expenses, known as the percentage profit Contractor's application of tender price will vary according to risk, workload, and economic climate. It can also relate to the turnover of the capital employed for each project, hence the more times a contractor can turnover its capital on a project, the more it afford to cut profit margins. Risk is defined in standard Learner's Dictionary as possibility of meeting danger, suffering loss, injury etc.

In project execution, non-operating income is negligible; the gross operating profit at a given point in time can be determined by evaluating the difference between the total sales and the Total Costs of Sales at that point in time thus

Gross Operating Profit = Sales Revenue – Costs of Sales.

Generally the gross profit can be forecast by plotting the cumulative effect of sales revenue and Production Costs in the project time – related „S" Curve Chart: the project time duration is scaled along abscissa and the monetary value are scaled along the ordinate axis. The schedule of project work forms the basis for plotting „S" curve representing the cumulative effect of sales revenue and the cumulative production costs. The extent of profit (loss) at a given point of time can be estimated by measuring the vertical gap in monetary value between the cumulative sales and cumulative production cost curves; see Fig.

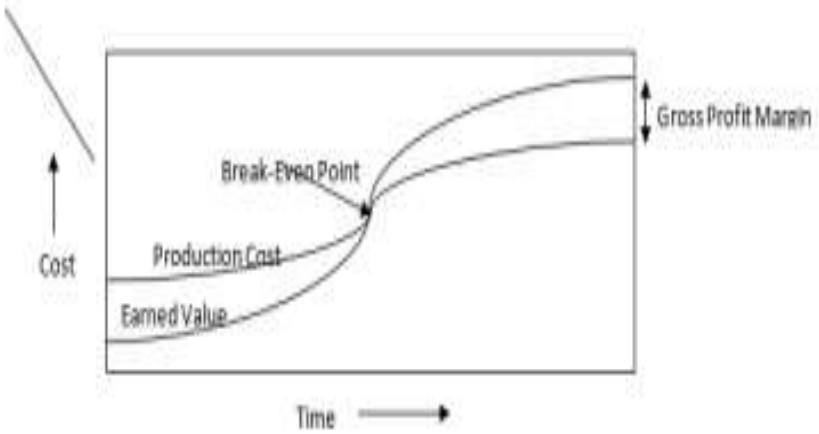

Figure 1 S" curve pattern graph of cumulative sales and cumulative production cost of a project

The project break-even point = the point of time at which the cumulative sales curve intersects with cumulative production cost curve i.e, "No-profit-no loss situation"

IV. RESULT AND DISCUSSION

1. Reduce project risk and uncertainty in construction

Table 1: Reduce Project Risk In Construction

Sr. No	Description	W	Mean	RII
1	To identify and assess the potential sources of risk and their impact on the project objectives.	121	4.033	0.81
2	To plan and implement the appropriate risk responses for each identified risk.	97	3.233	0.65
3	Communicate the risk information clearly and regularly to all the project stakeholders	97	3.233	0.65
4	To learn and improve from the experience of managing risk in construction projects	73	2.433	0.49
5	Create project risk register for accurately tracking information	99	3.3	0.66
6	Determine likelihood and impact according to time. Quality and cost	92	3.067	0.61
7	Provide range of Estimate	79	2.633	0.53
8	Assign risk owners with involvement from your team and stakeholders to get the best possible buy-in.	91	3.033	0.61
9	Regularly review project risks	100	3.333	0.67
10	Report on project risks for Conduct a risk assessment for your project	101	3.367	0.67
11	Recover losses for recovering damages	99	3.3	0.66
12	Proper manage Labor Issues Labor Shortage	96	3.2	0.64
13	Labour Productivity	76	2.533	0.51
14	Provide safety hazard in construction	87	2.9	0.58
15	proper planning and budget provision and lapse in management cost control	66	2.2	0.44

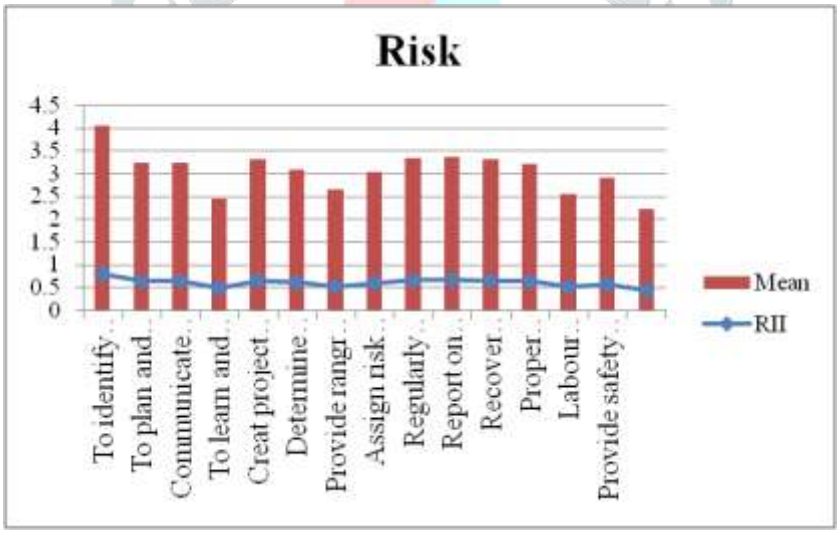

Figure 2 Risk

Figure shows risk avoids project risk in construction ny relative importance index. Graph indicate "to identify and assess the potential sources of risk and their impact on the project objectives" risk is highest measures to avoid risk in construction which is RII IS 0.81 and lowest is "proper planning and budget provision and lapse in management cost control", measures relative importance index is 0.44

Table 2: Reduce project uncertainty in construction

Sr. No	Description	W	Mean	RII
1	Define your Baseline	107	4.28	0.86
2	Actively Communicate Across Projects	82	3.28	0.66
3	Leverage Technology in New Ways	73	2.92	0.58
4	best plans are prepared, the variability	87	3.48	0.70
5	Bias (Misrepresentation), Omissions, Negligence:	93	3.72	0.74
6	Proper planning Duration of contract period,	88	3.52	0.70
7	Avoid Humans make faults that are mistakes and errors.	88	3.52	0.70
8	Aviod Mistakes during construction, Incorrect Project duration calculation	98	3.92	0.78
9	Selection of proper supplier or subcontractor selection	102	4.08	0.82
10	Maintain Stakeholders relationships	86	3.44	0.69
11	cost management during construction stage	110	4.4	0.88
12	complexity in schedule management	89	3.56	0.71
13	Depend on the project environment and project plans the impact of the changes are born by the stakeholders.	114	4.56	0.91
14	Study market condition in Currency exchange rate, Inflation, High cost of machinery, and High cost of skilled labor.	80	3.2	0.64
15	Availability and Shortage	106	4.24	0.85
16	Rework due to non-conformance	89	3.56	0.71

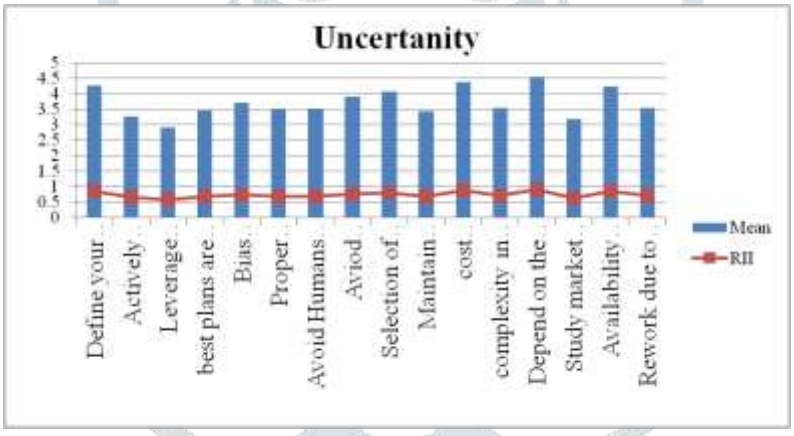

Figure 3 Uncertainty

Figure shows uncertainty avoids in construction by relative importance index. Graph indicate “Depend on the project environment and project plans the impact of the changes are born by the stakeholders” uncertainty is highest measures to avoid risk in construction which is RII IS 0.91 and lowest is “Study market condition in Currency exchange rate, Inflation, High cost of machinery, and High cost of skilled labor”, measures relative importance index is 0.64

2. Impact of Fraudulent

Table 3: Planning Stage - Client an consultant

Sr. No	Description	W	Mean	RII
1	Getting quick project approval	109	3.63	0.73
2	Using the political influence	99	3.30	0.66
3	Complex project with massive requirements	98	3.27	0.65
4	Competition amongst contractors	96	3.20	0.64
5	Contractors manipulate procurement	97	3.23	0.65
6	Inconsistency of procurement practice	96	3.20	0.64
7	Wrong estimation of project cost	92	3.07	0.61
8	Cheat or substitution of materials	92	3.07	0.61
9	Collusion between contractors and public officer	92	3.07	0.61
10	Greediness of contractor and public officer	71	2.37	0.47
11	Misuse of power of granting project	78	2.60	0.52
12	Leakage of tender information	72	2.40	0.48
13	Poor tender management	69	2.30	0.46
14	Avoidance of taxes and fees	66	2.20	0.44
15	Manipulating tender advertisement	65	2.17	0.43
16	Wrong estimation of BQ	58	1.93	0.39

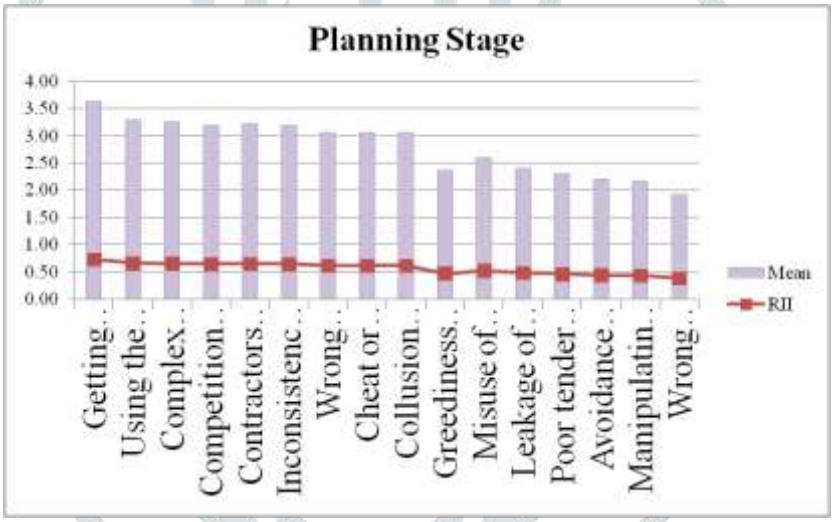

Figure 4 Planning Stage

Figure shows the Planning involves client and consultant agreement to create a set of plans that can guide the whole parties from design & tendering; construction; finishing and finally maintenance of the project. The plans created during this stage will able to manage time, cost, quality, change, risk and issues. It also helps to manage staff and external suppliers, to ensure the project is delivered on time and within budget. However during this stage there is also tendency of occurring fraudulent practices which may affected the smooth delivery of the project. Result observed that in stage, there 16 identified factors which lead to fraudulent practices. Three major factors are getting project approval, using the political influence; and competition amongst contractor.

Table 4: Design & Tendering Stage – consultant and contractor

Sr. No	Description	W	Mean	RII
1	Manipulation of tender evaluation	65	2.17	0.43
2	Collusion between tenderer and public officer	92	3.07	0.61
3	Culture of bribe	98	3.27	0.65
4	Political influence	97	3.23	0.65
5	Officer in charge of tender	64	2.13	0.43
6	Wrong of detailing design	105	3.50	0.70
7	Leakage of tender information	93	3.10	0.62
8	Conflict of interest and lack of integrity	71	2.37	0.47
9	Competitions amongst contractor	64	2.13	0.43
10	Lack of supplier and networking	70	2.33	0.47

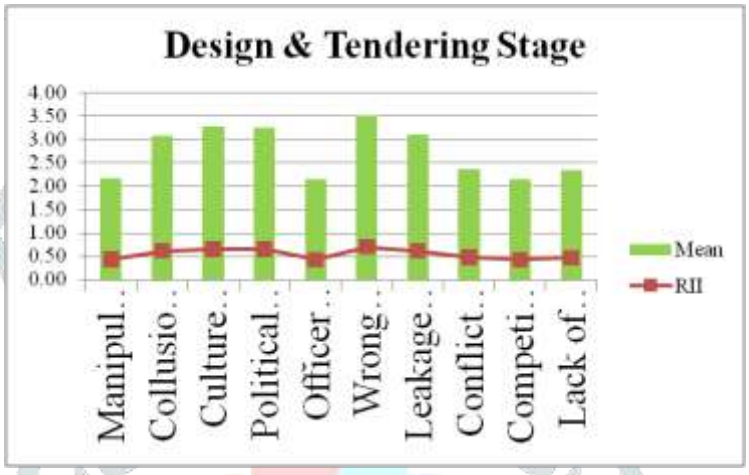

Figure 5 Design & Tendering Stage

Figure shows the design and tendering is the second stage of the construction phase where the employer's design team will detail out the design, together with framework and estimate price for the project. While tendering process involves bidding, evaluation, negotiations and awarding of contract. Documents for tendering include detailing design, breakdown of budget, overheads and turnover during the project. This design and tendering stage also creates opportunity for fraudulent practices. Referring to the frequency of the factors, 3 major factors being highlighted by researchers are leads by Wrong of detailing design, Political influence and collusion between tenderer. Unearthed of these factors will alert the construction practitioners in avoiding fraudulent practice during this stage of construction.

Table 5: Construction Stage– contractors and consultant

Sr. No	Description	W	Mean	RII
1	Fake certification of supervision company	104	3.467	0.69
2	Lack of supervision by consultant and authority	105	3.5	0.70
3	Collusion between contractors and officer	84	2.8	0.56
4	Change order manipulation	89	2.967	0.59
5	Covering substandard work	76	2.533	0.51
6	Bias in selection of subcontractor	89	2.967	0.59
7	Avoid tax, rules and specification	73	2.433	0.49
8	Complexity of project due to changes of variation	93	3.1	0.62
9	Construction not comply with design	99	3.3	0.66

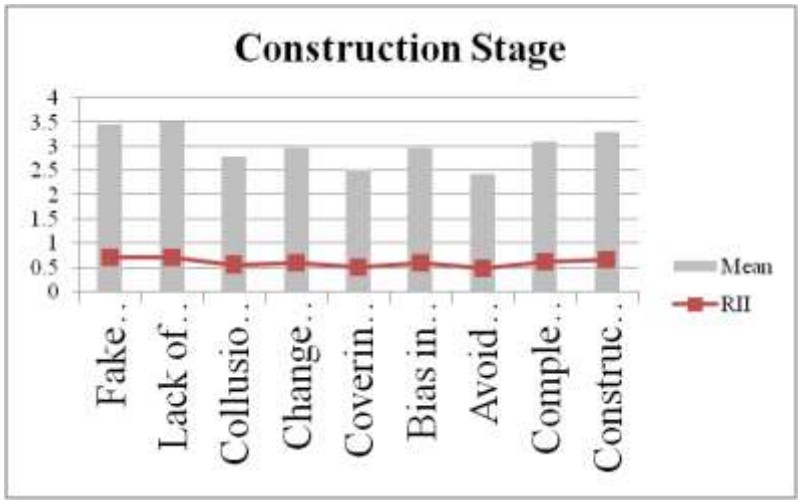

Figure 6 Construction Stage

Figure shows construction stage is the crucial stage in construction project life cycle where construction processes or project execution or implementation of project or post bidding takes place. This stage consists of complex and numerous activities that involve many parties in decision making. Previous research works had identified fraudulent causative factors of this stage of construction life cycle. Result observed 3 major factors which are Lack of supervision by consultant and authority, Fake certification of Supervision Company and Construction not comply with design.

Table 6: Finishing – Contractor, Consultant And Client

Sr. No	Description	W	Mean	RII
1	The cost rendering not same as final cost	57	1.9	0.38
2	Manipulation of invoice	44	1.467	0.29
3	Avoid contract inspection, delivery works and services	58	1.933	0.39
4	Low quality of material and services	80	2.667	0.53

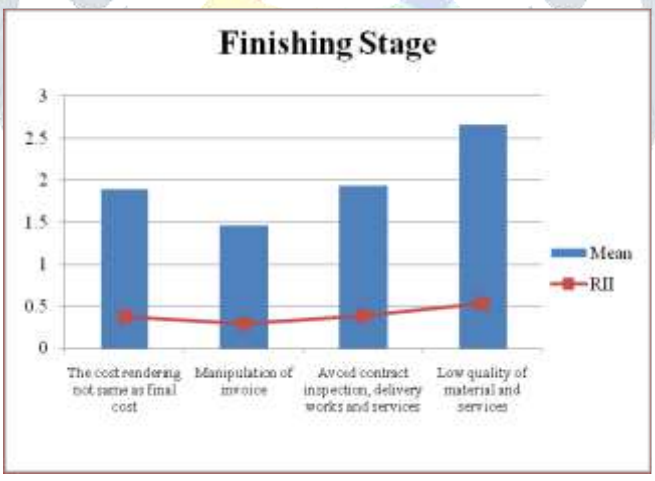

Figure 7 Finishing Stages

Figure shows Finishing stage of the construction life cycle starts after the general construction work has been completed. This stage involves various activities such as testing, inspection and final clean up including approvals, certification from authorities and project handover. Several researchers had managed to identify the causative factor towards the fraudulent practices. Result observed 3 major factors which Low quality of material and services, Avoid contract inspection, delivery works and services and the cost rendering not same as final cost.

3. Change In Profitability And Financial Position Of The Firm

Table 7: Change In Profitability And Financial Position Of The Firm

Categories of builders	Case Study	Net Sales	Total ASSESTS	Net Profit	Total debt	Market Capitalization	Inventory
		(Cr)	(Cr)	(Cr)	(Cr)	(Cr)	(Cr)
A	Case 1	6342.35	7200.02	671.7	626.48	4841.07	298.41
	Case 2	900.81	2153.76	4.46	83.5	70.11	2.1
	Case 3	3742.8	3699.62	498.83	0.01	7393.66	234.07
	Case 4	1473.99	2392.84	214.47	496.56	4048.07	75.88
	Case 5	8147.59	7756.37	851.77	727.37	12830.63	94.35
B	Case 1	93.86	535.12	45.33	12.51	488.25	24.39
	Case 2	0.12	75.69	-1.73	45.73	27.76	0
	Case 3	42.48	50.32	274.3	16.2	206.75	13.6
C	Case 1	0.46	7.44	0.06	0	5.5	2.23
	Case 2	1.11	16	-1.37	21.33	30.55	8.24
	Case 3	0	4.3	-0.17	5.14	9.84	0
D	Case 1	1.2	0.75	-0.25	1	0	0
	Case 2	2.3	1.5	0.25	1.5	0	0

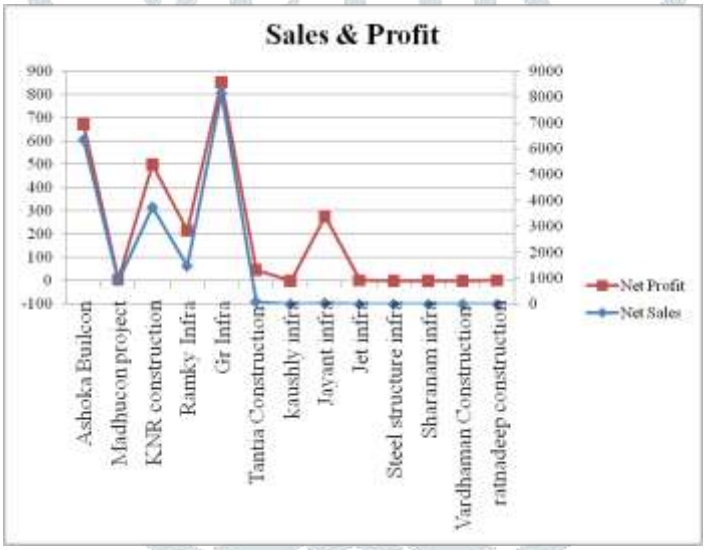

Figure 8 Sales and Profit

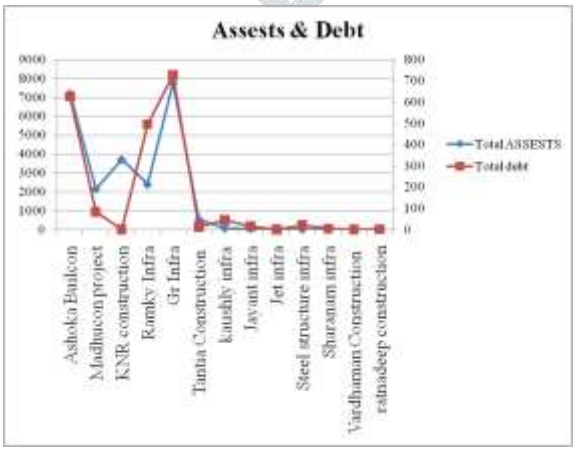

Figure 9 Assests and Debt

Table 8: Profitability And Financial Position

Categories of builders	Case Study	% Current assets	Current assets	Debt Ratio	Sales to Current Assets Ratio	Gross M in turn on Inventory	Financial Leverage Ratio	Sales to Equity Ratio
A	Case 1	20.22	2022	0.087	0.332	2.251	0.129	1.310
	Case 2	19.13	1913	0.039	0.002	2.124	1.191	12.849
	Case 3	16.51	1651	3E-06	0.302	2.131	0.000	0.506
	Case 4	11.19	1119	0.208	0.192	2.826	0.123	0.364
	Case 5	29.41	2941	0.094	0.290	9.028	0.057	0.635
B	Case 1	69.57	6957	0.023	0.007	1.859	0.026	0.192
	Case 2	0	0	0.604	0.000	0.000	1.647	0.004
	Case 3	53.25	5325	0.322	0.052	20.169	0.078	0.205
C	Case 1	67.58	6758	0	0.000	0.027	0.000	0.084
	Case 2	93.21	9321	1.333	0.000	-0.166	0.698	0.036
	Case 3	0	0	1.195	0.000	0.000	0.522	0.000
D	Case 1	0	0	1.333	0.000	0	0.000	0.000
	Case 2	0	0	1	0.000	0	0.000	0.000

In the analysis, four types of construction company categories are taken: A, B, C, and D types of case studies fraud are detected. D caterigores Construction have the highest debt ratios of 1.333, 1.0, and the lowest current assets. In this situation, newly built builders and contractors are strongly involved in fraud in financial position, market value, and material.

4. Statistic Characterization Of Influence Factors

Table 9: Descriptive statistics of variables

Sr. No	A		B		C		D	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD
1	4	1.066	4	1.358	2	1.377	2	1.493
2	3.5	1.331	3	1.423	3	1.741	2.5	1.627
3	3.5	1.470	3.5	1.470	2.5	1.512	2.5	1.512
4	2	1.406	2	1.406	4	1.466	4	1.466
5	2	1.402	2	1.456	2.5	1.583	2.5	1.583
6	3	1.337	3	1.337	2	1.501	2	1.501
7	2.5	1.629	2.5	1.653	3	1.423	2	1.383

5. Models Of The Performance Regression Analysis

Table 10: Factors' Influence Over Economic Performance

Sr. No	Categories Of Builders	Multiple R	R Square	Adjusted R	Std Error	Regression Coefficient	P Value
1	A	0.58	0.337	0.2048	0.701	6.624	0.036
2							
3							
4							
5							
6	B	0.326	0.1062	-0.0724	0.7746	6.23	0.214
7							
8							
10	C	0.1398	0.011956	-0.1765	0.757	1.47	0.722
11							
12							
13	D	0.03205	0.00103	-0.19877	0.77	2.06	0.745
14							

In regression analysis adjust R value is negative in B, C, D type of construction company indicates the increasing share of fixed assets as result of investing part of company capitals leads to increasing total assets thus on these situation major chances of fraud.

The results conclude that the highest correlation coefficient is 6.624, 6.23, indicating that there is no multi-collinearity for variables and that the model is not affected by this fraud condition. The variation inflation factor indicates a high level of stability for all parameters in these conditions, with 5–10% chances of fraud. In the c and d type of company model, the correlation coefficient is 1.47, or 2.06, their major 80% chances of fraud and recovering the loss of the company.

I. CONCLUSION

- The results of the study show a strong dependent relationship between company performance and how the available resources are managed. For performance indicator Return on assets were identified some influence factors that through their common action can contribute to increasing or lowering of the profitability of the analyzed company. From the numerous combinations that can be made with these factors, using the multifactor regression analysis, were selected some models with more significance in their economic content and statistical characteristics. Among the factors with a good action on profitability were found the efficiency of inventories, debts level, financial leverage, efficiency of capitals. The positive impacts of them show also, some of the action ways in order to improve the performance.
- The case study describes the current ratio in “A, B, and C” as 29.41%, 69.41%, and 93.41%, and the percentage difference in total assets is 62%, 23.5%, and 27.50%, respectively, in the “A, B, and C categories.
- The highest debt ratios of “A, B, C, and D “are 0.208, 0.604, 1.33, and 1.33, respectively. The result indicates the extent to which the total assets of the company are funded by loans. A growth in dynamics ensures an increase in the amount of the business’s financing sources, but it also leads to less autonomy and financial solvency. The case study's "C" and "D" categories resulted in significant 40 to 80% increases in construction fraud.
- “A” type of case study is highest sales to equity ratio is 12.849. Result indicates that high ratio implies that is efficiently utilizing its shareholders' equity to enhance sales growth. It is advantageous for the company when the ratio is high as it implies that the company will be able to keep operating and, at the same time, be able to pay dividends to its shareholders. Lowest is sales to equity ratio is 0.00 “D” type of case study indicates that the company is not sufficiently utilizing its assets to generate sales revenue.
- The proper organization of operating activities should be aimed at the efficient use of current assets, which usually have the highest share in total assets. The efficiency of utilization of current assets increases when the rotation of the component elements (inventories and receivables) speeds up so that overall result will be a higher earning
- The profitability of one company can increase also through acceleration of own capitals rotation, elements that can participate in this manner to many economic circuits, contributing in greater measure to value creation and profit.
- A significant impact on the profitability increasing exerted the actions of lowering the all operating expenses. Due to the indicator Expense Revenues Ratio, Return on assets considerably, increased

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