

LIQUIDITY AND PROFITABILITY IN THE FACE OF EXTERNAL EVENTS: A SYSTEMATIC REVIEW

Chirinos Mendoza, José Luis

Master's in Scientific Writing and Publishing
Universidad Continental, Huancayo, Peru
70456925@continental.edu.pe

Córdova Cruzatt, Jhoanna Elya

Master's in Scientific Writing and Publishing
Universidad Continental, Huancayo, Peru
47068144@continental.edu.pe

Bustamante Hoces, Wilder

Master's in Scientific Writing and Publishing
Universidad Continental, Huancayo, Peru
15585145@continental.edu.pe

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ABSTRACT

The objective of this systematic review was to identify and analyze effective liquidity management strategies implemented by Latin American companies during periods of economic crisis and to evaluate their impact on corporate profitability. The methodology was PRISMA and 91 scientific articles indexed in the main databases were analyzed. The results reveal 4 main strategies: (1) capital structure management, (2) working capital management, (3) resource and information management, and (4) strategic tax planning. Furthermore, it is evident that the impact of these strategies on profitability varies significantly depending on the macroeconomic and regulatory context of each country; while some markets show a positive relationship between liquidity and profitability, others show inverse or non-significant correlations. The most important contribution lies in the systematized identification of knowledge gaps on corporate liquidity management in Latin America. It is concluded that companies should adapt and shape preventive strategies to specific contexts. The implementation of preventive public policies and financial resilience of the Latin American business sector is recommended. At the individual level, emphasis is placed on the development of financial strategies according to the specific context of each company and especially in times of economic crisis and adverse external events.

KEYWORDS. Liquidity management; Corporate profitability; Financial strategies; Economic crisis; Latin American companies.

INTRODUCTION

Throughout history, the world has faced multiple political, economic and health crises. In recent years, the COVID 19 pandemic is the event that had the greatest impact on all sectors and areas of society, particularly health and economy were the hardest hit sectors. Faced with



this problem, the study of the impact of liquidity management on profitability in the face of external events is crucial in the Latin American business environment, which is characterized by its growing uncertainty and volatility (ONU, 2020; Osorio et al., 2024; Peralta and Becerra, 2023).

Latin American countries have faced a series of socioeconomic and political challenges that have tested the financial resilience of companies. The period between 2020 and 2024 have been particularly rich in external events that have affected liquidity management and profitability: The COVID-19 Pandemic (2020-2022) caused business closures and supply chain disruptions globally, because the contingency plans that companies had in place were not prepared for the duration of the pandemic (Bø et al., 2023; Moosavi et al., 2022), as was recorded in Chile, for the year 2020, the GDP closed with a 5.8% annual decline as a result of the pandemic (Central Bank of Chile, 2021).

Other events that increased uncertainty were the economic crisis in Argentina between 2021 and 2023, which registered an inflation rate of 211.4% (Crales, 2024). In Peru, the political crisis between 2022 and 2023 generated distrust among investors and great economic uncertainty (International Monetary Fund, 2023), and the economic crisis generated by the pandemic increased inflation, which is still raging today.

Under these circumstances, companies were forced to implement their own strategies to overcome the economic crisis in a highly competitive environment (Altamirano et al., 2023; De la Vega and Vázquez, 2022; Sandoval and Sandoval, 2022b), in particular, financial strategies were the fundamental pillar in differentiation and survival in the market (Alcívar and Ruíz, 2023; García-Madurga et al., 2021; García-Madurga and Esteban-Navarro, 2020).

Similarly, business dynamics in the face of external events demanded meticulous management of financial resources; in this sense, Latin American companies operating in informal markets, competitiveness and bargaining, have particular liquidity strategies for the market in which they operate (Frasser-Lozano and Pájaro-Gallego, 2023; Madrid and Zambrano, 2023; Quispe and Ayaviri, 2021). Therefore, knowing the most effective liquidity strategies used to improve profitability is relevant for business sustainability in the short, medium and long term (Arreiza and Gavidia, 2020).

On the one hand, liquidity is an indicator that measures the business capacity to meet its short-term obligations (Marchena, 2023; Marcillo-Cedeño et al., 2021; Poliakov and Zayukov, 2023; Reschiwati et al., 2020; Vázquez et al., 2021), and companies that have good liquidity have the capacity to meet their short-term debt payments, which allows them to optimize their working capital. Under the premise of the pecking order theory, business managers prefer to finance their business in the following way: first, financing with their own resources or using the profits generated; second, financing through debt or finally issuing new shares (Freire et al., 2023; Gutiérrez et al., 2024; Lapo-Maza et al., 2021). Likewise, its forms

of measurement throughout history are: Current Liquidity (LC) (Alvarez-Moreira and Pizarro-Anchundia, 2022; Naula-Sigua, 2020; Rahmer, 2023; Romero et al., 2021; Zambrano et al., 2021), Acid Test (PA) (Ducuara, 2022), Fast Liquidity (LR) (Ramirez and Maldonado, 2020; Zimon, 2020), Working Capital (WC) (Ugando-Peñate et al., 2023), among others.

On the other hand, profitability is understood as an indicator that shows how effective the company is in generating profits from operational processes implemented to ensure its sustainability (Freire et al., 2023; Morales and Espinosa, 2024; Rojas, 2023; Senmache et al., 2024). Higher profits generated by a company will increase creditor confidence to provide loans and may increase investor confidence to invest capital. Their ways of measuring them are Gross Profit Margin (GB) (Alvarez-Moreira and Pizarro-Anchundia, 2022; Yaguache and Hennings), Operating Profit Margin or Return on Sales (ROS), Net Profit Margin (NP) (Jinchuña et al., 2021), Earnings per share (EPS) (Lim and Rokhim, 2020), Economic profitability on the basis of operating cash flow (REFO) (Bea-Leyva et al., 2023), Financial profitability on the basis of available free cash flow (RFFL) (Romero et al., 2021), Return on Assets (ROA) (Granados et al., 2021; Martínez et al., 2020), Return on Equity (ROE) (Lim and Rokhim, 2020), Return on Investment (ROI) (García-Zertuche, 2021), Return on Capital Employed (ROCE) (Escobar et al., 2023), Weighted Average Cost of Capital (WACC) (Townsend and Espinoza, 2020) and Economic Value Added (EVA) (Gaytán, 2020).

In recent years, researchers have focused their studies on the relationship between liquidity and profitability, as well as on its dimensions or indicators. Most research in Latin America shows that there is a relationship between the two variables (Alarcón-Osuna and Ibarra-Castellanos, 2023; Lozano et al., 2021; Quevedo et al., 2020), and also records the particular liquidity strategies of Latin American companies to improve profitability in crisis contexts (Etemad, 2020; Rezabala et al., 2023).

However, there is other research that shows the opposite (Barboza-Navarro et al., 2023; Rezabala et al., 2023; Terreno et al., 2020). However, there is research that has studied the relationship between liquidity and profitability, but has not systematized the strategies used to make Latin American companies profitable in crisis contexts where international (macroeconomic factors) or national (microeconomic factors) aversion have a considerable impact on the Latin American market (Abad et al., 2024; Morales and Espinosa, 2024; Sandoval and Sandoval, 2022a).

In view of the above, according to the published scientific literature, this research aims to answer the questions: What are the most commonly used liquidity management strategies in Latin American companies during economic crises? How does liquidity management influence the profitability of companies in contexts of economic crises in Latin America?

Finally, the general research objective is to explore the most effective liquidity management strategies to improve profitability in Latin American companies during economic

crises in 2020 and 2024. The methodology is the systematic review under the PRISMA method in indexed scientific journals, the inclusion criteria address the temporality of the research 2020-2024.

DEVELOPMENT

Methodology

The systematic literature review (SLR) aims to identify and rigorously summarize research related to the topic, using structured, transparent and replicable methods (Rethlefsen et al., 2021; Veroniki et al., 2021), therefore it is necessary to carry out an analysis of the largest number of scientific research (Mohamed et al., 2021).

Table 1

Checklist of elements pertaining to the RSL

No.	Criteria	Information provided
1	Title	Title of research topic including variables and contextual focus
2	Abstract	Provides a structured summary of the selected study (objective, methodology, study synthesis or results, conclusions and general limitations).
3	Key words	Guide to identify the subject matter of the study
4	Objectives	Establishes the purpose of the study and explicitly states the research question.
5	Methodology	It allows to identify the construction processes of the article, as well as the tools used in the analysis.
6	Results	They show the arguments in response to the research questions.
7	Limitations	Describes the limitations of the study and the information bias.
8	Conclusions	Describes the general interpretations of the research and proposes future studies.

Note: Own elaboration.

The research was conducted using the PRISMA method (Preferred Reporting Items for Systematic Reviews and Meta-Analyses), which provides a structured framework for conducting systematic reviews, thus ensuring transparency and reproducibility, selection and evaluation of the studies used (Sarkis-Onofre et al., 2021). We started by selecting articles with a quantitative approach that used statistical analyses to examine the relationship between liquidity and profitability, qualitative studies that explore in depth financial management strategies during the economic crisis, mixed methodology research that combined statistical analyses with case studies or interviews, case studies that documented the implementation of specific liquidity management strategies, systematic reviews and previous meta-analyses that analyzed the effectiveness of different financial strategies in crisis contexts.

To identify the most effective liquidity management strategies to improve profitability in Latin American companies during economic crises, the following research questions were

posed: What are the most commonly used liquidity management strategies in Latin American companies during economic crises? How does liquidity management influence the profitability of companies in contexts of economic crises in Latin America?

The databases were reviewed in repositories such as Scopus, Web of Science, Scielo and Redalyc using keywords such as “liquidity”, “profitability”, “crisis”, “liquidity”, “profitability”, as well as Boolean operators, using AND/OR connectors, in relation to the study variables.

Table 1

Descriptors according to Database

Scopus	Web o Science
TITLE-ABS-KEY (("Liquidity" AND "Profitability") OR ("Liquidity" OR "Profitability") AND "Crisis") OR (determinants AND profitability) AND PUBYEAR > 2019 OR (("Liquidity" OR AND PUBYEAR < 2025 AND (LIMIT-TO (DOCTYPE , "ar")) AND (LIMIT-TO (LANGUAGE , "English") OR LIMIT-TO (LANGUAGE , "Spanish")) AND (LIMIT-TO (SRCTYPE , "j")) AND (LIMIT-TO (OA , "all")) AND (LIMIT-TO (AFFILCOUNTRY , "Portugal") OR LIMIT-TO (AFFILCOUNTRY , "Brazil") OR AFFILCOUNTRY , "Mexico") OR AFFILCOUNTRY , "Peru") OR AFFILCOUNTRY , "Chile") OR AFFILCOUNTRY , "Colombia") OR AFFILCOUNTRY , "Ecuador") OR AFFILCOUNTRY , "Argentina") OR AFFILCOUNTRY , "Uruguay") OR AFFILCOUNTRY , "Venezuela") OR AFFILCOUNTRY , "Costa Rica")	"Liquidity" AND "Profitability") OR (("Liquidity" OR "Profitability") AND "Crisis") OR (determinants AND profitability) (All Fields) and 2020 or 2021 or 2022 or 2023 or 2024 (Publication Years) and Article (Document Types) and English or Spanish (Languages) and All Open Access (Open Access) and BRAZIL or MEXICO or COLOMBIA or CHILE or ARGENTINA or ECUADOR or PERU or PANAMA or PORTUGAL or CUBA (Countries/Regions)
Google Scholar	Redalyc
"Liquidez y Rentabilidad" and "Crisis"	"Liquidez" AND "Rentabilidad" OR (("Liquidez" AND "Rentabilidad") OR ("Liquidez" AND Determinantes de la Rentabilidad))

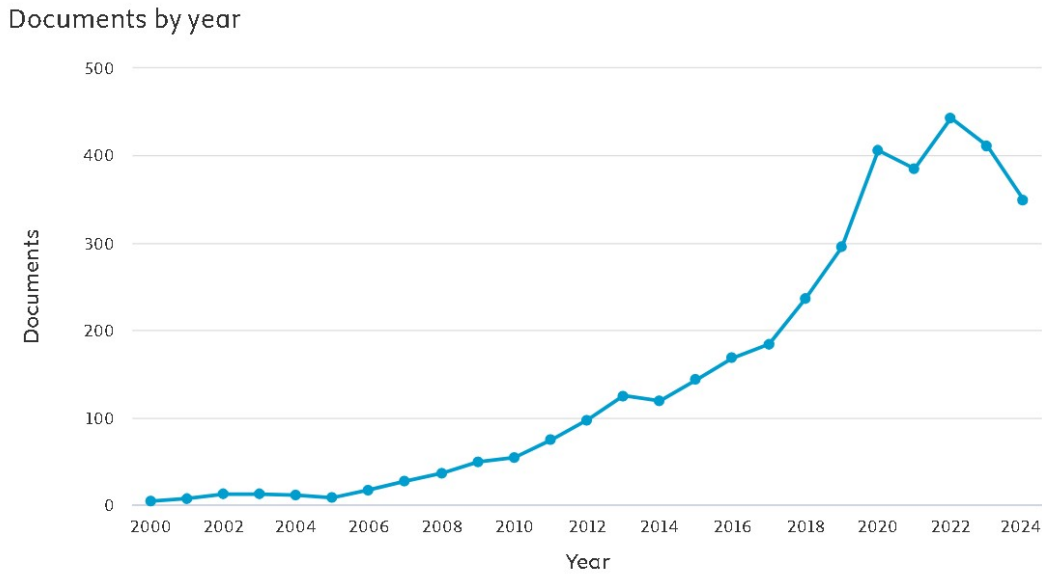
Note: Own elaboration.

We included articles in scientific journals indexed in Scopus, Scielo, Web of Science, Redalyc, Latindex, and available in Spanish or English. Above all, priority was given to articles in Scopus, due to their scientific relevance, and in Redalyc, due to their scope in Latin American research. Another criterion considered was the time frame from 2020 to 2024, because the latest research on financial strategies in crisis had greater development since the pandemic (Benítez-Aurioles, 2022).



Figure 1

Illustration of search results analysis in Scopus



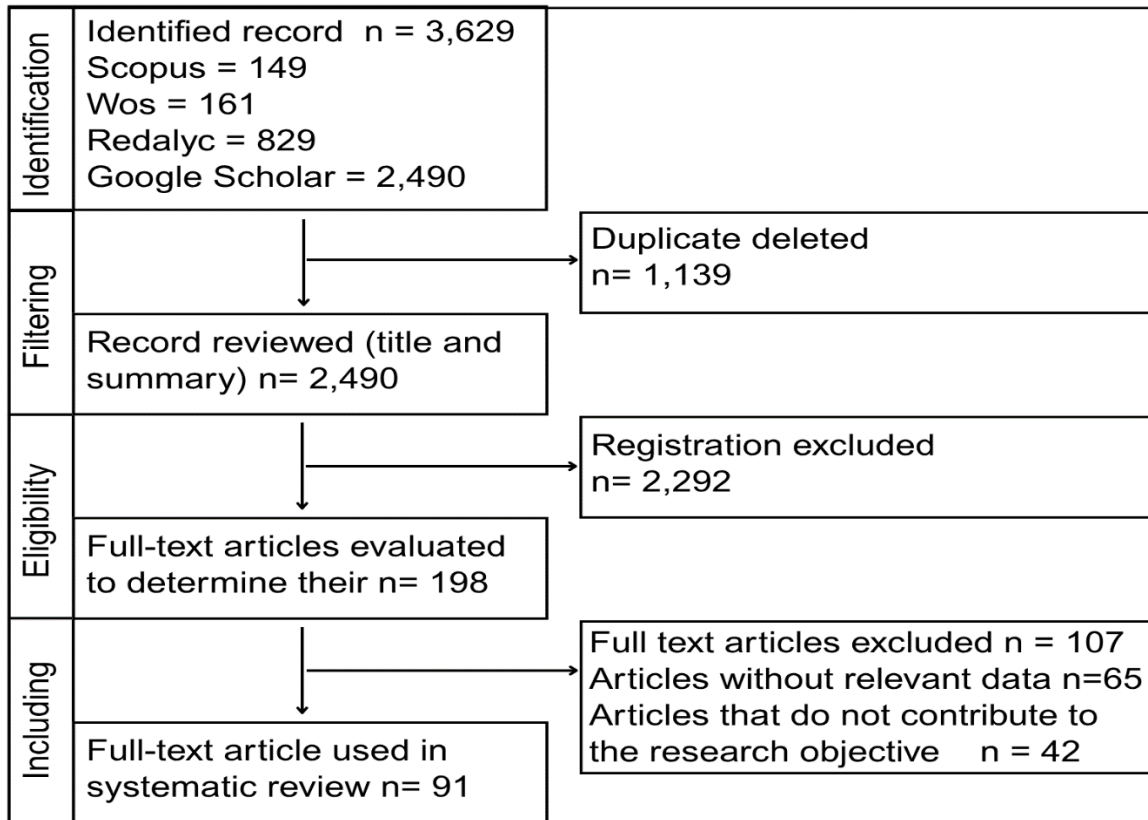
Note: The graph represents worldwide statistics on liquidity and profitability studies from 2000 to 2024 taken from Scopus.

Likewise, to support the quality and relevance of the selected studies, exclusion criteria were established. We excluded studies that did not clearly specify their research design, those that lacked a detailed description of the data collection methods, those that did not present the data analysis process, studies without a defined sample frame and those that did not specify their variables or measurement indicators. Likewise, research that did not specifically address the context of economic crisis, that did not provide relevant data for the proposed analysis, duplicated studies, those with unclear methodologies (studies with non-probabilistic samples without methodological justification, research with response rates below 30%, with samples smaller than 30 units of analysis for quantitative studies) or those that did not meet the quality criteria established for the systematic review (Altamirano et al., 2023) were discarded (Altamirano et al., 2023).

In summary, in reference to the eligibility criteria and the number of studies found, a total of 198 were found and 91 were selected, representing 46%. It is important to mention that the selected documents come from high impact scientific sources or current sources related to the research topic, which after going through the inclusion and exclusion process, proceed with the analysis of the complete document and extraction of the necessary information to answer the research questions (Figure 2).

Figure 2

PRISMA Scientific Articles Selection Process



Note: Own elaboration.

Results

This section presents the procedure for selecting research related to the purpose of the research and addresses the following questions: What are the most commonly used liquidity management strategies in Latin American companies during economic crises? How does liquidity management influence the profitability of companies in contexts of economic crisis in Latin America, including some scopes regarding the development of the liquidity or profitability variables. In reference to the classification by type of document, 1% (1) is a book; 1% (1) conference paper; 4.9% (5) are from Web pages and 93.1% (95) correspond to indexed scientific articles, of which 91 are oriented to the topic under development and 4 support the methodology used.

In relation to the classification by origin, the articles that are oriented to the subject come from different studies carried out in various Latin American countries as follows: 41.8% (38) correspond to Ecuador; 20.9% (19) to Peru; 9.9% (9) to Colombia; 7.7% (7) to Mexico; 2.2% (2) to Cuba, 1.1% (1) to Argentina, finally 1.1% (1) correspond to Costa Rica and Venezuela each. In addition, 1 study has been carried out in more than one Latin American country and

represents 1.1% and 13.2% (12) are studies carried out in other countries.

Regarding question 1; What are the most commonly used liquidity management strategies in Latin American companies during economic crises?

Strategy 1: Capital Structure Management which involves restructuring a firm's long-term liabilities and equity (Conforme and Zambrano, 2023; Diaz-Ortega et al., 2020; Freire et al., 2023). Some corporations show a preference for increasing their liquidity by transitioning from short-term to long-term debt; otherwise, they choose to reduce indebtedness by repaying a portion of the debt principal or all of the loans at a higher interest rate (Oñate-Paredes et al., 2022; Rahmer, 2023; Townsend and Espinoza, 2020). Some companies in Brazil, Chile, Mexico and Peru manage their capital using their own resources, followed by financial loans, in accordance with the pecking order theory (Gutiérrez et al., 2024; Townsend and Espinoza, 2020; Vásquez and Pape, 2021). Also, financial resources such as the issuance of bonds, stocks, financial derivatives, retained earnings (Bea-Leyva et al., 2023; Morales and López-Herrera, 2021) and the guarantee of assets in financial management (Gutiérrez et al., 2024). For emerging or start-up companies, the Ecuadorian state, through public banks, provides loans with reduced interest rates and reasonable terms (Espinoza, 2020). This will allow businesses to have a better business performance over time.

Strategy 2: Management of working capital, i.e., management of current assets and current liabilities (Alarcón-Osuna and Ibarra-Castellanos, 2023; Diaz and Ramón, 2021; Zimon, 2020). For example, it is recommended to negotiate with suppliers to postpone or increase payment times or seek new suppliers that offer greater financing to the company's collection time (Aliaga-Palomino et al., 2021; Caiza-Pastuña et al., 2020; Delfín and Rodríguez, 2022). In this sense, it is important to implement inventory policies that allow faster inventory turnover (Parrilla et al., 2022; Rojas, 2023; Samaniego-Namicela et al., 2023), as well as to manage collection policies that allow recovering the credits offered or speeding up customer collections (Duque et al., 2020; Garcés et al., 2023; Moreira and Intriago, 2023; Sandoval and Sandoval, 2022b; Villavicencio et al., 2022) and, consequently, have the solvency to meet payments to suppliers. During the pandemic in Peru, suppliers provided financing to micro and small entrepreneurs (MSMEs), allowing them to take advantage of more adaptable payment terms, as well as discounts for early payments (Arbulú et al., 2023). It is also important to implement sales strategies to attract new customers or to sell inventory more quickly in order to increase solvency and, consequently, business performance (Castillo et al., 2022; Chirinos, 2024; Lozano et al., 2021). Additionally, it is recommended to minimize investment in working capital and current assets to increase cash flow (Morales and López-Herrera, 2021).

Strategy 3: Information and resource management, i.e., having corroborated, real and accurate information for decision-making (Caminos et al., 2022; Olis-Barreto et al., 2021;



Párraga et al., 2021; Peralta and Becerra, 2023; Ugando-Peñate et al., 2023; Urbina-Ledesma and Burgos-Burgos, 2022). Most of the revenue goes to cover costs, so it is crucial to have a procurement department that maintains constant communication with the different areas and has the necessary information to make appropriate purchases that optimize costs and increase liquidity (Alcívar and Ruíz, 2023b; Dimas et al., 2022; Escobar et al., 2023; Muyulema et al., 2020; Olis-Barreto et al., 2021; Peña-Jaramillo et al., 2021). In addition, the timely accessibility of financial data and the implementation of strategic control instruments have a positive impact on the decision-making process, facilitating the accurate formulation of decisions for organizations. This measure prevents the generation of superfluous expenses that could compromise corporate liquidity (Altamirano et al., 2023; Barboza-Navarro et al., 2023; Barreto, 2020; Escobar et al., 2023; Morshed, 2020; Negrín et al., 2024; Ruiz et al., 2020; Sandoval and Sandoval, 2022a; Sandoval-Villamizar and Pino-Jaimes, 2022), as well as profitability (Lapo-Maza et al., 2021; Ugando-Peñate et al., 2023). Accordingly, it is essential to strengthen the decision-making process in financial institutions in the face of various macroeconomic and microeconomic contexts that could influence firm performance (Barboza-Navarro et al., 2023). In addition, financing decisions take a relevant role in the maximization of financial resources to increase efficiency and value in the firm (Bea-Leyva et al., 2023). Therefore, in periods of crisis, it is imperative to maintain constant vigilance in the acquisition of public resources (Benítez-Aurioles, 2022; ECLAC, 2020). For example, programs such as “Reactiva Perú” allowed all Peruvian companies to have access to financing at very low annual rates, between 1 and 5%, which provided liquidity and operational capacity to businesses (Benítez-Aurioles, 2022; Chirinos, 2024; Lozano et al., 2021).

Strategy 4: Adequate Tax Management or Tax Planning, i.e., through legal channels and taking advantage of tax legislation opportunities, to reduce the value of taxes in order to increase business performance (Arbulú et al., 2023; Lapo-Maza et al., 2021; Sandoval-Villamizar and Pino-Jaimes, 2022). The purpose is to reduce tax obligations through planning strategies that involve the use of exemptions, deductions, rebates, among other tax concessions authorized by current legislation (Campos et al., 2023; College et al., 2020; Devereux and Yu, 2020; Florián and Calvanapón, 2022). In Ecuador, tax incentives were established for those financial entities that provided credits in order to reactivate the economy and protect employment in the private sector (Sandoval and Sandoval, 2022b). In addition, the lack of knowledge of these strategies causes them to lose opportunities to take advantage of current tax benefits (Arbulú et al., 2023).

Regarding question 2: How does liquidity management influence the profitability of companies in the context of economic crisis in Latin America?

The results of the articles reviewed reveal three main patterns:

1. Positive Relationship: Studies in Brazil and Argentina, based on analysis of publicly

traded companies, show a significant positive relationship between liquidity and profitability (Terreno et al., 2020; Vásquez and Pape, 2021). This same trend is confirmed in research conducted in Ecuador, Costa Rica, Peru and Mexico, where higher liquidity is associated with better financial performance (Alvarez-Moreira and Pizarro-Anchundia, 2022; Barboza-Navarro et al., 2023; Cotrina-Salvatierra et al., 2020; Marchena, 2023; Morales and Espinosa, 2024). In particular, increases in liquidity derived from tax savings have shown positive effects on corporate profitability (Campos et al., 2023).

2. **Neutral or Negative Relationship:** On the contrary, some research in Ecuador indicates that liquidity does not significantly influence profitability (Rezabala et al., 2023). Some studies in Peru have found that lower working capital investment and faster inventory turnover are associated with higher profitability (Perez et al., 2023). Likewise, in the Peruvian microfinance sector, a negative relationship between liquidity and profitability has been observed (Senmache et al., 2024).
3. **Contextual Factors:** The variability in results suggests that the relationship between liquidity and profitability depends significantly on the national and sectoral context. Some researchers attribute these differences to the quality of investment decisions and their impact on revenues (Ramirez and Maldonado, 2020).

CONCLUSIONS

The analysis of the results reveals significant findings on the relationship between liquidity and profitability in the Latin American business context during periods of crisis:

Regional and Contextual Heterogeneity. The results show that the relationship between the liquidity and profitability variables is different depending on the country and economic sector. For example, studies reviewed from Ecuador and Costa Rica show a positive relationship (Alvarez-Moreira and Pizarro-Anchundia, 2022; Barboza-Navarro et al., 2023), while in Peru some studies reveal inverse or null relationships (Perez et al., 2023; Ramirez and Maldonado, 2020). This differentiation could be partly explained by the different public policies implemented during the crisis periods, for example, Ecuador promoted tax incentives for financial entities (Sandoval and Sandoval, 2022b), while Peru implemented the “Reactiva Perú” program with financing at low rates (Benítez-Aurioles, 2022; Chirinos, 2024; Lozano et al., 2021).

Complexity of the Liquidity and Profitability Relationship. The systematic review reveals a non-linear relationship between these variables, because some studies show that higher liquidity is associated with better profitability (Terreno et al., 2020), while others indicate that lower working capital and faster inventory turnover improve performance (Perez et al., 2023). This suggests the need to seek an optimal liquidity balance according to each specific context.

Efficient Management and Access to Information. The findings emphasize three key aspects:

1. The importance of efficiently managing working capital and capital structure (Alarcón-Osuna and Ibarra-Castellanos, 2023; Diaz and Ramón, 2021; Terreno et al., 2020).
2. The relevance of information management and tax planning (Arbulú et al., 2023; Lapo-Maza et al., 2021).
3. The need for training, especially in SMEs, where the lack of qualified personnel in taxation generates significant losses (Arbulú et al., 2023).

On the other hand, the choice of liquidity strategies based on their internal capacities, financial context and particular objectives to face the economic crisis in Latin America, was based on the following reasons:

1. With respect to capital structure management, many companies in Latin America chose to modify their capital structure due to cash flow problems caused by recession and price volatility (Alarcón-Osuna and Ibarra-Castellanos, 2023). This strategy made it possible to negotiate more favorable credit terms and longer payment terms, which was very important for preserving their liquidity. In addition, tangible asset-backed leverage consolidated as the preferred option in the region, as it facilitated access to safer and more accessible financing by offering guarantees that lower the risk for lenders (Gutiérrez et al., 2024; Townsend and Espinoza, 2020). This approach has proven to be a key tool for companies to sustain their operations in an uncertain and volatile economic environment.
2. Regarding working capital management, Latin American companies that optimized their capital management in times of crisis had medium-high demand that negotiated payment terms to their creditors and a good accounts receivable management team, which avoided significant delays in their liquidity (Caiza-Pastuña et al., 2020; Delfín and Rodríguez, 2022). Also, those companies with high demand were able to rotate their inventories quickly. This generated immediate cash flow and reduced their financial burden (Diaz and Ramón, 2021). This combination of variables strengthened their solvency level. This in turn allowed them to meet their commitments as well as take advantage of certain opportunities in highly volatile markets.
3. In terms of information and resource management, the companies that managed to carry it out successfully were those with agile organizational structures and quick access to financing (Duque et al., 2020). Large multinationals and medium-sized companies with technological development and qualified talent were able to take advantage of government programs, effectively managing guarantees to access low-

cost capital (Abad et al., 2024; Benítez-Aurioles, 2022). However, many MSMEs faced difficulties due to rigid structures, low technological investment and limited financial capacity, which delayed their access to credit or left them out of official support (Castillo et al., 2022).

4. Regarding the appropriate tax management strategy, some Latin American companies chose this strategy because they had the knowledge and advice required to take advantage of exemptions, deductions and incentives (Arbulú et al., 2023). These companies optimized resources and improved their liquidity by including tax planning in their strategic management. Those that knew how to manage particular incentives in a timely manner, such as those provided in countries like Ecuador to reactivate strategic sectors, achieved important competitive advantages. Due to lack of knowledge or capacity, however, many small and medium-sized companies were unable to take advantage of these benefits, which compromised their resilience (Campos et al., 2023).

Additionally, research highlights that flexibility in the implementation of financial strategies is crucial for business survival (Díaz and Ramón, 2021; Parrilla et al., 2022; Rahmer, 2023). Latin American companies must develop the ability to adapt quickly to changes in the economic and political environment.

Finally, in the Latin American context, the results show that the impact of liquidity on profitability in the face of adverse factors is very complex and multifaceted. Therefore, companies should adopt a holistic approach that considers not only internal financial management, but also the use of public policies, operational efficiency, fiscal planning and adaptability to changing conditions (Barboza-Navarro et al., 2023; Bea-Leyva et al., 2023; Sandoval and Sandoval, 2022a). The key seems to lie in developing customized liquidity strategies that respond to the specific conditions of each company, sector and country, rather than in applying general formulas.

CONCLUSIONS

The conclusions derived from the systematic review are as follows:

1. In Latin America, the impact of liquidity on profitability in the face of adverse factors is complex and multifaceted. Companies should adopt a holistic management approach that considers internal financial management and the use of public policies, operational efficiency, fiscal planning and adaptability to changing conditions.
2. In particular, for the first problem, the systematic review identified four main strategies:
 - a) Capital Structure Management, b) Working Capital Management, c) Information and Resource Management, and d) Adequate Tax Management or Fiscal Planning.

3. The influence of liquidity management on profitability was found to be complex and varies according to the context: a) In some countries, such as Brazil, Ecuador, Costa Rica, Peru and Mexico, a positive relationship between liquidity and profitability was observed. b) Negative or Null Influence, in other cases, especially in Peru, it was found that a lower investment in working capital and a faster inventory turnover generated higher profitability. c) Contextual Influence, the effectiveness of liquidity strategies depends on the economic and regulatory environment, as well as on internal capabilities and management decisions.
4. The following potential limitations can be inferred from this study: The diversity of economic, political and regulatory contexts among Latin American countries may make it difficult to generalize the findings; there may be an overrepresentation of certain types of firms (e.g., SMEs) in the available literature, which could limit the applicability of the findings to firms of different sizes or sectors; the review may be limited by the paucity of studies that followed firms over time (longitudinal studies), which would be valuable for understanding the long-term effects of liquidity strategies; There may be variations in how different studies define and measure key concepts such as “liquidity” and “profitability,” which could complicate direct comparison across studies.

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Please refer to articles in Spanish Bibliography.

BIBLIOGRAPHICAL ABSTRACT

Please refer to articles Spanish Biographical abstract.