Decision-making vs. business performance and management of small restaurants in Chiquinquirá, Boyacá.

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Abstract
The gastronomic sector is a fundamental component in the local economy, especially in intermediate municipalities where small restaurants represent a significant source of employment and commercial revitalization. However, these establishments face limitations in financial management, particularly in the use and interpretation of financial statements as a tool for decision-making. The objective of this study is to analyze the influence of financial statements on decision-making and profitability of small restaurants in Chiquinquirá. The research was developed under a quantitative approach, with a non-experimental design, cross-sectional and descriptive-correlational scope. The information was collected through surveys and interviews applied to a sample of 40 restaurants. The results show a low level of use of financial statements, as well as a limited application of accounting information in cost management and decision-making. However, a positive relationship is identified between the use of these tools and the profitability of the establishments, which highlights their importance in business management. It is concluded that the strengthening of financial education and the implementation of structured accounting practices are key factors to improve the sustainability and competitiveness of small restaurants in local contexts.

Keywords: Financial statements; financial management; profitability; decision making; small restaurants.

INTRODUCTION

The gastronomic sector constitutes one of the fundamental pillars of the economy in Colombia, due to its contribution to employment, commercial dynamism and the strengthening of local economies. In this context, small restaurants play a relevant role, especially in intermediate municipalities such as Chiquinquirá, where in addition to satisfying basic food needs, they contribute to the development of tourism and the sustainability of multiple family-owned production units. (Cárdenas-Gómez & Ovalle-Carrillo, 2023) (Vuksanović et al., 2024)

However, despite their economic and social importance, these establishments face various limitations associated with administrative and financial management. In particular, weaknesses in the management of accounting information are evident, reflected in the absence or partial use of financial statements, which restricts the ability of entrepreneurs to make informed decisions. This situation translates into difficulties in cost control, financial planning, and profitability evaluation, determining factors for the sustainability of the business in a competitive environment. (Theodore Narku Odonkor et al., 2024) (Al- Refiay et al., 2022) (Gardi et al., 2021)

From a theoretical perspective, financial statements are essential tools for the analysis of a company's economic situation, since they allow its liquidity, profitability and solvency to be evaluated. Their proper interpretation facilitates strategic decision-making aimed at optimizing resources and strengthening businesses. However, in the case of micro and small enterprises, their use is usually limited due to factors such as lack of technical knowledge, informality and lack of access to specialized accounting advice. (Panchenko et al., 2024) (Nabila et al., 2025)

In the specific case of Chiquinquirá, the economic dynamics driven by religious tourism and commerce generate opportunities for the growth of the gastronomic sector, but it also poses challenges associated with the variability of demand and the need for efficient management of resources. In this sense, the implementation of financial tools becomes a determining element to improve the economic performance of small restaurants and guarantee their permanence in the market. (Romanelli et al., 2021) (Cárdenas-Gómez & Ovalle-Carrillo, 2023; Vuksanović et al., 2024)

Consequently, the present research is justified by the need to analyze the role played by financial statements in business decision-making, considering that their proper use can contribute significantly to cost optimization, improved profitability and sustainability of small restaurants. Likewise, the study contributes to the academic and business field by generating evidence on the importance of financial management in local contexts, where productive units with limitations in their administrative structure predominate. (Al- Refiay et al., 2022; Gardi et al., 2021; Panchenko et al., 2024) (Panchenko et al., 2024)

In this context, the general objective of the research is to analyze the influence of financial statements on decision-making and profitability of small restaurants in Chiquinquirá, Boyacá. Specific objectives are: (i) to identify the level of use of financial statements in small restaurants; (ii) to analyze how financial information is used in cost and expense management; and (iii) to evaluate the relationship between the use of financial statements and the profitability of establishments.

2. Development

Next, the theoretical and conceptual foundation of the main variables of this study are developed.

2.1 Financial Statements and Decision-Making in Small Businesses

Financial statements are a fundamental tool for business management, as they allow the

economic and financial situation of an organization to be represented in a structured way. Reports such as the balance sheet, income statement and cash flow provide key information on liquidity, profitability and solvency, facilitating strategic decision-making. In the case of micro and small enterprises, their use becomes more relevant due to the limited availability of resources and the need to optimize each operational decision. (Nabila et al., 2025; Panchenko et al., 2024) (Agrawal, 2023) (Theodore Narku Odonkor et al., 2024)
However, various studies such as the one have pointed out that this type of organization tends to have weaknesses in accounting management, which leads to decision-making based on experience or intuition rather than objective information. In the case of small restaurants, this situation is accentuated due to the operational nature of the business, where decisions are mainly focused on production and service, leaving financial analysis in the background. This generates a disconnect between operational management and financial management, affecting the efficiency of the business. (Sanabria et al., 2020) (Sanabria et al., 2020)

2.2 Cost and profitability management in the gastronomic sector

Profitability in restaurants depends largely on the ability to properly manage the costs and expenses associated with the operation. Elements such as the cost of inputs, labor, rent, and utilities directly influence profit margins. (Quintero-Ramírez et al., 2025) (Rafael et al., 2023)
Efficient cost management requires accurate and up-to-date information, which is provided by the financial statements. Through the income statement, for example, it is possible to identify gross margin, operating margin, and net margin, key indicators to evaluate business performance. (Morelo Pereira & Torres Castro, 2021)
However, when restaurants do not keep proper accounting records, it is difficult to control costs, which can lead to invisible losses, improper pricing, and erroneous decisions. In this sense, the absence of financial information limits the ability of entrepreneurs to implement strategies that improve profitability. (Quintero-Ramírez et al., 2025)

2.3 Use of financial information in decision-making

Business decision-making involves the selection of alternatives that allow organizational objectives to be achieved. In this process, financial information plays a decisive role, as it provides an objective basis for evaluating scenarios and reducing uncertainty. (Zuñiga-Cortez, 2014) (Gardi et al., 2021)

In small restaurants, decisions related to pricing, purchasing inputs, investing in infrastructure, and hiring staff should be supported by accounting information. However, in practice, many of these decisions are made without prior financial analysis. (Alexis & Bravo, 2015) (Sanabria et al., 2020; Zuñiga-Cortez, 2014)
This situation is mainly associated with the lack of training in accounting and financial issues on the part of the owners, as well as the perception that accounting is a solely legal requirement and not a strategic tool. As a consequence, the potential of financial statements to improve the efficiency and competitiveness of the business is wasted. (Alexis & Bravo, 2015) (Sanabria et al., 2020)

2.4 Relationship between financial management and business performance

The literature has shown that there is a direct relationship between financial management and business performance, especially in the case of small businesses. Those organizations that implement structured accounting systems have a higher chance of survival and growth, due to their ability to plan, control, and evaluate their performance. (Rocha Hidalgo et al., 2025) (Paredes Montero, 2025)

In the gastronomic sector, this relationship is reflected in the ability of restaurants to adapt to changes in demand, control their costs and maintain adequate levels of profitability. Financial management allows you to anticipate problems, identify opportunities and make timely decisions. (Paredes Montero, 2025; Rocha Hidalgo et al., 2025)

In municipalities such as Chiquinquirá, where economic activity presents variations associated with tourism and commerce, financial management acquires even greater importance. Small restaurants must face periods of high and low demand, which requires adequate planning and control of resources. (Cárdenas-Gómez & Ovalle-Carrillo, 2023; Vuksanović et al., 2024) (Paredes Montero, 2025; Rocha Hidalgo et al., 2025)

3. Methodology

This research was developed under a quantitative approach, since it is oriented to the collection and analysis of numerical data in order to identify the relationship between the use of financial statements and profitability in small restaurants. This approach allows measuring variables and establishing behavioral patterns based on the information obtained. (Bernal-Torres, 2016; Hernández-Sampieri et al., 2014)

The study is framed in a non-experimental design, because the research variables are not manipulated, but are observed in their natural context. It also presents a cross-sectional section, since the information was collected at a single moment in time. (Barrero-Ticona, 2023)

In terms of scope, the research is descriptive-correlational. It is descriptive because it seeks to characterize the level of use of financial statements in small restaurants and to analyze the way in which financial information is used in the management of costs and expenses. In turn, it is correlational because it aims to establish the relationship between the use of financial statements and the profitability of establishments. (Hernández-Sampieri et al., 2014)

The study population was made up of small restaurants located in Chiquinquirá. For the selection of the sample, a non-probabilistic sampling was used for convenience, considering the accessibility to the establishments and the willingness of the owners to participate in the study. The final sample was composed of 40 restaurants. (Müch & Ángeles, 2012)

For the collection of information, the structured survey and the semi-structured interview were used as main techniques. The survey was applied to restaurant owners or managers, with the purpose of obtaining quantifiable information on the use of financial statements, cost management and decision-making. On the other hand, the interviews made it possible to complement the information and deepen the financial practices of the establishments. (Bernal-Torres, 2016)

The data collection instrument was made up of closed-ended multiple-choice questions, organized according to the study variables: use of financial statements (independent

variable) and profitability (dependent variable). Prior to its application, the instrument was reviewed to ensure its clarity and relevance. (Barrero-Ticona, 2023)
The analysis of the information was carried out using descriptive statistical techniques, using frequencies and percentages for the organization of the data. Likewise, a basic correlational analysis was used to identify the relationship between the level of use of the financial statements and the profitability of the restaurants. (Bernal-Torres, 2016; Hernández-Sampieri et al., 2014)

4. Results

This section presents the results obtained according to the objectives set, through the analysis of the information collected from the small restaurants located in Chiquinquirá.

4.1 Using Financial Statements in Restaurants

In relation to the first objective, aimed at establishing the number of restaurants that keep financial statements, it was found that only a minority of the establishments have structured accounting records. As can be seen in **Table 1**, 25% of the restaurants stated that they kept financial statements formally, while 35% indicated that they did so partially. On the other hand, 40% of the respondents stated that they did not keep any type of accounting record. These results show a low level of financial formalization in small restaurants, which can limit their ability to analyze their economic performance and make informed decisions.

Table 1: Using Financial Statements in Small Restaurants

Using Financial Statements	Frequency	Percentage
They do keep records	10	25%
Partially	14	35%
They don't keep records	16	40%
Total	40	100%

Note. Prepared by the authors.

4.2 Use of Financial Information in Cost and Expense Management

Regarding the second objective, focused on identifying how restaurants use the information in the financial statements to reduce costs and expenses, the results show a limited use of this tool. According to **Table 2,** 30% of the establishments use financial information for cost control, while 25% use it for pricing. To a lesser extent, 15% apply it in financial planning processes. However, 30% of the restaurants stated that they do not use the information contained in the financial statements at all for decision-making, which shows a significant gap in the use of these tools.

Table 2: Using Financial Information in Cost Management

Use of Financial Information	Frequency	Percentage
Cost control	12	30%
Pricing	10	25%
Financial Planning	6	15%
They don't use it	12	30%
Total	40	100%

Note. Prepared by the authors.

4.3 Influence of financial statements on profitability

Regarding the third objective, aimed at evaluating the influence of financial statements on profitability, a positive relationship was identified between the level of use of these tools and the economic performance of restaurants. As presented in Table 3, establishments with a high use of financial statements report an average profitability of 15%, while those with an average use reach 8%. In contrast, restaurants with low use have an average profitability of 3%. These results allow us to infer that the proper use of financial statements contributes significantly to improving profitability, by facilitating more efficient management of resources and decision-making based on objective information.

Table 3: Relationship between use of financial statements and level of profitability

Level of Financial Statement Usage	Frequency	Average return
High	10	15%
Medium	14	8%
Low	16	3%
Total	40	—

Note. Prepared by the authors

5. Discussion

The results of this research show that the use of financial statements in small restaurants is limited, which coincides with what has been reported in the literature on micro and small enterprises, where empirical financial management predominates. In the context of Chiquinquirá, this situation is reflected in the high proportion of establishments that do not keep accounting records or do so partially, which restricts their ability to analyze their economic performance and plan strategically. (Rocha Hidalgo et al., 2025; Sanabria et al., 2020) (Sanabria et al., 2020; Theodore Narku Odonkor et al., 2024)
From a theoretical perspective, financial statements are considered fundamental tools for decision-making, since they allow evaluating the economic situation of the company in terms of liquidity, profitability and solvency. However, the findings of the study show that a significant part of entrepreneurs do not use this information in their decision-making processes, consistent with what was stated by , who show that accounting information is not always used in decision-making in small companies. (Sanabria et al., 2020; Zuñiga-Cortez, 2014) (Panchenko et al., 2024) (Gardi et al., 2021)
In relation to cost management, the results indicate that, although some establishments use financial information for cost control and pricing, a considerable proportion do not use it at all. This behavior can be explained by the lack of accounting and financial knowledge, as well as by the perception that accounting is only a regulatory requirement and not a strategic tool. This situation limits the ability of restaurants to optimize their resources and improve their operational efficiency, in line with what has been stated by , who highlight that inadequate cost management negatively impacts the profitability of restaurants. (Alexis & Bravo, 2015; Sanabria et al., 2020) (Quintero-Ramírez et al., 2025)
On the other hand, one of the most relevant findings of the study is the positive relationship between the use of financial statements and profitability. Restaurants that

report a more frequent and structured use of these tools present higher levels of profitability compared to those that do not use them. This result is consistent with previous studies that indicate that the implementation of financial management practices contributes to better business performance, by facilitating cost control, planning, and informed decision-making. (Quintero-Ramírez et al., 2025; Sanabria et al., 2020) (Paredes Montero, 2025; Rocha Hidalgo et al., 2025)
Additionally, in an environment such as Chiquinquirá, characterized by an economic dynamic influenced by tourism and the seasonality of demand, financial management acquires strategic importance. Small restaurants must adapt to fluctuations in the flow of customers, which requires adequate planning of income and expenses. In this sense, the absence of financial information limits the ability to anticipate and respond to changes in the environment, as they do in contexts of dynamic tourism. (Cárdenas-Gómez & Ovalle-Carrillo, 2023; Vuksanović et al., 2024) (Romanelli et al., 2021)
The results at a general level allow us to affirm that financial management is a determining factor for the sustainability of small restaurants. However, its implementation continues to be a challenge due to structural barriers such as informality, lack of training and limited access to accounting advice. Therefore, it is necessary to promote financial training strategies aimed at entrepreneurs in the sector, as well as to encourage the adoption of accounting tools that facilitate decision-making and improve the competitiveness of these businesses. (Nabila et al., 2025; Theodore Narku Odonkor et al., 2024)

6. Recommendations

Based on the results obtained and the analysis carried out, the following recommendations are made to strengthen the financial management and sustainability of small restaurants in Chiquinquirá:
First, it is recommended that the owners and managers of small restaurants systematically implement the use of basic financial statements, such as the income statement, balance sheet and cash flow. These tools allow you to know more accurately the economic situation of the business and facilitate informed decision-making.
Secondly, it is essential to promote training processes in financial and accounting education, aimed at entrepreneurs in the gastronomic sector. The strengthening of skills in topics such as cost control, pricing and financial analysis will contribute to improving the operational efficiency and profitability of establishments.
It is also suggested to promote access to accounting and financial advice, either through alliances with academic institutions, chambers of commerce or business support programs. This support can facilitate the formalization of businesses and the implementation of good financial management practices.
On the other hand, it is recommended that restaurants adopt basic technological tools, such as accounting software or financial management applications, that allow them to record information in an organized manner and generate useful reports for business analysis.
From an institutional perspective, it is considered important that public and private entities design strategies aimed at strengthening the gastronomic sector, through training, advisory and financing programs that encourage formalization and the use of financial tools.
Last but not least, it is recommended that future research deepen the analysis of variables

such as access to credit, financial digitalization and business culture, in order to broaden the understanding of the factors that influence the sustainability of small restaurants in local contexts.

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