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Student Name: Mohammed Khalid Alzayer

Student ID: 252001195

Supervisor: Dr. Al Faisal Al Abdulhameed / Dr. Fayez Jarad

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The Impact of
Financial
Performance
Analysis on
Project
Profitability:
Evidence from
Engineering and
Construction
Projects in Saudi
Arabia

Abstract

There's a need for financial analysis to become the backbone of these companies' operations, when engineering and construction companies in Saudi Arabia are taking on the massive projects that are part of Vision 2030. Coming hotfooting into the Saudi construction scene, where many of these projects are worth over SAR 1 billion and involve major clients from both home and abroad, it's not just about getting the technical side right. The financial management of individual projects needs to be locked down as well, in order to protect margins and keep the cash flowing.

Our study zeroes in on four essential financial performance tools: Work in Progress reports, Accounts Receivable analysis, Days Sales Outstanding, and budget vs. actual variance reports, and suggests that the quality and regularity of these analyses, and how they're actually used in project reviews and decision-making, are very much linked to the profitability of these projects. We also believe that the organisational culture, the way managers think, the incentives they offer, and the way finance and operations talk to each other can either help or hinder the effective use of these tools.

The study has a descriptive and analytical cross-sectional design. We're sending a standardised questionnaire to finance managers, project accountants, cost controllers and project managers in Saudi engineering and construction firms, and supplementing it with a few in-depth interviews with senior leaders. We're planning on crunching the numbers with descriptive statistics, correlation analysis and, where possible simple multiple regression to see the relationships between financial analysis, organisational culture and perceived project profitability. We'll sort through the qualitative data thematically to add a bit of context.

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1. Introduction

In the case of the engineering and construction sector in the Kingdom of Saudi Arabia, we're seeing a complete overhaul. Backed by Vision 2030 and massive investments from the public and private sectors, the country has got a seemingly endless supply of industrial, infrastructure, residential, energy, transportation and tourism projects coming down the pipe. Lots of them are complex, require years of planning, and have price tags over SAR 1 billion and lots of stakeholders.

Well-known engineering and construction companies are facing serious financial, operational and contractual risks and can no longer count on landing a huge contract as a guarantee of success. They need to nail the execution and have their finances in order, all the way through the project.

Traditionally, construction companies have viewed their projects from the technical side, and only considered finance as an afterthought, something that's left to the finance team. But research and real-world experience show that financial monitoring is now an essential part of daily project management and can't be separated from the rest of the operation.

Project-based companies use a suite of tools to report key financial information, such as Work in Progress, accounts receivable aging schedules, Days Sales Outstanding indicators and budget versus actual variance reports. These tools give a clear, structured view of each project's financial health and warn of impending problems in margins and cash flow. But in lots of cases aren't being used to their full potential.

I had a very concrete understanding of the real-world implications of these issues, when I was a project accounting lead. Coming from a background of working on massive industrial and infrastructure projects in the Eastern Province of the country, which often reach values above SAR 1 billion, and with major local and international clients such as Saudi Aramco and Chevron, these theoretical concepts took on a very real dimension for me.

I remember one project in particular, the WIP report showed a massive amount of revenue still to be billed, which proved to be a problem in the negotiation. It turned out, the client didn't sign the timesheets due to technical issues in the drawings and ended up, unbilled revenue, resulting in a severely dropping gross margin. On a later project, the major client's server went on the fritz, delaying the processing of invoices. I noticed a marked increase in Days Sales Outstanding (DSO), cash flows got very tight and the company was forced to take out a loan to cover the cost of salaries and suppliers.

Another project taught me that the approved budget wasn't a reliable indicator in comparing with the actual costs, and revealed that the labor cost rate of was much higher than was used when the bid. The deadline pressure put the project management in a bad spot, the project ran out of money by the time it was 85% complete and was unable to get revenue to match the remaining 15% of the work, and killed the project's profit margin. Cultural and behavioral issues have also been something I've encountered, in various project teams. Accounts Receivable and Days Sales Outstanding, when some project managers see the financial aspects of their projects they tend to think that it's all about filling out reports and complaining about Work-in-Progress. They don't like to discuss the profit margins or the cost-to-complete against the remaining budget.

One such experience I had was during a meeting when I tried to explain that the cost curve was moving faster than the physical progress on the project, and basically that we would run out of money, and all the profit would disappear, the project manager took it personally.

As a criticism of his management style, rather than a warning sign to save the project from a financial disaster. Well-known reactions like this can make it difficult to use financial analysis to make a positive impact.

In the Saudi context, contractors face extremely tight margins, delayed payments, technical disputes, and constant changes to the scope of work, so being able to use financial performance data effectively is basically a must. The culture of the organisation, how much incentive is given to project teams, communication between the financial and operational sides of the business and the skills of the people on those teams all affect how

seriously the financial reports are taken and put into practice. This study will be looking at the relationship between financial analysis, organisational culture and project profitability in Saudi engineering and construction projects with the hope of producing down-to-earth advice for managers and adding to the body of knowledge in the field of project accounting and working capital management.

2. Problem Statement

As engineering and construction companies in Saudi Arabia invest in modern enterprise resource planning systems and detailed project reports they often don't see the improvements they were hoping for. One reason for this is the high prices they offer to get jobs, and the way they can't control changes to the scope of work and claims made by their clients. They also tend to delay sending out invoices and getting the necessary certifications, and take too long collecting money from their clients.

Coming hotfooting into the middle of a project, when these issues are not yet apparent in traditional financial statements, makes it impossible to take effective action to correct the problems.

According to the literature, Work-in-Progress (WIP) reports can be used to identify where profit is starting to dwindle and predict the final outcome of a project, and that companies that don't effectively manage their receivables and allow high Days Sales Outstanding (DSO) levels cut into their profitability.

Budget variance analysis is another tool that's used in the field, where actual costs are compared to the amounts that were planned, and that, if not watched closely, leads to a decrease in profit margins. Regular, serious reviews of these variance reports make them more informative.

In real life, the quality and regularity of financial analysis differs a lot between companies, and, in some cases, financial reports are looked at as more of a formality, only done for auditors and banks, rather than to really help run the project.

Well-known problems in the Saudi engineering and construction sector are a clear disconnect between having financial performance analysis tools and using them effectively to manage the profitability of a project, a difference that is being influenced by technical practices and the culture of the organisation. Coming from someone who has experience in financial statement analysis, I have seen cases where a lack of use of financial performance reports resulted in write-offs, pressure on cash flow and the loss of the gross margin on large strategic projects.

3. Research Objectives

The primary goal of this research is to see how financial analysis can contribute to the profitability of these companies, when analysing the financial performance of engineering and construction companies in Saudi Arabia.

Coming from this main objective, the study will identify the most commonly used financial performance indicators in the Saudi engineering and construction industry, such as WIP, accounts receivable, days sales outstanding and budget variance.

It will also look at the relationship between the regularity and effectiveness of WIP analysis and project profit margins, and examine the impact of accounts receivable management, including DSO, on project cash flow and profitability.

The study will assess the extent to which WIP, AR, DSO and budget variance reports are used in practice to monitor and control engineering and construction projects, and in managerial decision making, and investigate what organisational and cultural factors can help or hinder the effective use of these financial analysis tools. Finally the proposed study will also offer practical recommendations to enhance financial performance analysis methods and techniques.

4. Research Questions

Some of the research questions the study will be seeking to answer are: What are the most important financial performance indicators used to manage engineering and construction projects in Saudi Arabia, and can WIP analysis, improve understanding and and boost profitabilitiy. How do accounts receivable management practices including the rate of payment of receivables DSO affect projects' cash flow and profitability, and are budget variance reports used effectively to cut costs and underpin project-related decisions. How often do managers depend on WIP, AR, DSO and budget variance reports when reviewing project performance and deciding on corrective action.

5. Significance of the Study

When looking at the engineering and construction firms in Saudi Arabia, organisational culture, the way management thinks, motivates and communicates between the finance and operations teams can make or break the relationship between financial analysis and project profitability in these firms.

Well-known obstacles, including cultural and reward-related barriers, severely hinder the effective use of financial performance analysis tools, and addressing these will be key to turning the tide.

Practically, the value of this proposed study is undeniable, it's addressing financial tools that most engineering and construction companies already have, but may not be getting the most out of. The study will show how Work-in-Progress, Accounts Receivable, Days Sales Outstanding, and Budget Variance Analysis affect project profitability, empowering managers to reorganise their reporting, breathe new life into the content and timing of their financial reports, and secure them as a fundamental part of their project governance systems. A solid grasp of the organisational and cultural factors that hinder or enable the analysis will also support reform efforts to make teams far more financially aware.

The real-life implications of small lapses in financial analysis and oversight can result in enormous financial hits on major projects, and so an essential guide is necessary for both finance and project managers.

Coming from an academic point of view, the study injects new ideas into the financial performance analysis, construction accounting, management control systems, and working capital management literature. The fusion of principles from these areas, and their application at the project level in a country with an evolving economic landscape, is where empirical studies in this area have been lacking. The concentration on project profitability as opposed to company-wide financial ratios, and the highlighting of organisational and cultural elements, builds a firmer bond with management control theories.

The economic context of Saudi Arabia makes the study highly relevant to the nation's current economic phase. The economic viability of construction firms is a strategic concern to clients, regulators and decision-makers in a country that is launching massive projects in multiple industries, and strong, profitable contractors are those that effectively deliver on their projects and attain high-quality results.

6. Literature Review

6.1 Financial Performance in Construction Firms

There has been research on the construction companies that often highlight the instability of its finances and the volatility of its profitability. If you look at the reasons given, they often cite intense price competition, project structures that are complex, high exposure to delays and disputes. Research has often focused on company-level indicators that go into traditional financial analysis — indicators like profit margins and return on assets, liquidity ratios, and leverage. While these indicators give a useful overview of a company's financial health, they do not fully capture what's happening at the level of individual projects, where profit is created or lost. More recent studies have emphasized the integration of project-level financial indicators into performance management systems. These studies also point to several practices that construction firms use to help

them keep better tabs on project-level financial performance. While the recently emphasized practices and systems integration give a good sense of what needs to be done, to this point, we have relied on a very limited number of studies to describe the specific nature of and reasons for these practices. Moreover, a recent regional study of Gulf construction firms suggests the aforementioned practices may put construction firms at risk.

6. 2 Work in Progress (WIP) Accounting and Profitability

Work in Progress (WIP) is an accounting method that deals with the challenge of recognizing revenue and costs over the life of long-term contracts. Revenue is recognized progressively instead of waiting until the project is completed. High-quality WIP schedules allow managers to see, for each project, how far along the project is in terms of revenue recognition and how much further it has to go. They also allow managers to look in the other direction toward project completion and see how much more cost is going into the project and what's the forecast for that cost and for the margin of profit. Best practice says that WIP analysis should be a joint and equal responsibility of the project and finance teams. Monthly review sessions are recommended where the project manager and finance staff go over WIP assumptions and what the project looks like from both the completion and the revenue recognition perspectives. Studies that have been done indicate that firms tending to view WIP as a management tool and not just a compliance issue do better economically. However, there's not much real evidence for this and what evidence does exist is mostly on the firms' views about WIP, rather than on what WIP helps them accomplish in terms of project profitability.

6. 3 Accounts Receivable Management and Profitability

Accounts receivable can be the main concern, when managing working capital in the construction industry. Coming hotfooting off the back of a job, construction receivables can be large, complicated and often plagued by contract disputes or delayed certification. Well-known research on working capital in different industries has found that companies with high levels of receivables and long collection periods tend to be less profitable and face higher financial risk, because money stuck in accounts receivable can't be put to use anywhere else and might require expensive short-term loans.

Effective accounts receivable management in construction project settings demands close communication between the site team and the finance function. Progress certificates should be submitted on time, variations need to be accurately documented, and overdue invoices need to be chased. Some studies suggest that contractors who manage their receivables aggressively and set clear targets for collection are more able to withstand market downturns, but there's a gap in research that explores how specific AR practices at the project level affect project profitability, especially in growing markets such as Saudi Arabia.

6.4 Days Sales Outstanding (DSO) and Cash Flow

Days Sales Outstanding (DSO) is a measure of how long it takes a company to collect payment from its customers after the sale is recorded. High DSO values indicate that a firm is dragging its feet when it comes to turning sales into cash, which puts a strain on liquidity, hikes up the cost of borrowing, and makes the company more vulnerable to credit risk. Empirical studies have found a negative relationship between DSO and profitability, as those firms that have a faster collection cycle tend to have stronger cash positions and smaller financing expenses.

In the Saudi construction sector, delayed payments have been a chronic issue, but recent reforms and digital tools aim to improve the situation, especially in government projects. Monitoring DSO at the level of clients, projects and business units helps firms identify troubled accounts and target their follow-up.

6.5 Budget Variance Analysis and Cost Control

Regarding construction projects, budgets need to be made for labor, materials, sub-contractors, equipment and overheads. As the project progresses, actual costs are compared to the budget and any difference is known as a variance. Well-known in management accounting and cost control, variance analysis helps us to pinpoint issues that are causing cost overruns, poor design, procurement delays, and so on. It gives us a basis to adjust our forecasts and take corrective actions.

The value of variance reports is largely dependent on how regularly and seriously they are reviewed, and if this doesn't happen until the end of the project, their impact on the

project's outcomes is very limited. Regular review of variances in light of operational data. Such as productivity measures, rework levels and change orders. Allows us to take swift and well-informed decisions. Regrettably, there is very little empirical evidence showing the tangible effect of specific variance analysis techniques, especially in the context of Saudi engineering and construction companies.

6.6 Financial Performance of Construction Companies in Saudi Arabia

Empirical studies and reports on Saudi construction firms reveal that these companies are faced with the problems of aggressive pricing in tenders, volatile oil prices, and shifts in public expenditure, and this has led some of them into financial difficulties, late payments, cost blowouts, or shoddy project management. At the other end of the spectrum, top-notch firms have been boosting their governance, financial systems and project management capabilities. The literature also points out that not all companies in the Saudi market are equally adept at their financial operations. Some have merged WIP, AR and variance reporting into high-level analytics and governance systems, whereas others still rely on manual spreadsheets and one-off reports. Regional studies in the Gulf region have looked at working capital management and financial ratios, but very few have dug deeper into the use of project-level financial analysis tools on a real-world level and their connection to profit margins for individual projects. This research fills in this knowledge gap by zeroing in on project-level financial analysis in Saudi engineering and construction firms and showing how such analyses affect perceived project profit margins.

6.7 Identified Gaps in the Literature

When looking at the existing literature on financial performance in construction, one of the main gaps is that many studies focus on company level analysis but fail to provide a clear picture of the financial performance at the project level, the level where profit is made or lost.

Coming from the realm of professional guides, WIP, AR, DSO and budget variance analysis are well-known, but we don't have much hard data on how these are being used in project reviews and decision-making.

There's also a lack of systematic analysis on the way organisational and cultural factors, such as how management perceives financial information, incentives and communication between the finance and operations teams, affect financial performance analysis.

As we delve into the context of Saudi engineering and construction firms, regional studies are providing a useful understanding of financial health and cash flow problems, yet don't go into great detail on the way financial performance tools are used at the project level or how they're related to project profitability, which is basically the area that this study is going to investigate.

Furthermore, very little is known about the combined impact of financial performance analysis and organisational culture on the bottom line of Saudi or Gulf construction companies. Our study will address these gaps by zeroing in on project-level financial analysis, taking into account the organisation's and culture's roles, and will be specifically focused on the Saudi market.

7. Theoretical Framework

The theoretical framework of this study is built on three main pillars: financial performance analysis, management control systems in project-based companies, and working capital management, all of which provide theoretical insights to guide our research.

In relation to the management of engineering and construction firms, financial performance analysis tools are an essential part of the control system. The more frequent and of higher quality WIP, AR, DSO and budget variance reports are, and the more actively they're used in project review meetings, the more information becomes available to the managers and enables them to make decisions in a more timely fashion.

The proposed conceptual model has independent variables of the quality and frequency of WIP analysis, AR and DSO analysis, and budget variance analysis. The frequency and depth of use of financial performance reports in managerial decision making is the mediating variable, and the model also has a moderating contextual factor in

organisational culture, viewed mainly as a strengthener or weaker of the bond between financial analysis and profit. Coming hotfooting out of the lab, this will be measured through questions that get at the management's priority of financial information, the openness of communication between the finance and the managers running the project, and how tightly financial performance indicators are linked to bonuses. The dependent variable is project profitability as seen by the respondents, and includes meeting target margins, a steady stream of cash, and no financial surprises at the end of the project.

The final thesis will show the conceptual model in a flowchart, sending arrows from the financial analysis tools to the success of the project, with the go-between and background factors tweaking the strength of these relationships. The empirical research will check if more frequent and better-quality financial analysis and more enthusiastic use of reports are associated with more profitable projects, and how the corporate culture impacts on these relationships, and the questionnaire and interview guide will be laid out in a way that each question has a clear connection to one or more of the variables in the conceptual model.

8. Research Methodology

8.1 Research Design

As designing this study I've decided to use a descriptive and analytical cross-sectional research design. Coming hotfooting into the uncharted territory of financial performance analysis in Saudi engineering and construction companies, the study wants to paint a picture of what's currently being done, and then delve into how these practices, company cultures and profit margins are intertwined. Since it's a limited MBA-level project with time and access being an issue, a cross-sectional design is basically the best option, still allowing me to get meaningful statistical analysis done.

Primary data will be gathered using a well-structured survey, and I'll throw in a few semi-structured interviews with senior financial managers and project directors to add some richness to the numbers. Well-known as a way to fill in the gaps, these interviews will

take me deeper into the cultures and organisational dynamics that are difficult to capture in multiple-choice questions.

8.2 Population and Sample

The target population is engineering and construction companies operating in Saudi Arabia, particularly those running large-scale projects in the industrial, energy, infrastructure and building sectors. Within these companies, the study is zeroing in on people who are right in the thick of project financial performance, such as finance managers, project accountants, cost controllers and project managers. I'll use non-probability, intentional sampling to hook up with individuals who can get their hands on the financial reports they need, and I'm aiming for a small sample of 40 to 80 usable responses, which is a typical sample size for applied MBA projects.

8.3 Study Tools (Data Collection Instruments)

We will be using a structured questionnaire that is broken down into several categories, when collecting data for the research.

The first part of the questionnaire asks for basic demographic and company information, including job title, years of experience, company size, the typical value of projects and types of projects that are executed.

The second part of the questionnaire will measure the regularity, quality and availability of WIP, AR, DSO, and budget variance reports, using a five-point Likert scale.

For example, 'strongly disagree' through to 'strongly agree', or 'never' through to 'always'. Sample items could be "Our company makes WIP reports for all major jobs a monthly occurrence" and "project teams systematically look at DSO information for their clients".

Coming from a different angle, the third part of the questionnaire will look at the financial performance and profitability of the projects, covering the extent to which the projects meet their initial margin targets, the stability of cash flows and the occurrence of financial shocks at the end of a project, with examples of items like "most of our jobs achieve the profit margin they had predicted when bidding" and "we don't often run into unexpected financial losses when wrapping up a project." Another area measured will be

the middleman between financial data and decision-making. How often we use financial performance reports in our project reviews. With items such as “financial data is gone over in great detail at our monthly project meetings”.

The company culture we're trying to understand includes the way managers prioritise financial results, how transparent they are about financial problems, and how financial performance is linked to individual or team bonuses, and this is captured through a series of items.

The last part of the questionnaire is made up of open-ended questions so that respondents can share their problems, successes and suggestions for improving financial performance and company culture.

We will also draw on wording and items from existing instruments in the management accounting and project management field and where possible, adjust the questions to suit the Saudi engineering and construction industry. We have set up the interview guide to run parallel to the survey questions, which will enable us to take a deeper look at any patterns that we notice in the survey results.

8.4 Data Analysis Techniques

I'll be using a combination of spreadsheet software such as Microsoft Excel or a basic statistical package, when analyzing the quantitative data from the questionnaires.

Calculating descriptive statistics, including frequencies, percentages, means and standard deviations will give me a good sense of the main variables. To check the internal consistency of multi-item scales, I'll run a reliability analysis such as Cronbach's alpha and consider anything over 0.70 to be sufficient, especially for exploratory research.

Coming from a statistical point of view, I'll be exploring the relationships between financial performance metrics, such as WIP, AR, DSO, and budget variance, organisational culture and perceived project profitability. If the data is of good quality and sample size allows, I may employ simple multiple regression models to see the combined effects of the independent variables on the dependent variable, with a view to investigating the role of the mediator in the equation.

Meanwhile, the qualitative data, which will be derived from interview and open-ended questionnaires will be analyzed using the principles of thematic analysis to look for recurring patterns and contextual factors. Interviews will be given an initial look, broken down into individual ideas, labelled, and gathered into themes by me. And, these themes and codes will be tweaked until they fairly represent the essence of the data and strong examples will be chosen to add weight to major points, where cultural and psychological insights are involved.

8.5 Reliability, Validity, and Bias Considerations

I'll also ensure the reliability and validity of the survey and I'll be sending it to a small test group of around 3 to 5 accountants or financial managers to get their feedback on clarity, usefulness and length and then adjust the questionnaire accordingly. Cronbach's alpha will be used to test the consistency of multi-item constructs and any items that kill the party spirit of internal reliability will be revised or binned.

Content validity will be supported by basing its items on established literature and professional guidance on project financial management, when assessing the validity of the questionnaire. The construct validity will be examined to see if the items that are meant to measure the same thing behave consistently. I will also check out the face validity through the pilot and talking with university lecturers and seasoned practitioners to see how well the items match up to real-world financial management. Well-known sources of error will be taken into account, such as non-response bias. This may occur if companies that don't have very effective financial systems refuse to join the study. I'll be watching the response rates to see if this is the case and will check in on early and late responders to see if there are any systematic differences. Common method bias, where the same people are answering questions about both the independent and dependent variables, is a threat to the accuracy of the study, so the questionnaire will mix up the types of questions, won't ask leading questions, and let the respondents know that there are no "right" or "wrong" answers. We'll remove cases with 20% or more missing key responses, whereas isolated blanks will be made up for by using the mean or median value, or if that's not possible, we'll use pairwise deletion, when handling missing data.

8.6 Ethical Considerations

Ethical guidelines for the proposed research are in line with the standards for business studies. Our participation is voluntary, the purpose of the research and the use of the data will be clearly laid out, and we won't release any confidential financial information or company names in the thesis or its related publications. The data will be presented in summary form so that no one individual's answers can be pinpointed.

We'll make sure that a person's decision to participate in the study won't affect their job with their employer, or with me, the researcher. The questionnaire and its participants will be informed of this on the first page, where they'll see a concise explanation of the study and agree to take part before answering the questions. Interviews will receive a very short information sheet and give either spoken or written consent, and any notes or recordings will be locked away securely and erased after the correct time period in accordance with university regulations. Ethical clearance will be granted by the appropriate university body or review board, if necessary.

9. Study Limits

When considering the study of the financial performance of engineering and construction companies in the Kingdom of Saudi Arabia, the proposed research will be limited to these companies, the construction and engineering sector and the period from 2022 to 2025, the heart of the Vision 2030 projects. Coming from the angle of finance, the study will be using a sample that includes financial managers, project accountants, cost controllers and project managers but won't involve other types of workers.

10. Proposed Structure of the Study

The final thesis will be broken into four main parts: the first will lay out the background, problem statement, objectives, research questions, the significance of the study, the limits of the study and what needs to be clarified. The second will be a review of existing literature on financial analysis, work-in-progress, accounts receivable, days sales

outstanding, budget variance, and project profitability, with a real focus on the construction industry and the Saudi setting, and will also present the theoretical underpinnings and the conceptual model of the study.

The third chapter will cover the research plan, sampling, data collection methods, fieldwork procedures and the statistical techniques that were used to sort out the data, and the fourth will be where the results of the study are presented, put into the context of the theoretical framework and literature, explored for their implications for both practitioners and academics and offers suggestions and ideas for further research.

11. Analysis and Discussion (Conceptual Expectations)

In the case of the empirical analysis of the given problem, this section of the plan will be working conceptually based on what we know from the literature and theoretical frameworks.

Well-known relationships are expected, companies that have their work in progress (WIP) processes in order, regular updates, realistic estimates of how much a project will cost and joint reviews with their financial and project teams will see far fewer cases of profit decline and much steadier profit margins.

Businesses that closely monitor their accounts receivable and days sales outstanding (DSO), and put clear plans into place for when payments are overdue, are also expected to have fewer problems with cash flow. Coming hotfooting into this area of analysis, the extra liquidity that these companies have will allow them to get even better deals with their suppliers, cut down on the need for overdrafts, and keep their bottom line healthy. Effective variance analysis is probably going to be key to all of this, too. If managers can spot cost overruns early, they can take corrective action, re-negotiate contracts, or introduce new efficiencies, all of which will lead to better performance.

Culture and structure within an organisation also play a huge part in these relationships, if financial results are seen as important, discussed openly and linked to employee

incentives, then managers are more likely to take action on the signals given by WIP, accounts receivable, DSO and variance analysis.

But if financial talks are restricted to the finance department or if project teams see financial reports as a chore, then they may not get the best out of these financial insights.

12. Managerial Implications and Recommendations (Expected)

Assessing the completed study from a managerial perspective, engineering and construction firms in Saudi Arabia are going to get a lot out of it, very practical advice, in fact.

Coming from a finance point of view, CFOs and finance directors should see how putting in place a unified financial reporting system that gathers WIP, AR, DSO and budget deviations at the project level, will really bring transparency to the decision-making process and enable them to make better strategic moves.

Project managers and engineers, the study is going to drive home that financial performance reports aren't just for administrative purposes, they're also a major tool for managing risks and making decisions, and could use a bit of training to help non-financial types understand what they're looking at. Clarifying who is responsible for the financial outcomes at the project level will also give those technical and financial aspects of the company a lot more communication.

At the company-wide level, the study may push firms to hold regular monthly project reviews, standardise their data quality and timeliness and hook up financial results to reward systems, which, in the context of Vision 2030, will add to the financial solidity of Saudi engineering and construction companies and let them make a bigger contribution to the country's growth.

13. Expected Limitations of the Final Study and Future Research

It will likely have a number of limitations, when I finish my final study. Coming hotfooting off the heels of the literature review, a lot of the data I'll be working with is based on how people perceive things, rather than audited figures, which might introduce a bit of bias into the results.

The cross-sectional design I'll be using will allow me to take a snapshot of financial practices and relationships at one specific point in time, but won't be able to show how they change over time, from economic cycles to project stages, which I'll have to keep in mind when discussing my findings.

Non-response and sampling bias are also going to be a problem. Companies that have stronger financial practices are more likely to participate in the study and so, the results may be overestimating good practices. Well-known methods to address this include getting a really diverse mix of companies and monitoring who doesn't reply, but complete elimination of these biases won't be achievable.

Future researchers can, however, build on my work, conducting longitudinal case studies on mega-projects where they can monitor financial performance indicators all the way from the initial contract award to the completion of the project. Studies comparing the performance in Saudi Arabia to other Gulf markets or international markets will be able to show us more about how institutional and contractual factors affect the relationship between financial analysis and profit, and using more advanced statistical techniques like structural equation modelling could be used in larger samples to test the causal pathways suggested by my conceptual model.

14. Conclusion

When looking to understand the financial performance of engineering and construction firms in Saudi Arabia, this research proposal has laid out a clear plan to investigate the effect of financial analysis tools, specifically WIP, AR, DSO and budget variance, on the profitability of these companies.

The research, through its focus on organisational and cultural dimensions, will be hitting the nail on the head with the things that are in the control of managers and are proven to have a major impact on the bottom line and cash flow. Our unique blend of surveys and in-depth interviews will give us a set of insights that are both rigorously backed and super practical.

Coming hotfooting out of the gates with the completion of Vision 2030's ambitious pipeline of industrial and infrastructure projects, the ability of contractors to manage financial risks and make a profit is going to be the key to their success. Well-known results of this research will enable managers to tighten their grip on their financial systems, realign their financial and operational perspectives and add to the goals of Vision 2030, which is basically a roadmap for the country's future growth.

As a theoretical contribution, the study will add much-needed, place-specific data to the international literature on project accounting and construction financial management. It will also lay the groundwork for more advanced, future research.

15. References

When the thesis is finalised, I will be presenting the references in the style required and in accordance with university guidelines. At the moment, I will collect and refine a list of key literature in the areas of construction financial performance, WIP accounting, accounts receivable and DSO, budget variance analysis, management control systems and Saudi/Gulf construction sector studies, and the latest empirical studies on the financial health of regional contractors.