

Determinants of Share Price in Sri Lankan Hotels and Travels Industry

P.V.A. Minoli Felisitus Silva

Department of Finance, University of Kelaniya, Sri Lanka.

minolisilva444@gmail.com

Abstract

This study tries to identify the relationship between share price and the determinants of share price in hotel and travel industry of Sri Lanka. Furthermore the relationship is analysed under the periods during war and after war. To achieve the objectives of this study, a sample of 16 companies in hotels and travel industry, Sri Lanka has been selected based on the highest market capitalization. Ratio analysis, unit root test, correlation and linear multiple regression models have been used to analyse the data which was collected through the Colombo stock exchange corporate annual reports for the period from 2005 to 2013. The results reveals that dividend per share, earnings per share and net asset value per share have a significant positive relationship with market price per share. Net asset value per share, earnings per share and dividend per share can be considered as the determinants of market price of the share because those variables are significant using the multiple regression model. According to the findings from the regression analysis between the time periods it indicates that net asset value per share, earnings per share and gross domestic product affect market price of the share during the war period whereas dividend per share, net asset value per share and earnings per share affect market price of the share after the war.

Keywords: *Market price of the share, Dividend per share, Earnings per share, Price earnings ratio, Net asset value per share, Annual lending interest rate, Gross domestic product, Annual tourist arrivals*