

**Assessing the Factors Influencing Profitability of Listed Hotels in Sri Lanka**

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The purpose of this paper was to investigate the factors influencing profitability of listed hotels in Sri Lanka. This study is significant for the developing country like Sri Lanka as a prominent tourist attraction in south Asian region. Sri Lankan government has identified the Tourism sector as a key growth area in the post-conflict development era, with a target of attracting 2.5 million visitors by 2016. Tourism arrival has increased by 160 % since 2009, as the number of arrival was recorded in 2013 was 1.3 mn compared to 0.5 mn in 2009. However, JLL (2016) report reveals that the Average profit per room (Rev per AR) of the hotel industry was showing a decreasing trend. Hence, the objective of the research is to identify the factors influencing the profitability of listed hotels in Sri Lanka. Findings of this research would be useful for the hoteliers to identify the factors influencing the profitability of the firm. Hoteliers can follow the recommended practices to increase the profitability in the hotels. This research was based on secondary data. Secondary data collection focuses on extracts of financial statements of randomly selected 26 listed hotels for last 3 years, i.e. from 2012 to 2015. Financial ratios and financial variables were used to test applicability of independent variables and hypotheses on dependent variables. This study was tested the degree of influence of the independent variables of operational efficiency, investment in training and development of associates, hotel size, investment in research and development and amount of interest bearing loans on the dependent variable of Profitability of listed hotels. Operational efficiency and amount of interest bearing loans were identified as significant variables of influencing the profitability of the listed hotels.