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**IDENTIFYING THE SUITABLE SUPPLY CHAIN ACTIVITIES FOR THE COST
EFFICIENCY OF HOTEL INDUSTRY IN SRI LANKA**

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ABSTRACT

Hotel industry as a whole is starting to awaken the activities of value of supply chain for the quality of service and cost reduction aspects. Utility of Supply chain management in the hotel industry is necessary in organizing activities to achieve the target. Nowadays service providing organizations were started focusing on supply chain. After the approximate 30 years of civil war in the country the hotel industry in Sri Lanka is booming of recording 160% of increase in tourists' arrival in mid of 2016 when comparing to 2011. Better financial performance may boost the foreign direct investment and reinvestment to the industry to serve the increasing demand for the hotel rooms in the country. Suitable cost controlling activities may increase the profit per room. The recent analysis of the growth in hospitality industry in Sri Lanka reveals that the average operational profit per room in hotels are continue to decrease though the room occupancy and revenue are high.

This research focuses on identifying the suitable activities of supply chain which helpful in reducing the operational cost while maintaining the service quality. The sample size selected for the study will be 20 managers responsible for Supply chain activities working in the higher, middle and lower levels of management from randomly selected hotels in Sri Lanka. Comparative analysis of the supply chain management of hotel industry of other tourist attraction in Asia is used for the qualitative analysis.

Keywords: Supply chain, Average profit per room, Reinvestment, Operational Cost, revenue, service quality