

Impact of Working Capital on the Liquidity and Profitability of the Listed Hotels and Travels Sector Companies of Colombo Stock Exchange in Sri Lanka

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This study focuses on the impact of working capital on the liquidity and profitability of the listed Hotels and Travels sector companies of Colombo stock exchange in Sri Lanka. In the case of competition among the business due to the globalization and rapid growth nature the working capital becomes vital important to operate the day to day function of the business and also working capital management is an important component of management of corporate finance since it directly influences firm's profitability as well as liquidity in everyday activities.

The purpose of this research is to contribute towards a very important aspects of Financial management known as working capital management with reference to Sri Lanka here the impact of working capital on the liquidity and profitability of listed hotel & travel sector in Colombo stock exchange for a period of five years from 2012-2016.20 hotels and travels sector companies listed in the CSE for a period of 5 years from the 2012 to 2016 including the total of 100 observations.

As per the objectives the regression analysis has been performed which shows there is no significant impact of working capital on liquidity but it has a significant impact on profitability of hotels and travels sectors companies. Also the selected hotels and travels sectors' firms are showing the negative relationship with the profitability therefore the firms in order to increase the profitability.

Keywords: Working Capital, Liquidity, Profitability, Hotels and Travels Sector

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