

## **The Impact of Cash Conversion Cycle on the Profitability of Listed Hotel Companies in Sri Lanka**

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### **Abstract**

Cash conversion cycle (CCC) has been considered a useful measure of firm's effective working capital management. The cash conversion cycle or operating cycle is the length of time between a firm's purchase of inventory and the receipt of cash from accounts receivable. Profitability is measured using Return on Assets and Return on Equity. There are scant research studies relating to hotel industry. The objective of the study is to investigate the impact of cash conversion cycle on the profitability of listed hotel companies in Sri Lanka and furthermore to explore the impact of COVID 19 on CCC of hotel companies. The sample consists of 38 hotel companies listed on Colombo stock exchange during the period of year 2015-2019. Accordingly, this study uses secondary quantitative data by using company websites and Colombo stock exchange. Qualitative data will be collected to explore the impact of Covid on selected hotels. This study will contribute to the body of knowledge by identifying how hotel companies manage their CCC with working capital to maximize their profitability and how COVID 19 influences on cash conversion cycle in hotel industry. Then, it will be useful to decision makers and policy makers to ensure effective working capital management. This study concentrates more on these WCM concepts in order to conduct profitability in a good manner.

**Keywords:** Cash Conversion Cycle, Return on Assets (ROA), Return on Equity (ROE) and Working Capital Management.