

**IMPACT OF COST ACCOUNTING APPLICATIONS ON
FINANCIAL PERFORMANCE OF HOTEL INDUSTRY IN
HAMBANTOTA DISTRICT**

By



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ABSTRACT

Organization's financial performance is depending on many factors. Cost accounting applications are the most predictable factor for financial performance. The hospitality industry and the hotel sector, in particular, became one of the most important and fastest growing sectors of the world economy in the second half of the 20th century. A little innovation has occurred in hospitality cost and management accounting practices and there are many issues that deserve research attention. This study provides the knowledge of level of cost accounting applications influence on financial performance of hotel industry.

The conceptualization framework of this study consists of six variables such as budgetary practice, inventory management, marginal costing techniques, cost ascertainment, pricing, standard costing and variance analysis. Primary and secondary data collection method were used in this research. The primary data were collected using questionnaires from the hotel owners/accountants. The 100 hotels were randomly selected in Hambantota district as a sample and the questionnaires were analyzed using Five point Likert scale model.

Further collected data were analyzed by using the SPSS computer package for interpreting and obtaining conclusion. Univariate analysis was used to find out the values for mean, standard deviation and percent by using the variables. Bivariate analysis was used to find out the impact and relationship between cost accounting applications and financial performance.

The overall research findings indicate that the cost accounting applications are a good predictor of the financial performance and there is a positive relationship between the cost accounting applications and financial performance. As well as all the variables of the cost accounting applications are significant predictors of the financial performance of hotel industry in Hambantota district.

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