

## **Accounting Based Performance Measures and Shareholder Value Creation: Evidence from Listed Companies in Colombo Stock Exchange**

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Rapid growth of investments in the market has led the “Shareholder Value Creation” being one of the most important and popular concept all over the world. Since the companies were highly attracted for creating shareholder value, the concept has become a critical component. Traditional Accounting Based Performance Measures were critiqued for reporting a low level correlation with shareholder value creation. Thus this study examines the relationship between Accounting Based Performance Measures and Shareholder Value Creation for selected Beverage, Food and Tobacco companies listed in Colombo Stock Exchange. Nineteen companies from the sector were selected as the sample for the study. Audited annual reports for 6 years from 2010 to 2015 were analyzed to collect data needed for the study. Market Value Added (MVA) was used as the proxy to Shareholder Value Creation Measures and Return on Equity (ROE), Earnings per Share (EPS) and Return on Assets were used as the Accounting Based Performance Measures. Simple Regression and Multiple Regressions were used to test specified four research objectives. Other than those methods Descriptive Statistics and Correlation analysis have been done. The research findings suggested that there was no strong significant relationship between Accounting Based Performance Measures and Shareholder Value Creation. In conclusion it is recommended to consider contemporary economic measures when making an investment rather than only considering the Accounting Based Performance Measures.

**Keywords:** Shareholder value creation, Accounting based performance measures, ROE, ROA, MVA, EPS