

User Perception on Accounting and Economic Information in Making Investment Decisions: Different Perspectives of Investors and Brokers in the Colombo Stock Exchange

**This Thesis is submitted to Faculty of Graduate Studies in Partial
Fulfillment of the Requirement for the Master of Commerce Degree**

By

**Sanjeewa Wimalagunaratna
Student ID: FGS/02/10/02/2007/40**

**Department of commerce and Financial Management
Commerce and Management faculty,
University of Kelaniya,
Dalugama, Sri Lanka**

ප්‍රවේශ අංකය:	918
විෂය අංකය:	

May, 2013

ABSTRACT

The main purpose of this study was to investigate the user perception on accounting and economic information in making investment decisions of individual investors and brokers who affiliated with the CSE. In addition compare the different perspectives of investors and brokers in use of different sources and their items of information in making investment decisions. The stock market in Sri Lanka is also fluctuating according to the economic and accounting information in the country as well as in the world. Further literature review provide sufficient evidences revealing that there is a research gap in context of user perception on information which used by investors and brokers in stock market in Sri Lanka in making investment decisions. Most of the stock market related studies are based on the secondary data in Sri Lanka. However very rare number of survey based studies were done in Sri Lanka and this might be the one of recently conducted study to get real consensus of investors and stock brokers to fill the vacuum. To achieve the study objective, 114 Individual investors and 22 stock brokers were selected to the sample. Basically descriptive statistical measures such as percentage analysis, means, variance and standard deviations were applied as statistical tools. After testing Normality, Mann-Whitney U test was employed to test the differences between use of information by the Individual investors and Brokers. The Results illustrate that the most important economic information means are stock market trend, peace condition and political stability respectively and most important accounting information respectively are earning per share, return on equity, operating profits and price earnings ratio.

This research identified that significant differences of perception between individual investors and brokers especially, attractiveness of the industry, stock market trends and risk conditions of the industry and all items of accounting information have indicated the significant difference in making investment decisions by the individual investors and the brokers. Based on the findings and conclusion, valuable set of recommendations has been produced. At the end, further researchable areas related to this field have been pointed out for future researchers.

Key words: *Economic and Accounting information, Perception, Individual Investors, Brokers, Colombo Stock Exchange.*