

ABSTRACT

Studies that examine the relationship of economic value added (EVA) to market value added (MVA) did not isolate the EVA effect in conjunction with controlling for the economic effect of the market. Since the EVA metric is viewed as value-added apart from the market, operational managers will benefit from a procedure that separates the market driven versus firm driven (EVA) effects. Our paper examines the effects of the economy, fii investments and EVA on MVA. The results indicate that EVA, GDP & FII significantly affect MVA. Furthermore, the MVA-EVA relationship shows a systematic bias between the largest MVA firms and the smallest MVA firms.

Keywords: Market Value Added (MVA), Economic Value Added (EVA).

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