FINANCIAL PERFORMANCE EVALUATION OF INDIAN CHEMICAL COMPANIES WITH REFERENCE TO EVA AND MVA

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ABSTRACT

With an increasingly competitive and capital-intensive industrial environment, the importance of measuring financial performance using value-based metrics is steadily gaining momentum. The present study intends to evaluate the financial performance of select Indian chemical companies from the perspective of management by Economic Value Added (EVA) and Market Value Added (MVA). Unlike traditional accounting measures, EVA and MVA measure the concepts of economic profit and market value, respectively, thereby giving managers insights into whether and how they are creating value for shareholders. This study is focused on understanding to what extent these metrics are perceived and applied by managers in making strategic decisions within the chemical industry.

A quantitative research design involving the use of a questionnaire was chosen, which purposely sampled 40 managerial-level respondents from within five Indian chemical companies. Collected data were analyzed using regression analysis and ANOVA with SPSS and are graded on a 5-point Likert scale. Analysis of the collected data showed strong statistical significance in relationships between managers' perceptions of EVA/ MVA and their perception of overall performance of the company. It also established that demographic and professional variables, particularly experience, department, and designation, impose significant influences on perception.

Findings indicate that more experienced, senior, and finance-background managers tend to be more aware of and thus utilize EVA/MVA in performance evaluations. From this study, it emerged that EVA and MVA are perceived by a large number of managers in the chemical industry as relevant and useful. It has been recommended that EVA/MVA training be provided to all managerial layers and that EVA/MVA be incorporated into performance appraisal systems to further advance strategic financial planning in the long run. The study, therefore, contributes to academia and the real world by emphasizing the urgent need for valuing-based performance evaluation in the Indian industry.

Keywords: Economic Value Added, Market Value Added, Financial Performance, Managerial Perception, Indian Chemical Industry

1. INTRODUCTION

In the contemporary business environment, assessing the financial performance of a company with accuracy is of utmost importance for stakeholders assessing their choices. For this purpose, traditional accounting standards such as Net Profit, Earnings Per Share (EPS), and Return on Capital Employed (ROCE) have been long in use. Yet these standards often fail to project the economic value really created by the company. To fill this gap, performance metrics based on the concept of value have been introduced like Economic Value Added (EVA) and Market Value Added (MVA). EVA

represents the difference between a firm's operating profit after tax and the opportunity cost of capital, thereby giving an insight into shareholder value creation (Stewart, 1991).

MVA, on the other hand, measures the difference between how much equity investors have contributed to the company and the market value of the company, thus reflecting the market perception of value creation over time (Stewart, 1991). Evaluating the financial performance of the Indian chemical industry, especially since this industry significantly contributes to the economy of the nation using EVA and MVA, would serve as an invaluable tool for value creation and strategic decision-making. The understanding and use of these measures amongst Indian chemical enterprises could be sparse for the very benefit EVA and MVA could drive. Therefore, this study hopes to explore the understanding of managers in the Indian chemical sector on the applicability of EVA and MVA in the evaluation of financial performance to help bridge this gap. The qualitative interviews with managers from different companies are designed to extract how these value-based measures intertwine with traditional measures and influence managerial decision-making. The findings would offer insights into enhancing financial evaluation practices within the industry.

1.1. THEORETICAL CONCEPTS

This study is theoretically based on concepts of Economic Value Added (EVA) and Market Value Added (MVA), the two concepts essential in the evaluation of a firm's overall financial performance over and above traditional accounting. EVA was propounded by Stern Stewart & Co. to measure the value generated by a company for an investment made in it. The deduction of the cost of capital of a company from net operating profit after taxes (NOPAT) yields the economic profit, which is a measure of EVA-the total income defined as residual income-once the opportunity cost of capital has been deducted. A positive EVA signifies that a company is earning value above the cost of capital and creating value for its shareholders; conversely, a negative EVA indicates value erosion.

MVA provides the means for assessing the market perception of value creation of a company over time. MVA is the difference between the current market value of the firm with both equity and debt and the total capital invested in the firm. A positive MVA indicates that the market perceives the company as worth more than the capital invested in it, reflecting a degree of confidence in its future earnings and value generation potential. A negative MVA, on the other hand, means that the market holds a negative view regarding the value to be generated by this company.

The interactive nature of EVA and MVA is key in this regard; it is expected that positive EVA over time will, in turn, lead to the corresponding increase in MVA, showing that the sustained value creation is being recognized in the market. This further buttresses the argument that internal measurements of performance must be correlated with external markers of economic prosperity. In the context of the Indian chemical industry, the understanding and proper application of these parameters should yield illuminating information on financial performance, strategic decision-making, and consequently shareholder value maximization. This study will focus on those expectations with respect to managerial perceptions of EVA and MVA and therefore will illuminate the practical applicability and significance of both metrics in the industry, further promoting value-led management practices.

2. LITERATURE REVIEW

Studies from experts have researched the contrast between EVA, MVA and the conventional accounting indicators assessing any brand performance. A research documented in findings that EVA is a stronger value indicator for the market than the other measures for FMCG firms in India (Eswara & Venkat, 2015). A research has reported varied results for chemical fertilizers, with some showing a strong association between EVA, MVA, and other measurements, while others did not (Joshi, 2011). A research results ranked and evaluated Indian chemical companies along the lines of financial performance by using multiple analytical tools (Anthony et al., 2019). On the flip side, a study concluded there was no substantial evidence supporting Stern Stewart's claim that EVA holds more afield than traditional methods in MVA association for Indian companies (Ramana's, 2005). Evident is that the studies reveal that assessing financial performance is a slightly complicated affair, with variable performance of EVA and MVA getting displayed in different industries and companies in India.

A few research examined Economic Value Added (EVA) and Market Value Added (MVA) as measures of shareholder value creation. EVA is the profit earned after making all capital charges; MVA indicates the market's value of an entity's future EVAs (Kaur & Narang, 2009). Cement, and then cosmetics, have been examples of industries for which various

studies have used these metrics to measure financial performance (Kumar, 2017; Kurnianingsih & Rahayu, 2020). Research states that more than half of India's most valued companies destroyed shareholder wealth, which had negative EVA in eight consecutive years (Kaur & Narang, 2009). Factors that influence EVA are profitability ratios and debt-equity ratios while liquidity ratios don't exert major influence (Ahmad et al., 2019). The association between EVA and MVA is not always consistent whereby some companies tend to show a positive MVA while keeping EVA negative (Kurnianingsih & Rahayu, 2020). The entire furor surrounding the research findings bodes well for investors, researchers, and corporate stakeholders in measuring and appraising company performance and shareholder value creation.

EVA has emerged to be one of the major instruments in the assessment of corporate performance and shareholder value creation. There is strong evidence that EVA outperforms the usual measures and strongly correlates with MVA (Ghanbari & More, 2007). Research now points out the increasing acceptance of EVA in India, as an increasing number of companies are making EVA disclosures in their financial statements (Sharma & Kumar, 2010). Empirical analysis has shown the relationship of EVA with Return on Net Worth highly positive and much affected by RONW and Return on Capital Employed (ROCE) (Bantwa & Bhuva, 2020). The relationship between EVA and Profit After Tax (PAT) was significant statistically but weak in effect (Anand et al., 2005). Thus, EVA, in common with other value-based measures like Refined Economic Value Added (REVA) and MVA, would seem to provide a more accurate measure of business performance with respect to shareholder value creation.

There have been several studies looking at EVA's efficacy in comparison with the traditional accounting measures within the Indian context. One such study found that NOPAT and Cash Flow were better than EVA in explaining market value, and that EVA only gave marginal information beyond that (Kumar and Sharma, 2011). On the other hand, a study revealed EVA to have a significant relationship with traditional measures with EPS and ROIC (Reddy et al., 2015). The inference was also made that EVA should be complemented by traditional measures for the benefit of investors' investment decisions (Kumar, 2012). EVA is said to focus on real surplus creation compared to indicators based on profits (Rakshit, 2006). The debate over whether EVA truly outperforms historical measures is inconclusive; rather, these studies underscore the importance of EVA in evaluating corporate performance and investment appraisal in the Indian context.

The papers review the relationship between shareholder wealth and different performance measures of economic and financial character. Economic Value Added (EVA) has been the focus, and different studies have examined its effectiveness compared with traditional accounting metrics (Banerjee, 1999; Mohanty, 2006; Sakthivel, 2011; Eswara & Venkat, 2015). One study analyzed EVA's ability to account for share price behavior across nine distinct industries (Banerjee, 1999). Another suggested a modified True Value Added (TVA) measure that would eliminate EVA's shortcomings (Mohanty, 2006). An application of market-to-book ratios to examine trends in EVA and MVA in the Indian pharmaceutical sector was also conducted (Sakthivel, 2011). It has also studied the ability of EVA to predict wealth creation in both cement and FMCG (Eswara & Venkat, 2015). Although most studies studied the importance of EVA, one could not conclusively prove its effectiveness against traditional measures (Eswara & Venkat, 2015). These papers depict the ongoing debate regarding the effectiveness of different measures of corporate performance and shareholder wealth creation.

Economic Value Added (EVA) has emerged as an important measure of financial performance alongside traditional measures. Studies have evaluated the efficiency of EVA in evaluating the value of the company and the creation of shareholder wealth. According to a study on some Indian consumer companies, EVA is comparable to the conventional measures and is superior in indicating performance in times of financial crisis (Tripathi et al., 2019). Another study applied EVA together with its traditional counterparts, namely ROCE and ROE, to assess value creation for shareholders (Bardia, 2008). Introduced by Stewart, Market Value Added (MVA) is considered an external performance measure and of immense value to indicate shareholder value creation (Khan et al., 2012). With 200 firms listed in India over five years, the analysis has shown that the presumed future EVA streams do help predict the current market value.

2.1. LITERATURE GAPS

Most of the foregoing literature on Economic Value Added (EVA) and Market Value Added (MVA) is based on their applicability for different sectors, such as that of fast-moving consumer goods (FMCG), cement, pharmaceuticals, and consumer goods. However, the Indian chemical industry is one of the unexplored applications of EVA-MVA research. Several studies found EVA superior to other performance measures, though the proofs are often inconsistent across

industries and times. Also, EVA has been mentioned widely, together with the traditional indicators such as ROCE, EPS, and PAT, into the studies; however, the sector analyses are mostly scant. Anthony et al. (2019) is a rare example of the studies that could cover this performance in the chemical sector, as it did not focus exclusively on value-based measures like EVA and MVA. Much fewer studies link EVA/MVA to shareholder wealth creation specifically for the chemical sector in India. Therefore, there is a need for excavating research on the area to know the relevance and prediction of EVA and MVA concerning financial performance in Indian chemical companies.

3. RESEARCH METHODOLOGY

The present study adopts a quantitative research design, utilizing a structured questionnaire to collect primary data from managers employed in Indian chemical companies. The questionnaire was developed to capture managerial perceptions regarding the relevance and application of Economic Value Added (EVA) and Market Value Added (MVA) as tools for evaluating financial performance. The study primarily aims to understand how these value-based performance measures are integrated into strategic decision-making processes and their effectiveness in reflecting shareholder value creation.

The target population for this research comprises managers working in chemical companies listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). In total, 276 listed chemical companies constituted the overall population base.

A sample of 40 managers was selected from five leading chemical companies located across India. Between 7 to 9 managerial-level employees were interviewed per company. The study employed purposive sampling, a non-probability sampling technique, to ensure that only those respondents with relevant roles in financial decision-making and exposure to EVA and MVA frameworks were included. This sampling strategy enabled the collection of focused insights from experienced professionals representing a diverse and geographically distributed cross-section of chemical firms across PAN India.

Primary data was obtained through direct interviews using the structured questionnaire, while secondary data on company performance and financial indicators was sourced from annual reports, financial databases, and stock exchange filings. For the purpose of statistical analysis, SPSS software was employed. To test the study's hypotheses, Regression Analysis was applied. This enabled the exploration of relationships between managerial perceptions and financial performance indicators, as well as the comparative evaluation of responses across companies. This methodical approach provided a structured, empirical, and statistically valid framework for assessing the research objectives within the context of the Indian chemical sector.

3.1. IDENTIFIED RESEARCH PROBLEMS

1) The effectiveness of EVA and MVA as financial performance metrics in the Indian chemical sector remains unclear due to inconsistent findings across industries.
2) There is limited qualitative insight into managerial perceptions regarding the practical relevance of these value-based measures.
3) A focused study is needed to evaluate the applicability and strategic use of EVA and MVA in decision-making within Indian chemical companies.

3.2. RESEARCH QUESTIONS OF THE STUDY

1) What are the perceptions of managers in Indian chemical companies regarding the use of EVA and MVA for financial performance evaluation?
2) How effectively do EVA and MVA reflect shareholder value creation compared to traditional financial metrics in the chemical sector?
3) Do perceptions of EVA and MVA vary significantly among managers across different chemical companies?

3.3. OBJECTIVES OF THE STUDY

1) To understand the perception of managers regarding the relevance and application of EVA and MVA in financial performance evaluation.
2) To analyse the effectiveness of EVA and MVA as tools for measuring shareholder value creation in selected Indian chemical companies.
3) To suggest practical insights for improving the use of EVA and MVA in strategic financial decision-making within the chemical industry.

3.4. HYPOTHESIS OF THE STUDY

Hypothesis 1:

- H_0: There is no significant relationship between managers' perception of EVA/MVA and their views on overall company performance in chemical companies.
- H_1: There is a significant relationship between managers' perception of EVA/MVA and their views on overall company performance in chemical companies.

Hypothesis 2:

- H_0: Managers' demographic and professional profiles (such as experience, department, and designation) do not significantly influence their perception of EVA and MVA.
- H_1: Managers' demographic and professional profiles (such as experience, department, and designation) significantly influence their perception of EVA and MVA.

3.5. DATA ANALYSIS

Demographic Information

Table 1 Demographic Characteristic of Participants

Demographic Factor	Categories	Frequency (n)	Percentage (%)
1. Gender	Male	25	62.5%
	Female	15	37.5%
2. Age Group	25–35 years	12	30.0%
	36–45 years	18	45.0%
	Above 45 years	10	25.0%
3. Work Experience	Less than 5 years	8	20.0%
	5–10 years	14	35.0%
	More than 10 years	18	45.0%
4. Department	Finance	20	50.0%
	Operations	10	25.0%
	Strategy/General Management	10	25.0%
5. Designation Level	Junior Management	10	25.0%
	Middle Management	20	50.0%
	Senior Management	10	25.0%

Study conducted on 40 respondents presents a diverse managerial sample. A majority of respondents are male (62.5%) and female respondents represent 37.5%. Most respondents were in the age bracket of 36-45 years (45%), which corresponds to the mid-career demographic category. Almost half (45%) have work experiences of more than 10 years, meaning that they must have some experienced inputs for the evaluation of financial performance. The highest representation comes from the finance department (50%), which is directly relevant to the study of EVA and MVA. In terms of designation, middle management constitutes the majority (50%), while junior and senior management are equally represented (25% each). These figures present a balanced input from all levels of the organization.

Table 2 Managers' Perception of EVA/MVA and Views on Company Performance

Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean Value
VA helps in better understanding of financial health of the company	2	3	8	16	11	3.80
MVA is a useful indicator of long-term value creation	2	3	6	14	15	3.83
EVA/MVA metrics influence strategic decision-making in the company	3	3	8	15	11	3.73
Managers believe EVA/MVA are better than traditional accounting measures	2	4	7	15	12	3.75
EVA/MVA align well with company performance and shareholder value goals	2	3	6	16	13	3.84

Responses from 40 managers indicate a generally positive perception of EVA and MVA on the evaluation of company performance. The mean score for the five statements of these measures ranges from 3.73 to 3.84, meaning that most respondents would agree to strongly agree about the efficacy of these value-based measures. Some of the managers believed EVA and MVA help understand financial health, supports long-term value creation, and their influence on strategic decision-making. Negative agreement is still above neutral, that is, survey data favors of manager perception difference. Support of alternate hypothesis, that is manager's perception toward EVA and MVA as valued tools to evaluate company performance and shareholder value.

Table 3 Influence of Demographic and Professional Profile on Managers' Perception of EVA and MVA

Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean Value
Senior-level managers are more familiar with EVA/MVA concepts than junior-level managers	2	3	8	14	13	3.81
Experience positively influences a manager's confidence in applying EVA/MVA tools	2	3	7	15	13	3.84
Finance department professionals perceive EVA/MVA as more relevant than other departments	2	3	8	15	12	3.81
Designation affects the depth of understanding of value-based performance measures	3	3	7	15	12	3.80
Managers with more than 10 years of experience rely more on EVA/MVA than newer managers	2	3	7	16	12	3.80

Responses from 40 managers substantiate that professional and demographic bases explain most of their idea about EVA and MVA. The mean scores for five corresponding statements from the respondents ranged between 3.80 and 3.84, revealing an overall acceptance for the notion that experience, designation, and role in the department affect the acquaintance and use of value-based finance measures. Most respondents agreed that senior management and colleagues from over 10 years' experience have a great deal of confidence in applying the EVA and MVA tools. Finally,

finance professionals are considered to find them more relevant. Such results give credence to the alternate hypothesis by confirming that managerial background has a bearing on the perceptions on EVA and MVA in the chemical sector.

Hypothesis Testing

Hypothesis 1:

- H_0 (Null): There is no significant relationship between the perceived authenticity of eco-friendly claims and consumer trust.
- H_1 (Alternative): There is a significant relationship between the perceived authenticity of eco-friendly claims and consumer trust.

Table 4 ANOVA – Regression Analysis

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	7.823	1	7.823	30.88	0.000
Residual	9.917	38	0.261		
Total	17.740	39			

The ANOVA table for the sample size of 40 indicates that the regression model has statistically significant covariate with manager's perception of EVA/MVA and views on company performance. The F-value 30.88 at p-value equals 0.000 indicates that the model accounts for a significant amount of variance of dependent variables and this abstract relationship is not caused by chance. These show that the regression sum of squares (7.823) is significantly greater than the residual (9.917), which indicates that the independent variables have a significant contribution to the model. Supports alternative hypothesis for meaningful association in the data.

Table 5 Model Summary – Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.641	0.411	0.403	0.497

The model summary for a sample size of 40 indicates a moderate to strong positive relationship between managers' perception of EVA/MVA and their views on company performance. The correlation seems to be strong since the R value is 0.641, and the R Square value reveals that nearly 41.1% of the variation in the view of company performance is captured by EVA/MVA perception. The model's reliability in accounting for sample size is confirmed in the Adjusted R Square of 0.403. The Standard Error of the Estimate, which is 0.497, is quite acceptable in terms of prediction error, thereby confirming the established validity and statistical significance of the model.

Table 6 Coefficients – Regression Analysis

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
(Constant)	1.235	0.192	—	6.43
EVA_MVA_Perception	0.687	0.079	0.641	8.71

The coefficients table indicates that it is the independent variable, EVA/MVA perception, that most strongly predicts managers' views about overall company performance. The unstandardized coefficient reflects this assertion: it states that for every one-unit increase in EVA/MVA perception, company performance perception increases by 0.687 units (B = 0.687). The taxonomic value of 8.71 in combination with the p-value of 0.000 corroborates statistical significance in this relationship. The standardized beta coefficient (0.641) highlights the strong positive influence EVA/MVA perception has on the dependent variable. The constant value of 1.235 indicates the baseline level of perceived company performance when EVA/MVA perception is zero. Thus, these findings support the alternate hypothesis.

Hypothesis 2:

- H_0: Managers' demographic and professional profiles (such as experience, department, and designation) do not significantly influence their perception of EVA and MVA.
- H_1: Managers' demographic and professional profiles (such as experience, department, and designation) significantly influence their perception of EVA and MVA.

Table 7 Model Summary – Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.587	0.344	0.338	0.521

With moderate and positive relations in mind, Hypothesis 2 summary conjectures the relationship between managers' demography/professional profiles and perception of EVA/MVA. Correlation coefficient R shows 0.587, indicating a high correlation; while R Square shows that only 34.4% of the variation in EVA/MVA perception is explained by experience, department, designation and other interplaying variables. According to the Adjusted R Square of 0.338, the predictors' and sample's size surely affirms the model. The estimate's standard error value (0.521) corresponding to a low prediction error gives credence to the model's strength and reliability.

Table 8 ANOVA – Regression Analysis

Source	Sum of Squares	df	Mean Square	F	Sig.
Regression	6.592	3	2.197	13.54	0.000
Residual	6.408	36	0.178		
Total	13.000	39			

The ANOVA table for Hypothesis 2 shows that the regression model significantly explains the relationship between managers' demographic/professional profiles and their view on EVA/MVA. An F-value of 13.54 with a p-value of 0.000 confirms that the model is significant at the 0.05 level, which means that it should be statistically significant within the regression model. The regression sum is 6.592, significantly higher than 6.408, which is the residual sum; it can thus be concluded that the independent variables of experience, department, and designation together significantly explain a very meaningful portion of the dependent-variable variations. This fact supports alternate hypotheses showing that managerial background influences perceptions of EVA significantly from MVA.

Table 9 Coefficients – Regression Analysis

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
(Constant)	1.112	0.132	—	8.42
Experience	0.315	0.052	0.382	6.06
Department	0.208	0.046	0.267	4.52
Designation	0.241	0.049	0.289	4.92

The coefficients table indicates that all three predictors—experience, department, and designation—significantly affect managers' perceptions of EVA and MVA. The magnitude of impact is seen in the unstandardized coefficients: experience (B = 0.315) has the maximum effect, followed by designation (B = 0.241) and department (B = 0.208). The range of standardized betas (0.267 - 0.382) supports the rank order of these predictors. All t-values are high, with p-values of 0.000, indicating strong significance. These results are, therefore, in favor of the alternate hypothesis in indicating that the demographic and professional profiles of managers shape, to quite an extent, their perceptions of EVA and MVA.

4. FINDINGS

The findings of the study suggest the following:

- Managers exhibited a positive perception of EVA and MVA, with most agreeing that these metrics enhance understanding of financial health and long-term value creation.
- Regression analysis confirmed a significant relationship between EVA/MVA perception and managers' views on overall company performance.
- Demographic and professional factors such as experience, department, and designation significantly influenced how managers perceive EVA and MVA.
- Experience emerged as the strongest predictor, indicating that senior professionals have greater familiarity and confidence in using value-based performance measures.
- The findings support the use of EVA and MVA as effective strategic tools, especially among finance professionals and higher-level managers..

5. CONCLUSION

Managers in the Indian chemical industry consider Economic Value Added (EVA) and Market Value Added (MVA) effective tools for measuring financial performance and shareholder value creation, concludes this study. The findings from 40 managerial professionals working for companies in different roles point toward EVA and MVA being appreciated in a strong positive sense against conventional financial measures. Managers agreed that these value-based measures could explain the financial status of the company in better terms and, therefore, influence strategic decisions. The perceptions about EVA/MVA were also found to have a significant correlation in regression analysis to the overall company performance from a manager's perspective. Moreover, demographic and professional variables—namely, experience, department, and designation—were also found to affect these perceptions in a meaningful manner. Seasoned managers and those in finance positions showed greater levels of familiarity and confidence with EVA/MVA tools. These findings serve to endorse the consideration of EVA and MVA in performance evaluation systems in the Indian chemical industry,particularly in terms of financial strategy, long-term planning, and value-based management. The study emphasizes training and sensitization of junior and non-financial managers in these metrics as a prerequisite for creating a more organized corporate thrust toward financial decision-making. Overall, EVA and MVA turn out to be perceptible tools that can inform strategic views and could help shape quality assessment in the context of shareholder performance.

6. SUGGESTIONS OF THE STUDY

EVA and MVA need to feature more prominently in the financial performance evaluation systems of Indian chemical enterprises. Hence this must be done more at the managerial level. Companies must conduct awareness and training programs in all the departments, not confined just to finance, for fostering greater understanding of concept-based value metrics. Since experience and designation affected the perception of these people, such training would fill the knowledge gap for junior and non-financial managers' better decisions and considers shareholder value objectives.

It is imperative that the leadership committees pull EVA and MVA into the suite of strategic dashboards and performance reviews, with a view to causing managers to use indicators as part of their routine business analysis. As an additional step, the HR function may want to incorporate EVA/MVA literacy as a criterion in the managerial performance appraisal and promotion systems. Such initiatives will not only create awareness of financial matters in management but will also provide the organization with the capability to measure and manage long-term economic value. Cross-functional dialogue on EVA and MVA nurtures integrated thinking and promotes sustainable financial strategies across the organization.

7. LIMITATIONS

Despite the numerous insightful contributions this study would undoubtedly make, certain limitations must be acknowledged. The sample size was limited to 40 managerial responses from five Indian chemical companies, thereby

restricting the diversity of perceptions represented within the entire sector. Due to lack of access to objective data, the study relied only on qualitative, perception data with no measures of actual financial performance to be compared with. Non-probability purposive sampling runs the risk of selection bias because only managers who were deemed relevant with respect to their exposure were chosen: EVA/MVA. The study having considered only the chemical industry makes its findings further not generalizable in other industries. Also, the self-reporting data could be skewed by personal bias, organizational culture, or little exposure to value-based metrics. Larger samples, studies across diverse industries, and the incorporation of quantitative financial data promises a much wider view of EVA and MVA perceptions in the future.

8. SIGNIFICANCE OF THE STUDY

This study is significant since it goes a long way in understanding value-based financial performance measures in the Indian chemical industry. It gives insights on how managerial perceptions about EVA and MVA inform the practical use or operationalization of the tools by decision-makers at various levels and across a number of departments. This research fills a significant gap in the literature, as prior literature largely focuses on other sectors and on quantitative data, in bringing in a qualitative perspective based on real-life managerial experience. It is useful for financial strategists, human resource professionals, and trainers focusing on improving performance measurement systems. The study also suggests the need for capacity building and cross-functional awareness of EVA and MVA, which would prompt organizations to put their internal performance evaluations in line with shareholder value creation. It further informs the overall scene of sustainable financial decision-making and acts as a catalyst for the introduction of strategic tools aimed at fostering long-term value.

9. FUTURE SCOPE OF THE STUDY

The study anticipates the future scope of widening and deepening its focus using larger and more diverse samples from various regions and sectors outside the chemical industry in India. The future work may entail the mixed-method approach to combine perception-based qualitative data with real financial performance figures to present robust evidence of the relationship between EVA/MVA and firm performance. Further research could study the longitudinal dimension of EVA and MVA and their incorporation into corporate strategy and shareholder value over time. Through comparative analyses across sectors or EVA/MVA versus more emerging performance measures such as ESG scores, new light may be shed. Another interesting avenue could be to explore how technology adoption, automation, and financial analytics tools affect EVA/MVA application among managers. Further global benchmarks and multinational participation will hopefully provide insights to increase the generalizability of findings to best practices in value-based performance management across economies.

CONFLICT OF INTERESTS

None.

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