



The Study of the Ability of Internal Criteria of Management Performance Evaluation in Explanation of Value Creating for Shareholders

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Development of capital market has led to the development of companies and making the transactions of the companies stock easy which has changed the investor's expectations. Today investors pay more attention to the changes in the market value of their investment instead of annual dividend. This fact has caused changing in the criteria of management performance evaluation and leading the operation of companies toward value creating for shareholders. This research aims at studying the ability of types of internal criteria of management performance evaluation in explanation of changes in stock market value of the listed companies in 1379-1385. In the present research by use of Forward Regression Test the ability of traditional accounting criteria and new criteria based on value added in explanation of changes in Market Value Added (MVA) were studied. The results of the study at the level of significance of 95% showed a higher explanation ability of Economic Value Added (EVA) in comparison with traditional accounting criteria and Cash Value Added (CVA) and Refined Economic Value Added (REVA). Therefore Economic Value Added is the most relevant criterion in management evaluation for value creation for shareholders.

Key words: Value creating, Internal criteria performance evaluation, Traditional criteria, Economic value added, Refined economic value added



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