

**IMPACT OF INTERNAL MEASURING
TOOLS OVER THE MARKET VALUE
ADDED(MVA) OF A COMPANY
(ASTUDY OF SELECTED LISTED COMPANIES
FROM CEMENT SECTOR)**

By

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I hereby certify that the above candidate's thesis has been completed to my satisfaction and, to my belief, its standard is appropriate for submission for examination. I have also conducted plagiarism test of this thesis using HEC prescribed software and found similarity index at ----- that is within the permissible limit set by the HEC for the MBA thesis. I have also found the thesis in a format recognized by the Department of Management Sciences.

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Abstract

The level of development and growth, Pakistan's economy has demonstrated, increased the tendency of cut throat competition among companies operating in Pakistan. This resulted in the form of improvement in shareholder's awareness regarding companies' profitability indicators causing the increased pressure of perpetually performing better.

One of the indicators assisting in company's performance evaluation is Market Value Added (MVA). This study is an endeavours to understand the behaviour of MVA against other internal performance measuring tools such as Economic Value Added (EVA), Return on Assets (ROA), Return on Equity (ROE), Return on Capital Employed (ROCE), Earnings per Share (EPS), Debt Ratio, Assets Turnover, Rate of Return on Capital Employed, Rate of Return on Sales and Sales Growth.

Study covers half of listed companies from Cement Sector of Pakistan. Literature related with this study proved that these indicators' behaviour differs in different economies of the world. Outcomes unveil the relationships among said indicators as follow; R-Square between MVA and rest of the other indicators lies (1.8% to 64%) that shows MVA is has got weak or moderate correlation with other indicators except Economic Value Added (EVA) as MVA and EVA has got strong correlation, R-Square = 64.99%.

T-Statistics has been found ranging between (2.544 to 14.1607) that shows internal measuring tools has got significant impact on MVA, except in the case of ROE, ROCE, Total Assets Turnover and Debt Ratio where T-Statistics is less than 2, shows no impact of these indicators over MVA.

Keywords:

Market Value Added (MVA), Economic Value Added (EVA), Return on Assets (ROA), Return on Equity (ROE), Return on Capital Employed (ROCE), Earnings per Share (EPS).

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