THE ROLE OF VALUE-BASED INDICATORS IN THE PERFORMANCE OF THE ENTITY

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Abstract. This article aims to address performance through the lens of the economic-financial analysis, namely through the analysis of traditional and value-based indicators. Classical indicators do not expressly reflect the creation of value, thus the study takes into consideration the EVA indicator. Therefore, the study focuses on verifying if a number of traditional indicators evolve in the same trend as the EVA indicator, comparing this way the indicators used to measure the value of the shareholders. The article analyses the dynamics of the indicators at S.C. ROMGAZ S.A. By comparing the results of the indicators and by analysing their trends, it is possible to accurately identify the factors that actually influence the value, so the entity can focus on improving them. The article highlights the impact of using the EVA indicator in optimizing the added value measurement. This article investigates the effectiveness of EVA use at entity level. The concept of economic added value is analysed because it takes into account the cost of the invested capital, not only the results.

Keywords: performance, economic added value, return on capital, earnings per share

1. Introduction

The notion of performance will always be a dynamic concept around which there will be assumptions and contradictions. This is why there is a variety of definitions in the literature. A generally accepted definition cannot be adopted because of the particularities of each entity and the expectations of those involved. Therefore, a common definition would be subjective and variable. Measurement of value creation for shareholders has become a debated issue worldwide, becoming a paramount issue due to the fact that more and more entities have engaged in this process. No consensus has been reached regarding the measurement of the created value; however, the aspect that all entities share is that value for shareholders is the general objective of an entity. The new measurements, based on the economic model, were generated as a consequence of the fact that the traditional measurements based on the accounting model are not harmonized with the creation of value for shareholders. The general shared opinion of those who have written articles in this field is that the value for shareholders is created when the investment made brings income higher than the

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