THE RELATIONSHIP BETWEEN ECONOMIC VALUE ADDED (EVA) WITH EARNINGS PER SHARE AND STOCK PRICE ON TEHRAN STOCK EXCHANGE (CERAMIC, TILE AND CEMENT INDUSTRIES)

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Abstract: The aim of this study was to investigate the relationship between economic value added (EVA) with earnings per share and stock price in the companies operating in the cement, ceramic, and tile industries and is listed on Tehran Stock Exchange. The respective data for analysis through financial reports and accompanying explanatory notes was collected and extract from Tehran Stock Exchange website and Rahavard Nowin software. To test the hypothesis, after determining the diagnostic method, regression analysis was used. The results showed that the relationship between EVA and earnings per share in the ceramic and tile industry is positive and in the cement industry is negative. The relationship between EVA and stock price in the ceramic and tile industry is significant and positive and in the cement industry is negative.

Keywords: EVA, earnings per share, stock price.

1 Introduction

Accounting is an information system, that the main users of the major part of this information are shareholders and managers of a firm economy. But management according to responsibilities for different groups of users of financial information, also according to legal requirements or requests for funds by businesses or firms, offer various information for the range of external users of financial information in a specific framework. The accuracy of these reports is confirmed by independent auditors. Financial reports are among the most important products from accounting information systems for different groups of users of financial information are provided in the framework and the accuracy of these reports is confirmed by independent auditors. (Bahrami, 1997).

The profits can be used to evaluate the profitability, ability to pay dividends, forecasting and assessing the risks of investing in the company's future earnings. Therefore, traditional performance evaluation measure is the most important earnings, but this standard is impaired. Earning is able to manipulation using different methods to assess inventory, research and development expenditures, depreciation and reserves. Also, in calculating earnings, capital expenditures order not to be. To overcome these drawbacks, a new measure called economic added value added by Stern and Stewart was introduced in 1989 to evaluate the performance.

Economic value added is defined as operating income minus the cost of capital that is used to create it. In measuring performance based on traditional accounting profit, the only costs to be financed through debt, while in the calculation of economic value added, cost of debt and equity financing, both to be considered. The concept of economic value added, in addition to profit, it is also important. So, profits with the amount of investments made and how much was the cost of capital?

In this study, investigate the economic value added and its relationships to earnings per share and the stock price in companies listed on Tehran Stock Exchange (cement and ceramic- tile industries).

2 Statement of the problem, the necessity and importance of research

With the advent of large enterprises and the formation of separation of ownership from management issues because of conflicts of interest between owners and managers, to evaluate the company's performance and management issues of interest to various segments such as creditors, landlords, government and even the general manager. One purpose of accounting science is to provide information to investors and analysts to help them to assess the organizations and managers performance. Different groups, often with the use of financial ratios based on balance sheet information, benefits and disadvantages bills and statement of cash flows have been prepared, to evaluate the performance of companies. But each category of financial ratios, on the one hand because only one dimension of financial performance to assess (a class of their liquidity ability, teams can assess ability to grow earnings and the other part) and on the other hand the reason for using accounting net profit have misunderstandings. Net profit is a lot of uncertainty, including the possibility of smoothing, the use of estimates in calculating earnings as costs for bad debts, the use of management freely accepted accounting methods. Therefore, the new standard is needs to have fewer restrictions. So, the economic value added because accounts the opportunity cost as a cost in the accounting, different with other accounting standards. EVA examined actual profit companies, i.e. direct costs and indirect debt is considered 'equity (Nikbakht and Moghimi, 2011).

Earnings reflected in the income statement, wealth is created in a specified time interval to shareholders awarded. While the added value represents the wealth that by working groups of shareholders, lenders, employees and the government created a fiscal period is specified. Thus, each of the above groups received their share. This means that the value-added concept is broader than the profit. The company's added value as a measure of performance because calculate the value of the wealth generated by the company in a given period. So it is a measure for management performance. Investors who have a major role in the capital market, when deciding to purchase securities need to know the real value of the company and its stock. So, there are still doubts about this concept that the earnings per share is an appropriate measure to decide shareholders or not or whether economic value added have the relationship with earnings per share? Or even play a fundamental role in investors' decisions or not. Therefore, understanding the relationship between EVA and earnings per share (EPS) is too important.

The aim of this study is to investigate the relationship between EVA and earnings per share and share prices in Tehran Stock Exchange, according to the industry type.

2.1 Theoretical Foundations

In this section, the theoretical foundations of economic added value, the earnings per share and the stock price is expressed.

2.2 Earnings per share (EPS)

There are many articles and discussions about profit and EPS. Some researchers investigate the relationship between EPS and dividend per-share (DPS) and stock price. In many countries, the importance of this account is that it is effective as one of the basic criteria in determining stock prices and it has been used widely in the stock assessment models.

EPS are one of the most important financial statistics that are of interest to investors and financial analysts. Earnings per share reflects the potential benefit that income per ordinary share and is often used to evaluate the profitability and risk associated with profit and judge whether the stock price is used. Now, the companies listed in Tehran Stock Exchange, in accordance with the directives of stock, are required to provide information about real and predicted EPS and disclosure of subsequent changes in predictions, but there is not specific accounting standard on how to calculate and report EPS.
According to Irala (2005), EPS is a measurement of the company's per-share performance. Based on this definition, EPS is a performance measurement which assessed based on the value per share profit. Meanwhile, according to Sawir (2001), EPS is a ratio used to determine how much net income per share. For that in its calculations, EPS does not include the cost of capital for the use of debt will lead to a change in EPS and also changes in the risk - as these two factors will changes the company's stock price.

2.3 Economic value added (EVA)


EVA first time to identify, create and presented by Stern and Stewart's to provide consulting services to companies that want a proper level of compensation for managers. Innovators like Stern re-organize practical limit profits were revised accounting. Unlike traditional measures such as EBIT and NOPAT and ..., EVA was based on the firm's profitability.

Companies such as Coca-cola, Diago and SPX implement EVA as a guide to create value for the shareholders. Investment companies such as Management Global Asset and Oppneheimer Capital use from EVA for stock selection, portfolio construction and risk control process.

EVA is a measure that uses for the overall monitoring of value creation by firms. EVA is not strategy, but a way to measure the results.

EVA is the difference between net operating profit after tax and cost of capital.

EVA is evolved version from RI which is deducted all costs, including the opportunity cost of capital (Rau and Satish, 2007).

So, the EVA is different traditional tools to measure the accounting profit, such as EBIT, and EPS because EVA is the total cost of financing.

2.4 Stock price

It is believed that stock prices are determined by some macroeconomic variables such as interest rates, currency, and inflation. Several studies investigate the effect of economic forces on stock returns in different countries. For example, arbitrage pricing theory was used by Ross (1976), Chen et al (1986) to illustrate the effect of macroeconomic variables on stock returns in the capital markets in the United States. Their findings showed that industrial production, changes in the risk premium and changes in the term structure have a positive relationship with stock expected returns. However, the relationship between predicted and unpredicted inflation rate with expected stock returns is significant and negative.

Stephen Ross (1976) was presented Arbitrage pricing theory as a substitute for capital asset pricing model. Capital asset pricing model begins with this process that how investors can create an "efficient portfolio". However, Arbitrage pricing theory to look at risks of completely different perspective and measure stems and is not looking for efficient investment portfolios, but it's based on the assumption that stock price adjustment when shareholders are seeking Arbitrage profits. When the income Arbitrage -differences, say no price adjustment at equilibrium. Definition of market efficiency in this theory means that there is no Arbitrage opportunity.

Arbitrage pricing theory knows the real return bonds, a function of the economic variables. Unlike the model capital asset pricing model makes it possible to provide more than one systematic risk factor. In the investment portfolio, stock specific risk for per share is not important. Error factor of individual stocks are not dependent, and their correlation coefficient is zero. In these circumstances, the only risk factor is important and demonstrates that systematic risk can't be deleted, but unsystematic risk is eliminated with diversity in investment.

Chen et al., (1986) believed that the truth lies in the five economic factors and different stocks have different sensitivities to these five factors and these factors are a major part of the source of systemic risk in the portfolio account.

In their view, the five factors are:

- Changes in inflation forecasting;
- 2) unexpected changes in inflation;
- 3) unexpected changes in industrial production;
- 4) unexpected changes in the differential between the yield to maturity bonds, junk bonds and preferred securities (bonds risk premium); and
- 5) unexpected changes in the yield to maturity the difference between long-term and short-term bonds.

Tests done on Arbitrage pricing model showed that the theory of competitive pricing model capital, in overwhelming abduced.

Poon and Taylor (1991), a similar study, Chen et al., (1986) conducted in the UK market. Their results showed no effect of macroeconomic variables on stock returns in the United Kingdom. This conclusion was contrary to the findings of Chen et al in the US stock market. Poon and Taylor believe this is due to their differing conclusions or other macroeconomic factors on stock returns have influenced the UK or the inefficient method has been used by Chen et al., The claim that economic variables such as inflation, exchange rates and stock prices are stimulating and affecting, as a theory has been accepted. However, in the past decade, efforts to study the impact of economic forces theoretically and empirically measure its effects, is done. Dynamic relationship between macroeconomic variables and stock returns has been widely studied. It is based on research on the theory that stock prices reflect the present value of future cash flows of a share (the present value). For this reason, the future cash flows and the expected rate of return is required (discount rate). Therefore, economic factors have on future cash flows and the expected rate of return is affected. Therefore, they can influence the stock prices (Elton and Graber, 1991).

3 The research literature

In the recent years, numerous studies have been made on the EVA and its relationship with other accounting variables and parameters. Also, the EPS and stock prices as well, have done extensive research into some of them, some of the researches mentioned in the following:

Heidari (2013) in a study entitled "effect of earnings per share (EPS) on stock price: a case study of Tehran Stock Exchange companies with average earnings per share" have been used for annual data and stock prices of 48 companies' earnings per share during the year 2007 to 2012 in the stock exchange to investigate this relationships. The results suggest that the effect of the earnings per share on the stock price as expected was positive.

Tamimi et al., (2013) in a study entitled "the relationship between changes in market added value with economic value added and return on capital and return on sales" use to assess the performance of listed companies in Tehran Stock Exchange during the period 1380 to 1388, with criteria for return on capital and return on buy and EVA's. For this, first a linear relationship between performance measures and market value added through regression models were evaluated and Pearson correlation coefficients were calculated to compare different criteria. The results show that the correlation between the market value and economic value is more than the correlation of market value and return on capital and return on sales.

Fathi and Shayhbeh (2013) did a study entitled "economic value added and comparison with other methods of assessing the performance of companies in market value determination in different industries on Tehran Stock Exchange", the effect of
four variables included two traditional performance criteria (net operating profit after taxes, and the ratio of price to earnings per share) and two performance evaluation criteria (economic value added and free cash flow) the market value of their companies. The population consisted of four companies, industry (cement, automotive, pharmaceutical) listed in the Tehran Stock Exchange during the years 1998-2009. The results showed that the industry type is effective in determining the market value of the company. So can't introduce an accurate factor as the standard criteria for defining the market value of companies in all industries.

Ebrahimi et al., (2009) in a study entitled "the relationship between economic value added (EVA) with stock price and the price earnings (P / E per share) of companies listed on Tehran Stock Exchange", investigate the relationship between EVA and stock prices as well as the relationship between economic value and the price paid earnings per share between 2002 to 2006. The results showed that only in some years there is a relationship between the variables of the study. It is expected that the weak relationship and no relationship between the variables of the study, is due to market inefficiency and political and economic factors in the country. Therefore, the stock market price and its intrinsic value between the economic and financial analysis show this form.

Melbourne (2002) in a study entitled "the search for the best financial performance measure" investigated the correlation between EVA and REVA's criteria and concluded that REVA criteria in predicting the ability to create value, is higher than the standard EVA. In this study, were investigated the significance of EVA and earnings per share. So the relationship between economic value added and net operating profit after tax with the market value has examined. The results indicate that economic value added and net operating profit after tax was, respectively show 31% and 17% of the variation in the market value. As well as the EVA in explaining the changes in the market value operated better than traditional accounting criteria.

In this study, the Stock Exchange information about all companies in the cement industry, ceramic and tile output since the beginning of 2008 until the end of 2012 have been extracted and exploited.

3.1 The research hypotheses

According to the arguments, the study's hypotheses can be stated as follows:

H1: There is a significant relationship between the economic value added (EVA) and earnings per share (EPS) in the ceramic and tile industry companies.

H2: There is a significant relationship between the economic value added (EVA) and earnings per share (EPS) in the cement industry companies.

H3: There is a significant relationship between economic value added (EVA) and stock price (P) in the cement industry companies.

H4: There is a significant relationship between economic value added (EVA) and stock price (P) in the cement industry companies.

H5: There is a significant relationship between earnings per share (EPS) and the stock price (P) in the ceramic and tile industry companies.

H6: There is a significant relationship between earnings per share (EPS) and the stock price (P) in the cement industry companies.

4 Research methodology

This research method due to the nature of it is the field and library. The population including of all companies active in the Tehran Stock Exchange in ceramic, tile and cement industries for the period 2008 to 2012 for a 5 years period. The required data for the study were collected from the financial statements and notes of 2008 until 2012 years in examined companies. After collecting data and calculating the main variables using the EXCEL and EVIEWS software, the correlation between EVA, EPS and P (stock price) is calculated by Pearson correlation coefficient. After calculating the Pearson correlation coefficient, significance test is performed.

In the following, the research variables and how they are calculated is shown.

Economic value added (EVA):

To calculate the economic value operating as follows:

$$EVA = (r - c) \times \text{Capital}$$

(1)

In calculating the economic value added, in the above formula, the financial approach is used, because the selective approach in calculating r and modifications necessary to convert accounting profit on NOPAT, equity or assets has an impact on capital.

Overall investment rate of return (r):

The rate is calculated using the following formula and is based on financial approach:

$$r = \frac{\text{NOPAT}}{\text{capital}}$$

(2)

Where NOPAT is Net operating profit after taxes.

The cost of the devaluation of inventories+ (saving tax interest expense - interest expense)+ accounting net profit after tax+ deferred expenses + cost of staff termination benefits+ bad debt expense + cost reduction in value of investments

In calculating NOPAT the tax savings interest expense= interest expense* effective tax rate

Capital is calculated as follows:

Capital:

Remember to reduce the value of their investment+ remember the devaluation of inventories+ interest-bearing liabilities+ equities+ (fees payable) debt for deferred costs+ reserve staff termination benefits+ bad debt provision

Interest-bearing liabilities= reception facilities from banks+ pre received sales + bonds payable

The rate of capital cost (c):

For the calculation of capital cost rate, weighted average capital cost (WACC) is used. Using this method requires identifying the sources of corporate finance and then calculated the cost of each of these resources. Based on the company's balance sheet under test, these companies have used the following resources:

1. interest-bearing debt
2 new ordinary shares
3. Other components of equity

The formula weighted average capital cost rate and is calculated as follows:

$$C = W \times C$$

(3)
The method of calculating earnings per share (EPS):

To calculate EPS, it is required divided the profit (NOPAT) on the weighted average number of the company shares during the year. If the weighted average number of shares means that each share is considered according to the time of year when the spread.

The method of calculating stock price (P):

Since EVA and EPS related to the performance of a financial year, so P should be chosen to maintain and calculate indicating the price of a stock in the financial year, For this purpose, the average stock price at the beginning and end of the period have to calculate:

\[ P = \frac{P_1 + P_2}{2} \]

Table1. Descriptive statistics variables in ceramic and tile industry (2008-2012)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of observations</th>
<th>The average</th>
<th>Mean</th>
<th>Max</th>
<th>Minimum</th>
<th>The standard deviation</th>
<th>Coefficient of skewness</th>
<th>Coefficient of kurtosis</th>
<th>Jarque-Bera statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>EVA</td>
<td>50</td>
<td>-513300.1</td>
<td>2173171</td>
<td>1055850</td>
<td>-80482798</td>
<td>13187965</td>
<td>-3.85</td>
<td>28.74</td>
<td>1576.53 (0.000)</td>
</tr>
<tr>
<td>EPS</td>
<td>50</td>
<td>287</td>
<td>291</td>
<td>1328</td>
<td>-764</td>
<td>365.98</td>
<td>-0.103</td>
<td>3.92</td>
<td>1.85 (0.396)</td>
</tr>
<tr>
<td>P</td>
<td>50</td>
<td>1771.88</td>
<td>1502.5</td>
<td>5021</td>
<td>209</td>
<td>941.37</td>
<td>1.55</td>
<td>5.68</td>
<td>34.81 (0.000)</td>
</tr>
</tbody>
</table>

Table2. Descriptive statistics variables in cement industry (2008-2012)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of observations</th>
<th>The average</th>
<th>Mean</th>
<th>Max</th>
<th>Minimum</th>
<th>The standard deviation</th>
<th>Coefficient of skewness</th>
<th>Coefficient of kurtosis</th>
<th>Jarque-Bera statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>EVA</td>
<td>145</td>
<td>11866861</td>
<td>8636958</td>
<td>9172916</td>
<td>-2662154</td>
<td>13681995</td>
<td>3.4</td>
<td>16.39</td>
<td>1362.411 (0.000)</td>
</tr>
<tr>
<td>EPS</td>
<td>145</td>
<td>1242.44</td>
<td>787</td>
<td>8449</td>
<td>-81</td>
<td>42904</td>
<td>2.833</td>
<td>12.29</td>
<td>717.5 (0.000)</td>
</tr>
<tr>
<td>P</td>
<td>145</td>
<td>5746.34</td>
<td>3474</td>
<td>42904</td>
<td>0</td>
<td>14.08</td>
<td>3.08</td>
<td>970.84 (0.000)</td>
<td></td>
</tr>
</tbody>
</table>

Statistical hypothesis testing

To investigate the relationship between variables using Pearson's correlation coefficient, should be for each hypothesis, an experiment consisted of a one hypothesis against the null hypothesis. The Pearson correlation coefficient null hypothesis was not always associated and reject the null hypothesis implies the existence of a relationship between variables is statistically significant. The advantage of this method is that indicate the intensity of the relationship and the type of relationship. The positive correlation coefficient means there is a direct correlation between variables and negative correlation coefficient showed a reverse correlation. Whatever, the correlation coefficient distance of zero and closer to the numbers 1 and -1, the correlation (positive or negative) is higher.

5.1 The first hypothesis test:

H0: Pearson correlation coefficient between EVA and EPS in the ceramic and tile industry is zero.

H1: Pearson correlation coefficient between EVA and EPS in the ceramic and tile industry is not zero.

After testing the correlation between EVA and EPS in the ceramic and tile industry in period (2008-2012), results showed in table (3):

Table3. The correlation between EVA and EPS in the ceramic and tile industry (2008-2012)

<table>
<thead>
<tr>
<th>Hypothesis test</th>
<th>Correlation coefficient</th>
<th>T student test</th>
<th>The minimum level of significance</th>
<th>Test result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test No. 1</td>
<td>0.672</td>
<td>5.498</td>
<td>0.000</td>
<td>Reject the null hypothesis</td>
</tr>
</tbody>
</table>
statistic equal to 5.498 and the minimum level significance of it is estimated to be equal to zero. Due to the correlation coefficient value is positive, t-statistic is most of the t table (1.96), and least significant level is lower 0.05, the null hypothesis is rejected and it was concluded that the relationship between EVA and earnings per share in the ceramic and tile industry is significant and positive.

5.2 The second hypothesis test:

Table 4. The correlation between EVA and EPS in the cement industry (2008-2012)

<table>
<thead>
<tr>
<th>Hypothesis test</th>
<th>Correlation coefficient</th>
<th>T student test</th>
<th>The minimum level of significance</th>
<th>Test result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test No. 2</td>
<td>-0.478</td>
<td>-6.478</td>
<td>0.000</td>
<td>Reject the null hypothesis</td>
</tr>
</tbody>
</table>

In this case, the correlation coefficient between EVA and EPS in the cement industry is equal to -0.478, and t-statistic equal to -6.478 and the minimum level significance of it is estimated to be equal to zero. Due to the correlation coefficient value is negative, t-statistic is most of the t table (1.96), and least significant level is lower 0.05, the null hypothesis is rejected and it was concluded that the relationship between EVA and earnings per share in the cement industry is significant and negative.

5.3 The third hypothesis test:

Table 5. The correlation between EVA and P in the ceramic and tile industry (2008-2012)

<table>
<thead>
<tr>
<th>Hypothesis test</th>
<th>Correlation coefficient</th>
<th>T student test</th>
<th>The minimum level of significance</th>
<th>Test result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test No. 3</td>
<td>0.309</td>
<td>2.253</td>
<td>0.029</td>
<td>Reject the null hypothesis</td>
</tr>
</tbody>
</table>

The correlation coefficient between EVA and P in the ceramic and tile industry is equal to 0.309, and t-statistic equal to 2.253 and the minimum level significance of it is estimated to be equal to 0.029. Due to the correlation coefficient value is positive, t-statistic is most of the t table (1.96), and least significant level is lower 0.05, the null hypothesis is rejected and it was concluded that the relationship between EVA and P in the ceramic and tile industry is significant and positive.

5.4 The fourth hypothesis test:

Table 6. The correlation between EVA and P in the cement industry (2008-2012)

<table>
<thead>
<tr>
<th>Hypothesis test</th>
<th>Correlation coefficient</th>
<th>T student test</th>
<th>The minimum level of significance</th>
<th>Test result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test No. 4</td>
<td>-0.586</td>
<td>-8.621</td>
<td>0.000</td>
<td>Reject the null hypothesis</td>
</tr>
</tbody>
</table>

In this case, the correlation coefficient between EVA and P in the cement industry is equal to -0.586, and t-statistic equal to -8.621 and the minimum level significance of it is estimated to be equal to zero. Due to the correlation coefficient value is negative, t-statistic is most of the t table (1.96), and least significant level is lower 0.05, the null hypothesis is rejected and it was concluded that the relationship between EVA and P in the cement industry is significant and negative.

5.5 The fifth hypothesis test:

Table 7. The correlation between EPS and P in the ceramic and tile industry (2008-2012)

<table>
<thead>
<tr>
<th>Hypothesis test</th>
<th>Correlation coefficient</th>
<th>T student test</th>
<th>The minimum level of significance</th>
<th>Test result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test No. 5</td>
<td>0.549</td>
<td>4.551</td>
<td>0.000</td>
<td>Reject the null hypothesis</td>
</tr>
</tbody>
</table>

The correlation coefficient between EPS and P in the ceramic and tile industry is equal to 0.549, and t-statistic equal to 4.551 and the minimum level significance of it is estimated to be equal to 0.000. Due to the correlation coefficient value is positive, t-statistic is most of the t table (1.96), and least significant level is lower 0.05, the null hypothesis is rejected and it was concluded that the relationship between EPS and P in the ceramic and tile industry is significant and positive.
5.6 The sixth hypothesis test

H0: Pearson correlation coefficient between EPS and P in the cement industry is zero.

After testing the correlation between EPS and P in the cement industry in period (2008-2012), results showed in Table (8):

<table>
<thead>
<tr>
<th>Hypothesis test</th>
<th>correlation coefficient</th>
<th>t Student test</th>
<th>The minimum level of significance</th>
<th>Test result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test No. 6</td>
<td>0.832</td>
<td>17.896</td>
<td>0.000</td>
<td>Reject the null hypothesis</td>
</tr>
</tbody>
</table>

The correlation coefficient between EPS and P in the cement industry is equal to 0.832, and t-statistic equal to 17.896 and the minimum level significance of it is estimated to be equal to 0.000. Due to the correlation coefficient value is positive, t-statistic is most of the t table (1.96), and least significant level is lower 0.05, the null hypothesis is rejected and it was concluded that the relationship between EPS and P in the cement industry is significant and positive.

6 Conclusion

The aim of this study is to investigate the relationship between EVA and earnings per share and stock prices in Tehran Stock Exchange, according to industry type (the cement, ceramic and tile industries).

The results show that the relationship between EVA and earnings per share in the ceramic and tile industry is significant and positive and in the cement industry is significant and negative. Due to the fact that the absolute value of the correlation coefficient in the ceramic and tile industry is more of the cement industry, it can be concluded that the relationship between two variables in the ceramic and tile industry is more severe.

The relationship between EVA and stock prices in the ceramic and tile industry is significant and positive and in the cement industry is significant and negative. Since, the absolute value of the correlation coefficient in the cement industry is most of the ceramic and tile industry, conclude that the relationship between EVA and stock price variables in the cement industry is more severe.

The relationship between stock price and earnings per share in both cement and ceramic and tile industry is significant and positive. Due to the fact that the correlation in the cement industry is more than the ceramic and tile industry, it can be argued that the relationship between stock price and earnings per share in the cement industry is more severe.

It was observed that in both ceramic and tile and cement industry, the absolute value of the correlation coefficient between earnings per share and stock price is more than the absolute value of the correlation coefficient between EVA and stock price. So, as a result, earnings per share variable than economic value added variable have closer relationship with the stock price.

References


Primary Paper Section: AE

Secondary Paper Section: AE