

## REVIEW OF VALUE ADDED STATEMENT AS PERFORMANCE APPRAISAL TOOL

---

Khushboo Jain\*

### ABSTRACT

*Value added is a performance measure to profit. Usually client of financial statements believes that profit is the only pointer of the wealth of any organization. But value added can be said as is a better performance measure as it pays the attention to inputs controllable by managers. The general MVA valuation of the genuine productivity of any industry in any developing country is assessed on the basis of its rate of return on investment. In the current state of affairs, Value Added Statement is being used as a supplementary approach by the economists and professionals for the function of measuring the degree of survival and growth of an enterprise. Value based measurement has been said as a major expansion tool comparing to the traditional financial performance measurement tools. Value based measurement tools are said to be an effort in overcoming the problems connected with the conventional measurement systems. In the present paper the researcher aims to discuss the various studies already on this.*

**KEYWORDS:** Value Added, Value Added Analysis, MVA, Review, etc.

### Introduction

Review is an explanation of the studies related to the special topic or field. The review contains the matters based on four different Categories i.e. are conceptual, descriptive, empirical and exploratory cross-sectional. Conceptual papers cover basic/fundamental concepts. Descriptive studies provide the explanation or description of content or process and implementation issues. Empirical studies covers data from existing databases, reviews and case studies. Exploratory cross-sectional studies deal with the data collection through surveys. The literature survey is divided into different sections with each section reviewing pertinent empirical studies conducted abroad and in India. It provides a classification scheme, identifies the gaps in existing literature and suggests the direction for future research. Studies are classified and presented on the basis of the time period.

North American Census of Production was the first one to use the concept of value in 1790 (Gillchrist, 1970). Trenche Cox, a treasury official, whose techniques have been accepted by most industrial countries in the calculation of Gross National Product (GNP), is considered as the main person behind giving the notion that value added would avoid double counting. The VAS is based on macroeconomic origin, which believes that value added in the value added statement deals with the calculation of GNP, as well as economic significance. The objective of the study is to review the various studies of value added statement in performance appraisal and explore the current status of VAS in financial world. So the present paper is mainly focused on review of literature and results are the various drawbacks, gaps and other findings by researcher.

For the convenience the current study has been divided into three sections.

- Studies on Value added statements
- Studies on Economic value Added
- Studies on Market value Added

---

\* Research Scholar, Department of ABST, University of Rajasthan, Jaipur, Rajasthan.