The history and trajectory of Economic Value Added from a management fashion perspective

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Abstract

This paper examines the history and trajectory of Economic Value Added (EVA), an accounting concept and calculative technique introduced and popularized by the US-based consulting firm Stern Stewart in the early 1990s. The paper applies the lens of management fashion, a theoretical perspective in management and organization studies focusing on the macro-level evolution of management concepts and ideas as they rise and fall in popularity and salience. The historical popularity trajectory which emerges in the case of EVA is a typical "rise and fall" story often seen in the cases of popular management concepts and ideas. During the upswing phase of the 1990s, supporters and boosters of EVA hyped the concept and created a fashion wave. Since the mid-2000s, there has been a perfect storm of events, which has led the EVA concept to lose out in the marketplace for management concepts and ideas.

Keywords: Economic Value Added; Management Concept; Management Fashion; Historical Trajectory; Residual Income; Shareholder Value Movement

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1 Introduction

1.1 Economic Value Added (EVA)

Economic Value Added (EVA) is an accounting concept and calculative technique which was introduced by the New York-based consulting firm Stern Stewart (www.sternstewart.com) during the early 1990s (The Economist, 1997). EVA is an alternative and improved measure of a firm's economic profit, and the aim of EVA is to ensure that managers make decisions that maximize shareholder value. EVA is often considered among the top management tools available to managers (Birkinshaw & Mark, 2015; Karlöf & Helin Lövingsson, 2005; Rigby, 2005). During the last two decades it has been one of the most discussed and researched innovations in the fields of accounting and performance measurement (Ax & Bjørnenak, 2007; Bontis, Dragonetti, Jacobsen, & Roos, 1999; Ittner & Larcker, 1998). Over time, EVA has become an established part of the body of knowledge in the field of accounting, and the concept has a "long-standing pedigree in conventional management accounting thought" (Chiwamit, Modell, & Yang, 2014, p. 145).

The popularization of EVA took place in the early 1990s, and in the years that followed there was much hype about the promises and merits of EVA in the business and financial press as well as in corporate circles. As a result, EVA was referred to as a "fashionable, accounting-related instrument of management" (Amernic, Losell, & Craig, 2000). However, EVA relatively soon lost some of its appeal as it generally failed to live up to the overly high expectations from the business community. During the 2000s, the concept started to fade in popularity, and after the financial crisis of 2008, the concept started to face strong headwinds. In the early 2010s, EVA was heavily criticized and scrutinized in a series of articles in the business media (Denning, 2011, 2012, 2013; Nocera, 2012; Sanghoee, 2014; Stout, 2012; Yang, 2013). Over time, the zeitgeist has shifted away from the mantra of shareholder value maximization towards more stakeholder-oriented management models (Allio, 2011; Cooper, 2017) highlighting issues such as sustainability and the social responsibility of corporations.

1.2 Purpose and contribution

Based on the observations made above, it is rather evident that the popularity of EVA has shifted over time. The aim of this paper is therefore to piece together the historical origins and evolutionary trajectory of EVA and to examine in greater details the actors and events contributing to shaping the concept's evolutionary trajectory. To accomplish this, the paper draws on management fashion theory (e.g., Abrahamson, 1996; Abrahamson & Piazza, 2019; Benders & Van Veen, 2001; Kieser, 1997), a theoretical perspective in management and organization studies which focuses on understanding management models' rise and fall in popularity and salience over time. The management fashion perspective focuses on the macro-level dynamics of the marketplace for new management concepts and ideas (Madsen & Slåtten, 2015; Perkmann & Spicer, 2008), and highlights the roles of the various supply and demand side actors in shaping the evolutionary trajectories of concepts and ideas.

Using management fashion as a theoretical lens in the context of EVA means putting the spotlight on the different supply-side actors involved in the dissemination and popularization of EVA, as well as the uptake of the concept among actors on the demand side (i.e. organizations and managers). Therefore, the focus of the paper is not on the micro-level (organizational) implementation of the EVA concept, but rather on the concept's macro-level popularity trajectory from inception to the current status, a period spanning over several decades (early 1990s to present time).

This paper makes two major contributions. First, the paper provides an in-depth study of the historical popularity trajectory of one of the most influential concepts and ideas introduced in the last few decades, taking into account a wide range of contextual factors, shaping its evolutionary trajectory. Management fads and fashions have been studied from a historical perspective for quite some time, evidenced by an early special issue about management fashion in the *Journal of Management History* (1999). For example, it is highly interesting to study the long-term evolution of management concepts and the extent to which they are embraced or resisted (Carson, Lanier, Carson, & Birkenmeier, 1999; Parker & Ritson, 2005; Spell, 1999; Towill, 2006). The practical contributions of detailed historical investigations of popular concepts and ideas may not be obvious at first sight, but as pointed out by Schwarz (2015, p. 499), it is important to study the evolution of management concepts and ideas since "[w]e can increase our knowledge of these important management concepts by understanding their historical roots and how the ideas surrounding the concepts have evolved over time." This would allow managers to become more informed and critical consumers of new concepts such as EVA.

Second, through a detailed case study which pieces together many dispersed studies and literatures, this paper makes a contribution to the EVA literature by providing a more balanced and holistic view of the concept. To the best of the authors' knowledge, a lens such as management fashion perspective has previously only to a limited extent been utilized in the context of EVA. While the study by Carmona, Deyá, and Gutiérrez (2003) in Spanish is an exception, there seems to be a need for a re-examination of the historical trajectory of EVA. The findings of this paper also relate to other current research on EVA inspired by sociological and institutional theories, which have studied the implementation, acceptance of, or resistance to the EVA concept in individual organizations and in broader society (e.g., Chiwamit, Modell, & Scapens, 2017; Chiwamit et al., 2014; Ezzamel & Burns, 2005).

1.3 Research approach

The paper is historical and explorative in nature. The focus is on constructing and piecing together a big-picture historical narrative of the evolutionary trajectory from the EVA concept's inception to the present time, a period stretching over several decades. Hence, the research approach bears similarities to other studies where researchers have attempted to craft a "mosaic" (Morrison & Wensley, 1991) or "overall picture" (Nijholt & Benders, 2007) of the impact of management concepts and ideas. In this study, the picture of EVA's historical popularity trajectory emerges as a result of close reading and synthesis of existing studies of EVA carried out in different contexts and at different times. Naturally, employing a desk research approach comes with limitations, for instance, related to a heavy reliance on secondary data. These issues will be discussed in greater detail towards the end of the paper.

1.4 Structure

The paper is organized as follows. Section 2 takes a closer look at the historical emergence and evolution of EVA, both the theoretical foundations which laid the groundwork for the concept as well as the various factors which have shaped its evolutionary trajectory. Section 3 provides an analysis of EVA as a management concept and a management fashion, as well as an analysis of the concept's key characteristics, which made it appealing to consultants and practitioners. In Sections 4 and 5, the focus shifts to an examination of the marketplace for the EVA concept, in addressing the concept's supply and demand sides. In Section 6 the paper's findings are discussed in relation to the literature on EVA, and more broadly, the literature on management concepts and ideas. Finally, Section 7 concludes the paper, and discusses limitations and identifies areas for future research.

2 Historical background and theoretical foundation of EVA

This section focuses on the historical background and theoretical foundation of EVA. In the first part, a brief definition and explanation of EVA is provided, followed by a sketch of the economic theory foundations of the EVA concept. In the second part, the focus shifts from the technical and theoretical ideas underlying the EVA concept, to the various contextual factors shaping the packaging of EVA as a consulting product and service, as well the concept's popularity and trajectory over time.

2.1 EVA and its economic theory foundations

EVA is a concept that is theoretically underpinned by the residual income model (Bontis, 2001; Bontis et al., 1999; Chiwamit et al., 2014; O'Hanlon & Peasnell, 1998, 2015). Residual income is the income generated by a firm after accounting for the cost of capital. The residual income for a given period t can be defined as: $X_t^a = X_t - rBV_{t-1}$ where *X* is net earnings in period *t*, *r* is the cost of equity capital and *BV* is the book value of equity at time *t-1*. Given clean surplus accounting and the definition of residual income, the basic dividend discount model can be transformed to the residual income model. This model expresses the firm equity value at time *t* as the sum of book value of equity at time *t* and the present value of expected residual income (here: over an infinite time horizon):

$$V_t = BV_t + \sum_{\tau=1}^{\infty} E_t\left[\frac{x_{t+\tau}^a}{(1+r)^\tau}\right]$$

There are some technical differences between residual income and EVA, although they are based on the same conceptual idea. Bontis et al. (1999, p. 394) define EVA as "a comprehensive financial management measurement system that can be used to tie together capital budgeting, financial planning, goal setting, performance measurement, shareholder communication and incentive compensation." EVA seeks to address some of the limitations of traditional accounting-based performance measures such as Return on Assets (ROA) and Return on Equity (ROE) (Bontis et al., 1999; Goldberg, 1999; Merchant & Van der Stede, 2012). The construct of residual income and its derivative of EVA are related to developments in academic research. The origin of the residual income model dates back more than 200 years, but the model first got its rigor theoretical justification in Edwards and Bell (1961). In the 1970s, there were significant developments in economic contract theory. Economists oriented towards finance, influenced partly by the pioneering work of Coase (1937) on the nature of the firm, took increased interest in opening up the black box of the firm (Alchian & Demsetz, 1972; Jensen & Meckling, 1976). The emerging view of the firm was a "nexus of contracts" model, where "most organizations are simply legal fictions which serve as a nexus for a set of contracting relationships among individuals" (Jensen & Meckling, 1976, p. 310). This reductionist view of the firm assumes a behavior that is not very different from the behavior of markets. This literature is closely related to and has stimulated some of the work in the research tradition of agency theory. The most relevant branch of agency theory (Bendickson, Muldoon, Liguori, & Davis, 2016; Eisenhardt, 1989), in the context of this paper, is the positive agency theory model, also referred to as the "Rochester model" (Baiman, 1990). The positive agency theory model has important implications for what is understood as the goal of the firm (Fama, 1980; Fama & Jensen, 1983; Jensen & Meckling, 1976).

The view of the firm as a nexus of contracts means that the firm enters a multitude of contracts with different stakeholders, not limited to shareholders, but also for example creditors, employees, and suppliers. However, positive agency theory argues that shareholders have a unique position as the residual claimants. The shareholders receive only what is left (the residual) after other stakeholders who contract with the firm have been paid. As expressed by Fama and Jensen (1983, p. 328):

> "The residual risk-the risk of the difference between stochastic inflows of resources and promised payments to agents-is borne by those who contract for the rights to net cash flows. We call these agents the residual claimants or residual risk bearers."

The implication is that the shareholders as residual risk bearers should have the decision control rights and set the goal of the firm. The consequential goal becomes to maximize the value of equity ("the residual").

These theoretical contributions paved the way for the more popularized notion of "shareholder value" developed by Alfred Rappaport in the classic book "Creating shareholder value – the new standard for business performance" (Rappaport, 1986, 1999) which laid the foundation for the Value Based Management movement of the early 1990s (McTaggart et al 1994). This book quickly received much attention in the US, and thereafter the interest spread to other Western countries (Zink, 2007, p. 397). Another strong proponent and booster of the shareholder value movement was G. Bennett Stewart who introduced the EVA concept in the book "The Quest for Value" (Stewart, 1991).

2.2 Evolution and trajectory of EVA

Based on the discussion in the previous section, it becomes evident that EVA emerged as a concept in the early 1990s. However, it has been pointed out by several commentators that EVA was not a new concept. According to Worthington and West (2001) EVA is "a trade-marked variant of residual income." As pointed out by Vélez-Pareja (2001, p. 20) "it has been commercialized so much that as with other fashions in management, many people think that it is a new theory and that it is a panacea. It is not." Tham (2001) cites a quote by Young and O'Byrne (2001, p. 5) in which the authors state that the "basic ideas behind EVA are not new." Similarly, Bontis et al. (1999) write that EVA "is certainly not an outright revolution" and that the underlying ideas where used by Alfred Sloan of General Motors as far back as the 1920s.

Therefore, it can be argued that "EVA is essentially a repackaging of sound financial management and corporate finance principles that have been around a long time" (Young & O'Byrne, 2001, p. 5, cited in Tham, 2001). As the earlier discussion in 2.1 showed, EVA is largely based on theoretical concepts and ideas, which has circulated and been part of the orthodoxy in economics and finance academia for decades. As the prominent management guru Peter Drucker (1995) pointed out in Harvard Business Review article:

> "EVA is based on something we have known for a long time: what we generally call profits, the money left to service equity, is usually not profit at all. Until a business returns a profit that is greater than its cost of capital, it operates at a loss. Never mind that it pays taxes as if it had a genuine profit. The enterprise still returns less to the economy than it devours in resources. It does not cover its full costs unless the reported profit exceeds the cost of capital. Until then, it does not create wealth; it destroys it."

Even the consulting firm Stern Stewart admitted that EVA is not entirely new. Joel M. Stern wrote in the foreword to the book "EVA: The Real Key to Creating Wealth" (Ehrbar, 1998) that "EVA, as a measure of performance, has been part of the economist's tool kit for more than 200 years."

According to Chen and Dodd (1997), the first appearance of the term EVA can be traced back to an article by Finegan from 1989 (Finegan, 1989). A few years later, there was an influential article about EVA in Fortune Magazine titled “The Real Key to Creating Wealth” (Tully, 1993), which later became the inspiration for the subtitle of a book about EVA called “EVA: The Real Key to Creating Wealth” (Ehrbar, 1998). The prominent finance professor Michael Jensen is cited in Kiechel (2010, p. 214) as having said that “The Fortune story really put EVA on the map as the leading management tool.”

As pointed out by Grant (2003), the concept of EVA was developed over a long period of time. Joel Stern published articles about the limitations of accounting profits as early as during the 1970s. About a decade later EVA was launched and commercialized by Joel Stern and G. Bennett Stewart III (Grant, 2003). In the words of Grant (1996, p. 41), EVA was “hatched by Stern Stewart during the 1980s.” Bontis et al. (1999) argue that EVA was introduced in the late 1980s, while a textbook on performance measurement argues that EVA was developed during the 1990s (Smith, 2005, p. 9). However, it was not until the 1990s that EVA got its big break and became widely diffused and popularized in Corporate America. In the words of Tortella and Brusco (2003) “[t]his management technique appears in the 80s, but it is in the 90s when it spreads widely among firms.”

During the 1990s, using a singular performance metric such as EVA relatively quickly gained legitimacy and popularity in the business community, particularly in the United States. Accounting and finance scholars have explained the rapid legitimization of the concept by pointing to the fact that the EVA model offered a new way of looking at corporate profitability. For example, Grant (2003, p. 2) noted that EVA gained “early acceptance from the corporate community because of its innovative way of looking at the firm’s real profitability.” During the late 1990s, it was noted that the concept was growing in popularity (Young, 1997). In the early 2000, Kramer and Peters (2001) observed that interest in EVA among practitioners “increased dramatically over the last decade.” Looking back, it is safe to say that the 1990s was the decade of EVA.

What were some of the driving forces behind the widespread interest in EVA? Some researchers point out that during the 1990s, EVA was heavily touted by supporters in corporate and journalistic circles. In particular, the business and financial press played a big role in generating much buzz and hype around EVA. In the words of Weaver (2001, p. 7), EVA was “heralded by consultants, the popular business press, a number of companies, and a few investment analysts.” Kramer and Peters (2001) cite Blair (1997) who stated that “[t]he aggressive marketing of EVA hypes it into absurdity from time to time.”

In particular a Fortune Magazine article titled “The real key to creating wealth” published in 1993 (Tully, 1993) generated much attention around the concept (Dodd & Chen, 1996). In this article, EVA was referred to as "today's hottest financial idea and getting hotter" (Tully, 1993). Fortune Magazine kept pushing the EVA concept, and to this point it has been pointed out that the magazine held the EVA concept up as a “holy grail” (Cordeiro & Kent Jr, 2001). As Chen and Dodd (1997) expressed, in the aftermath of the 1993 Fortune article, “a flurry of papers have been published telling successful EVA stories and promoting EVA adoption.” Articles advocating for replacing conventional performance measures with EVA were published in the popular press, practitioner-oriented journals and magazines, as well as in academic journals in the fields of accounting and finance. Chen and Dodd (1998) provide an extensive list of EVA-oriented articles published from the early 1990s to mid-1990s.

Another key factor fueling the rise of EVA, was the concept’s high degree of compatibility with the dominant zeitgeist of the 1990s, which particularly in the Anglo-American part of the world was centered around the notion and mantra of maximizing shareholder value (The Economist, 1997). Therefore, EVA was highly appealing to managers of North American companies during this time. As pointed out by Kieser (1997), timing plays a key role in the popularization of management concepts, and concepts which are in tune with the times tend to stand a better chance of attracting the attention of managers and becoming fashionable. During the 1990s, managers were facing a new challenging competitive environment (Hamel & Prahalad, 1994) and were under increased pressure to deliver results for shareholders. As a result, there was a number of shareholder value models introduced during this time period, but EVA became most well-known of these (Cooper, 2017). Therefore, several authors have argued that EVA was tied in with the broader shareholder value movement, which was highly influential during the 1990s (Koller, 1994; Malmi & Ikäheimo, 2003; Young & O'Byrne, 2001). Chiwamit et al. (2014, p. 145) note that "[t]he shareholder value movement represents a social movement held together by the imperative of maximising shareholder wealth as an over-riding premise for the structuring of governance and control practices."

However, over time, the zeitgeist gradually shifted away from the shareholder-focused thinking and associated management concepts such as EVA. In the aftermath of the 2008 financial crisis, the notion of shareholder value maximization was put under a critical spotlight by many reporters and commentators in books, newspapers and magazines such as The New York Times and Time (Nocera, 2012; Sanghoee, 2014; Stout, 2012; Wartzman, 2013; Yang, 2013). Author and columnist Stephen Denning went so far as calling it "the dumbest idea in the world" (Denning, 2011, 2012, 2013). Allio (2011) noted that "[u]ntil a few years ago, the twin goals of consistently growing financial returns and maximization of shareholder value were almost universally hailed as the true measure of corporate success." Recently, stakeholder-oriented models which take into corporate social performance and sustainability have moved into the foreground (Cooper, 2017; Zink, 2007).

3 Key characteristics of EVA as a management concept and management fashion

The previous section sketched the history of the EVA concept, which showed that the concept became highly fashionable during the 1990s. In this section we briefly discuss the extent to which EVA fits the definitions of a management concept and a management fashion (Benders & Verlaar, 2003; Jung & Kieser, 2012). Next, we analyze the characteristics of the EVA concept that made it so appealing to managers and allowed the concept to rise to prominence during the 1990s. In the analysis we draw on characteristics of management fashions identified in the literature on management concepts and ideas (Benders & Van Veen, 2001; Huczynski, 1992; Røvik, 2002).

3.1 EVA as a management concept and management fashion

Before proceeding, it is useful to briefly outline what is meant by a management concept and why EVA fits this definition. Management concepts can be defined as "prescriptive, more or less coherent views on management" (Benders & Verlaar, 2003, p. 758). Examples of well-known management concepts include Balanced Scorecard, Beyond Budgeting and Benchmarking. It is argued that management concepts have a prominent place in the business community as prescriptive ideas to be followed by managers of organizations. In other words, management concepts offer strong normative recommendations to organizations and managers on how to organize certain activities or processes, for example, financial reporting or control systems, in order to reach a given long-term goal or strategy. It can be argued that EVA fits this definition since the concept is normative in nature and provides clear guidelines to organizations and managers about what to emphasize in order to increase organizational performance (i.e. maximize shareholder value).

Another important issue is related to the distinction between a management concept and a management fashion. Benders and Verlaar (2003, p. 758) note that management concepts that end up becoming popular tend to be referred to as management fashions. Therefore, management fashions constitute a sub-set of the total supply of management concepts since not all of them become popular and fashionable (Braam, Heusinkveld, Benders, & Aubel, 2002, p. 4), and instead fade away without attracting any significant level of interest. Another definition says that management fashions are those "management concepts that relatively speedily gain large shares in the public management discourse" (Jung & Kieser, 2012, p. 329).

3.2 Characteristics

In this part the main characteristics of the EVA concept are identified and discussed. Such an analysis is important since the literature on management concepts and ideas emphasizes that concepts with the ability to "flow" quickly and widely (Røvik, 2002) tend to exhibit some common key characteristics in terms of how they are portrayed and framed (Benders & Van Veen, 2001; Huczynski, 1992; Røvik, 2002). In the following, the focus will be on four characteristics which are deemed to be of particular relevance for analyzing the EVA concept: (1) label, (2) promises of performance improvements, (3) room for interpretation, and (4) universal applicability.

3.2.1 Label

The first characteristic is related to how the concept is labelled. In the literature it is pointed out that having a fancy and catchy label is important in order to attract the interest of busy managers (Huczynski, 1992; Røvik, 1998, 2007). EVA scores very high when it comes to the catchiness of the label. EVA can be considered a prime example of what Cluley (2013) calls a management buzzword, and in the literature EVA has been referred to as "a new buzzword" (Biddle, Bowen, & Wallace, 1998). Other commentators have noted that EVA represents "CEO-speak" (Amernic & Craig, 2006), and it can be argued that EVA calls to mind images of a CEO who works relentlessly in the pursuit of shareholder value maximization.

EVA is also a prime example of what it is referred to as a three-letter acronyms (TLAs) (Grint, 1997). Stern Stewart obviously was of the opinion that the EVA label was important and valuable that they sought to trademark the concept and protect their position as suppliers of the concept. As several researchers have noted, EVA is a proprietary name, trademarked and copyrighted in a number of countries (Ax & Bjørnenak, 2007; Biddle et al., 1998; The Economist, 1997), including the term "EVAngelist" (The Economist, 1997) which refers to a believer who is actively spreading the gospel of EVA.

3.2.2 Performance improvements

The second characteristic is related to promises of performance improvements. Researchers studying management concepts and ideas point out that suppliers of new concepts tend to make rather grandiose and hyperbolic claims about the potential performance improvements associated with implementing the new concept adopters (Røvik, 1998; ten Bos, 2000). The promised performance improvements are often supported by case-based or anecdotal evidence, for example in the form of success stories or testimonials from well-known adopters (Heusinkveld, 2004; Kieser, 1997).

In the case of EVA, Stern Stewart has made very bold claims about the performance improvements of using the concept. Stern Stewart made heavy use of success stories and testimonials in order to convince prospective adopters. For example, they pointed to anecdotal evidence of several early adopters of EVA who reported stock price increases in the years following EVA adoption.

In their marketing of the EVA concept, Stern Stewart highlighted the flaws of conventional performance measures in order to position EVA as a solution to these problems. In general, they emphasized the superiority of EVA as a new performance measure and its potential to increase firm performance and market value. The following two examples showcase the strong rhetoric used by Stern Stewart, where they highlight the dramatic performance improvements that can be expected as a result of EVA adoption:

> “EVA stands well out from the crowd as the single best measure of wealth creation on a contemporaneous basis and is almost 50% better than its closest accounting-based competitor [including EPS, ROE and ROI] in explaining changes in shareholder wealth” (Stewart, 1994, p. 75, cited in Worthington & West, 2001)

> “Forget about earnings, earnings per share, earnings growth, rate of return, dividends, and even cash flow. All of them are fundamentally flawed measures of performance and value. EVA is all that really matters” (Stewart, 1991, p. 177, cited in Kellmereit, 1999)

3.2.3 Room for interpretation

The third characteristics is related to room for interpretation. In the literature on management concept and ideas, researchers call this the ”interpretive space” (Clark, 2004a) or “interpretive viability” (Benders & Van Veen, 2001) of management concepts. Having interpretive space means that concepts are vague and ambiguous enough to be interpreted and understood in different ways. A wide room for interpretation makes a concept acceptable and attractive to a wide spectrum of potential adopters and applicable for a variety of different purposes.

EVA scores somewhat lower than other concepts in terms of interpretive space. It has been pointed out that EVA is less vague and ambiguous than many other management concepts. For example, the purpose of EVA is relatively simple and straightforward (The Economist, 1997) and easy to explain to managers. As pointed out by Bhattacharyya and Phani (2004, p. 17) “EVA is an easy to understand concept” and the “advantage of EVA over other similar tools is that it improves business literacy because of easy understandability and conceptual clarity.” In comparison to other accounting concepts such as Intellectual Capital and Beyond Budgeting, EVA has relatively less room for interpretation (Fincham & Roslender, 2003, 2004). A reason is that EVA models tend to have a hard core of finance theory (Johanson, 2013; Young & O'Byrne, 2001) whereas the concept of Intellectual Capital is an example of a concept that is very loosely defined, and exists in various versions (Fincham & Roslender, 2003, 2004). At the same time, there is some flexibility even in the EVA concept as it can be relatively easily be linked to and combined with other management ideas such as Balanced Scorecard (Lawrie, House, & Street, 2001). For example, EVA measures are commonly used as part of the financial perspective of the BSC (Kaplan, 2001).

3.2.4 Universality

The fourth and last characteristics is related to universality. Management concepts are typically presented as being universally applicable across different situations and contexts (Røvik, 2002, 2007;

Strang & Meyer, 1993). As Wittrock (2015) points out, management concepts are presented as being applicable independent of context. Presenting concepts as being universal is important for increasing the concept's market size since it makes any organization a potential consumer of the concept (Fincham & Evans, 1999, p. 35).

According to an article in The Economist it can be argued that Stern Stewart did not really claim universal applicability. Stern Stewart argued that EVA is applicable both in manufacturing and service sector firms, but less applicable in financial sector and start-ups, due to regulatory issues and uncertainty, respectively (The Economist, 1997). Although EVA in theory can be used in all for-profit firms, it can be argued that EVA does not have universal applicability to the same extent as other management concepts. From the example above, it can be seen that Stern Stewart did narrow the applicability of EVA somewhat, while suppliers of other management concepts such as the Balanced Scorecard and Lean have tended to argue that these concepts can be applied in nearly any type of organization and context.

3.3 Criticism

As noted in section 2, EVA has over time received quite a bit of push-back and criticism from the scholarly community. These critics point out the simplicity of the concept and the underlying beliefs that it is possible to calculate and measure shareholder value.

Mouritsen argues that EVA is too simple of a measure: "EVA is a very sorry representation ... if it is possible to calculate the net present value [discounted cash-flow] of an organization over the long run, then the strategies proposed cannot be very interesting" (Mouritsen, 1998, p. 480). McSweeney puts on a critical spotlight on shareholder value (McSweeney, 2008), focusing in particular on the "maximizing shareholder-value clericity" (McSweeney, 2008) within the shareholder value movement. In particular, McSweeney is critical of the focus on "perfection" and a belief in "certainty assuming calculative techniques" (McSweeney, 2008). In other words, this critique points out that the belief in EVA is almost religious in nature. For the believers seen as the perfect measure of shareholder value creation.

Finally, as noted by Karlöf and Helin Lövingsson (2005, p. 139), critics have pointed out that the narrow shareholder value focus has "led to disastrous errors and enticed managements into dubious or even criminal accounting methods that have misled shareholders in relation to actual profits."

3.4 Evaluation

This section has shown that the EVA concept exhibit at some of the key characteristics that gives a management concept a high popularity potential, or what Røvik (2002) refers to as the "secrets of the winners that flow." In particular, EVA scores high when it comes to label and promises of performance improvement, but relatively lower in terms of room for interpretation and universality.

However, as pointed out in the management fashion literature, a concept needs the support of supply-side actors who can create a wave of interest so that the concept attract a critical mass of followers, at which point bandwagon effects will kick and further diffuse the concept (Benders, 1999). Moreover, for a concept to become more permanently diffused it is important that it has the support of actors who can explain and train potential users, as well as develop different types of products and services which aid in the implementation of the concept (Perkmann & Spicer, 2008). Therefore, the next section will focus in greater detail on the supply side of EVA.

4 The supply side of EVA

This section focuses on the supply side of EVA. This entails describing and analyzing the various types of actors involved in the dissemination and popularization of EVA.

4.1 The management fashion arena

In the management fashion literature, the field of actors supplying and propagating new management concepts are referred to as the "fashion-setting community" (Abrahamson, 1996) or "management fashion arena" (Jung & Kieser, 2012; Kieser, 1997). The management fashion arena consists of actors such as consulting firms, management gurus, the business press, analysts, and business schools (Clark, 2004b; Jung & Kieser, 2012; Madsen & Slåtten, 2013). In the remainder of this section the focus will be on four types of actors which are deemed to have been particularly influential in shaping the historical emergence and evolution of EVA: 1) consulting firms, 2) business media, 3) analysts, and 4) academics.

4.2 Consulting firms

Consultants play a central role in the management fashion arena (Jung & Kieser, 2012) and are actively developing, promoting and popularizing new concepts (Heusinkveld, 2013; Heusinkveld & Benders, 2012). Consultants have been leading proponents and propagators of concept such as shareholder value, and in the words of Froud, Haslam, Johal, and Williams (2000, p. 81) it was one of the main "consultancy product of the 1980s." Consulting firms such as LEK/Alcar Consulting Group and Stern Stewart were "built on financial metrics" (Froud et al., 2000, p. 82).

Therefore, it is evident that consulting firms have played a leading role when it comes to promoting the EVA concept since the concept is part of their DNA (Froud et al., 2000; Seal, 2010). The historical review in Section 2 showed that the New York-based consulting Stern Stewart was spearheading the emergence and popularization of the concept. Stern Stewart has been referred to as the "leader of the pack" (The Economist, 1997). In response to the increased competition in the EVA market, Stern Stewart went as far as to trademark EVA to fend off competing consulting firms. Stern Stewart also took steps to ensure that others would use the notation in writings about EVA. In the words of Kiechel (2010, p. 214), Stern Stewart "relentlessly reminded every journalist who used the three letters without proper notation."

Several commentators have noted that Stern Stewart was "aggressive in marketing" (Biddle et al., 1998) and that the firm "created and successfully marketed the idea of Economic Value Added" (Kang, Kim, & Henderson, 2002). According to Chen and Dodd (1998), Stern Stewart claimed in a 1997 advertisement in Fortune that it had consulted with more than 200 corporations. Stern Stewart generally used very strong, optimistic and upbeat rhetoric in its promotion of EVA. For example, in an article written by a senior vice president of Stern Stewart (Ehrbar, 1999), it was pointed out how organizations using EVA could achieve remarkable success.

Despite Stern Stewart's efforts to trademark the concept and keep the EVA market to themselves, there were a large number of other consulting firms which started fighting for a slice of the EVA market (Biddle et al., 1998). During the 1990s, other consulting firms (e.g., Boston Consulting Group, Braxton Associates and McKinsey) jumped on the EVA bandwagon (The Economist, 1997). As noted by Myers (1996), this started the so-called "metric wars" between the leading consulting firms which offered different variations of the same type of economic profit measures. In the words of Froud et al. (2000, p. 81), "[e]very consultancy firm must have a metric of its own or so it seems." In some cases, this led to legal conflicts between Stern Stewart and other consulting firms. Kramer and Peters (2001, p. 42) noted that there were "numerous consulting firms marketing their own measures of economic profit." Examples of variants of EVA include Boston Consulting Group's "Total Shareholder Return" (TSR) or "Cash Flow Return on Investment" (CROI) (Kramer & Peters, 2001), LEK/Alcar Consulting Group's Shareholder Value Added (Froud et al., 2000, p. 82), KPMG Peat Marwick's "Economic Value Management" (EVM), and HOLT Value Associates' "Cash Flow Return on Investment" (CFROI). In addition, other variants such as REVA (Revised Economic Value Added) and MVA (Market Value Added) have sometimes been mentioned in the literature. Froud et al. (2000, p. 82) also note that the large accounting firms during the 1990s such as PriceWaterhouseCoopers and Arthur Andersen had their own recipes used for the measurement of shareholder value.

Over time, as EVA has gradually gone out of vogue, it appears that even EVA's chief promoter Stern Stewart has distanced itself from its own concept, evidenced by the fact that the concept is no longer prominently displayed on the firm's website (www.sternstewart.com). In this way, EVA has suffered the same fate as TQM in that consultants need new topics in order to survive (Zink, 2007), and as a result EVA has been replaced by newer ideas more in tune with the current zeitgeist and demand in the marketplace for management concepts and ideas.

4.3 Business media

Different types of business media (e.g., business magazines, professional journals and business book publishers) are generally considered important in terms of disseminating new management concepts and ideas (Barros & Rüling, 2019; Sahlin-Andersson & Engwall, 2002). In the case of EVA, business media played a key role during the 1990s by generating much buzz around EVA and drumming up interest among organizations on the demand-side. There was widespread coverage of EVA-related issues in the business media (Kramer & Peters, 2001), and in particular magazines such as Forbes and CFO Magazine were leading the way in terms of promoting EVA (Weaver, 2001). In the words of Cordeiro and Kent Jr (2001, p. 57) "Fortune magazine in particular, laud it as the holy grail of corporate performance management and measurement." Ezzamel and Burns (2005, p. 764) noted the "exhortations made for EVA in the financial press" while Chen and Dodd (2001, p. 65) pointed out the "the popular press's touting of EVA(TM) as the hottest buzzword in Corporate America."

As discussed in Section 2, the zeitgeist in business community has shifted considerably since EVA's heydays during the 1990s, and in recent years articles about the shareholder value movement have become much more critical in nature. Therefore, it can be argued that the role of the business media in relation to EVA has shifted quite dramatically over time, from being cheerleaders during the early phase to critical commentators in the last decade.

4.4 Analysts

Security analysts may also be involved in the diffusion and popularization of management concepts (Nicolai, Schulz, & Thomas, 2010), and are of particular relevance when discussing finance-oriented management concepts such as EVA. In an article published in The Economist during the late 1990s the involvement of investment banks such as Goldman Sachs and Credit Suisse First Boston was noted (The Economist, 1997). Other researchers have found that there was a widespread adoption of EVA among financial analysts (Müller-Stewens, Lechner, & Muchow, 2001). Bontis et al. (1999, p. 394) wrote that "EVA is blessed with widespread acceptance in the financial community, and thus can increase the legitimacy of a company in the eyes of the financial markets, as a valuable measure of corporate value-creation or destruction over a given period."

In large part, the widespread adoption of EVA among analysts was due to the active role played by Stern Stewart. Lechner, Muchow, and Müller-Stewens (1999, p. 13) pointed out that "the financial consulting firm Stern Stewart is actively promoting its concept of Economic Value Added (EVA) among firms and financial analysts. These stakeholders, in turn, urge firms to use it and to drop other concepts." In this way, financial analysts indirectly become suppliers and promoters of EVA.

4.5 Academia

Academics such as business school professors may also play a role in the diffusion and popularization of new management concepts (Engwall & Wedlin, 2019; Sahlin-Andersson & Engwall, 2002), for example by contributing to the public discourse around concepts and incorporating them in business school programs and curricula. Since the 1990s, the EVA concept has been covered in numerous textbooks covering the fields of accounting and finance.

In the field of management accounting research, value-based management (VBM) received considerable attention in the early 2000s. Ittner and Larcker (2001) introduced a value-based framework in which the performance of management accounting techniques, such as activity-based costing and balanced scorecards would be evaluated against a measure of residual income. The measure of residual income was almost conceptually equivalent to EVA. It was clear in the framework that the overall objective was to increase shareholder value. Their research paper is one of the most cited in the accounting literature and was followed by an intense academic debate. From an economics and financial accounting perspective Zimmerman (2001) criticized the value-based framework on the basis that it was too practice-oriented and lacked a basis in economic theory. In the 2002, issue 4, of the European Accounting Review, several researchers responded to the criticism from different perspectives (e.g., Hopwood, 2002). It should be noted that in comparison to many other academics, Ittner and Larcker were rather pragmatic in their evaluation of EVA. Based on a case study of a large firm, they theorize that the technical complexity of EVA is an obstacle to implementation (Ittner & Larcker, 1998). Nevertheless, the debate about value-based management most likely fueled interest in the concept of EVA.

As noted in Section 2, Alfred Rappaport was heavily involved in laying the groundwork for EVA by popularizing the notion of shareholder value. As argued by Froud et al. (2000, p. 81) this book was a "quasi-academic business text" written in the style of popularized management literature.

Kumar (2016) finds that there has been a large number of papers written about EVA in the period from 1992-2014. Figure 1 shows the number of Scopus-indexed articles with "Economic Value Added" in the title during the period 1991 to 2018. The figure shows a general increase from the mid-1990s to around 2010. Although the number of publications appears to have plateaued since then, the figure suggests that the interest in EVA in the academic literature remains relatively high. While some of the increase can be explained by a general growth in indexed scientific articles in the period (Bornmann & Mutz, 2015), there is nevertheless a clear pattern of growth followed by a period of relative stabilization.

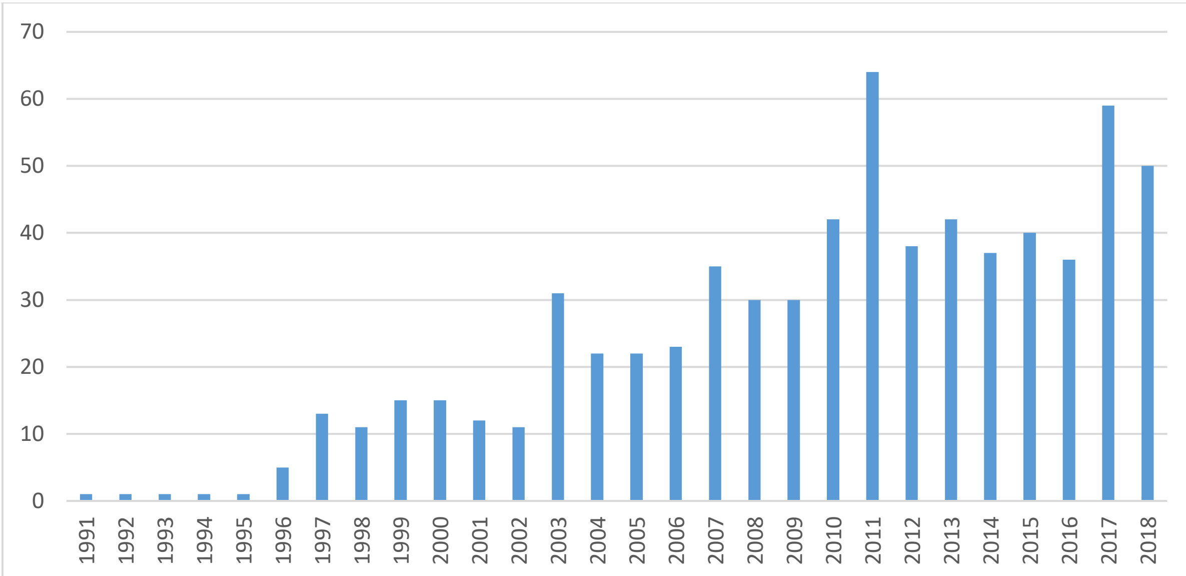

Figure 1: Scopus-indexed articles with "Economic Value Added" in the title (1991-2018)

During the 1990s, articles about EVA were mostly published in practitioner-oriented journals (Dierks & Patel, 1997). Over time, there has been an increase in scholarly interest in the topic of EVA, and several critical articles have been published, for instance in accounting journals (Froud et al., 2000; Gleadle & Cornelius, 2008; Haslam, 2010). The criticism has been mostly directed towards the detrimental effects of value-based management on other stakeholders than shareholders and ethical issues. However, there was also a concern that increased financialization and focus on shareholder value could hinder the innovative capabilities of firms and lead to instability in the economic system (Boyer, 2000; Lazonick & O'Sullivan, 2000). Interestingly, both studies precede the burst of the “dot-com bubble”. However, overall the positive interpretation of shareholder value models likely reached its peak in the years preceding the dot-com bubble. The discourse surrounding the notion of the “new economy” was tightly linked to a belief in unregulated markets and the pursuit of shareholder value (Froud et al., 2000). In 2001, Hansmann and Kraakman (2001) forecasted “the end of corporate law”. Their thesis being that globally business or governance systems would converge towards the “Anglo-American” shareholder value model. However, their forecast turned out to be incorrect.

EVA has also met contesters in the more practitioner oriented management literature. For example, the strategy guru Gary Hamel has argued that strategy and innovation is more important than a single financial metric when it comes to measuring firm performance (Hamel, 1999). Also, during the 1990s EVA received a very strong challenger in the form of the Balanced Scorecard (Kaplan & Norton, 1992), a new performance measurement concept which provided a much broader and more holistic view of firm performance than what was offered by EVA, using a combination of financial and non-financial metrics.

4.6 Evaluation

The analysis of the supply-side of EVA has shown that the consulting firm Stern Stewart spearheaded the emergence of EVA during the early 1990s, but that it did not take long before competing consulting firms entered the market, which led to the start of the “metric wars” where most large consulting and accounting firms would market their own solutions related to financial metrics. During the 1990s, the business media played a key role as cheerleaders and boosters of the concept, publicizing success stories about EVA, which drummed up interest in EVA in among managers across Corporate America. Stern Stewart also successfully popularized the concept in the investment community and among financial analysts, which turned them into suppliers of the EVA fashion. Finally, academics played a supporting role during the 1990s, by writing articles about the concept and incorporating the concept in textbooks, handbooks and educational programs.

Over time, as EVA has fallen in popularity, the roles of the various supply-side actors have shifted and, in some cases, reversed. For example, consulting firms have in recent years kept a very low profile when it comes to EVA and have instead moved on to newer concepts. Similarly, the discourse in the business media is now much more critical of shareholder-oriented approaches and instead articles are instead boosting other concepts. Academics, on the hand, are still actively researching and publishing papers about EVA, but many of these take a more critical view of the concept than in the early phase.

5 The demand side of EVA

This section takes a demand side view of EVA, i.e. looking at the interest, adoption and implementation of the concept by actors on the demand side of the market (i.e. managers).

5.1 Interest

The analytical tool Google Trends (www.google.com/trends) can be used to monitor and measure the interest in management concepts and ideas over time (Madsen, 2016). As Figure 2 indicates, the interest in EVA has been decreasing. Some of the decrease can be explained by high levels of awareness and knowledge of the concept since it has been around since the early 1990s. Moreover, some of the decrease could be due to low newsworthiness and that it increasingly has become out of tune with the zeitgeist, overshadowed by newer ideas.

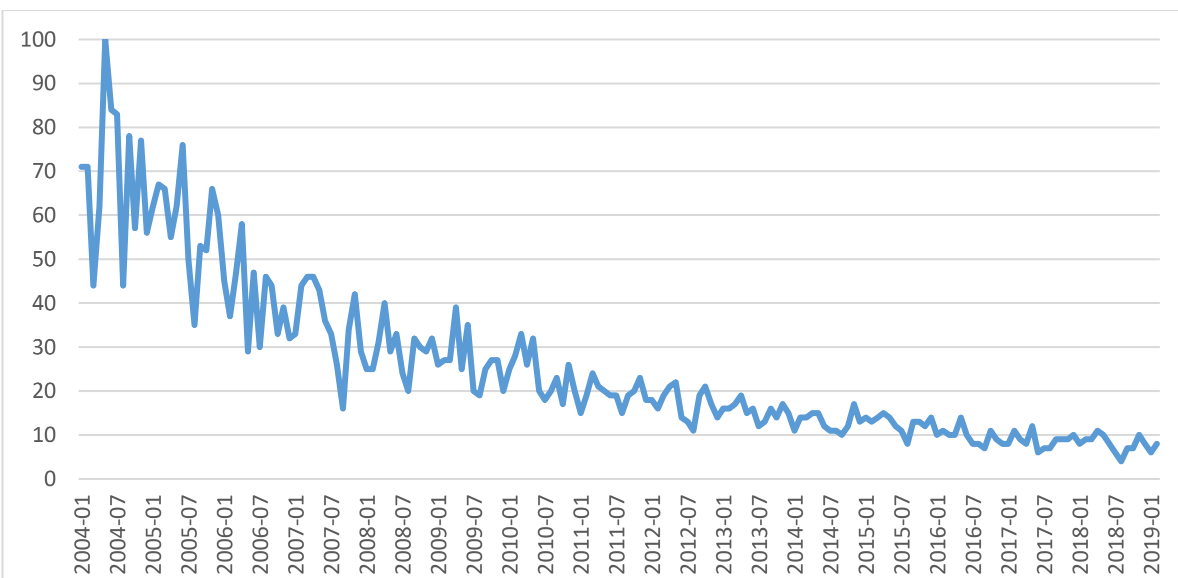

Figure 2: Google Trends for "Economic Value Added" 2004-2019 (Data source: www.google.com/trends; accessed 1 March 2019)

Figure 3 compares the Google Trends curves for "Economic Value Added" and "Residual Income." The comparison shows that search interest for EVA was relatively high during the mid-2000, but since then it has fallen steadily. The search volume for residual income is much more stable. One possible explanation of the relative stability of residual income is that it is a less fancy and catchy term than EVA.

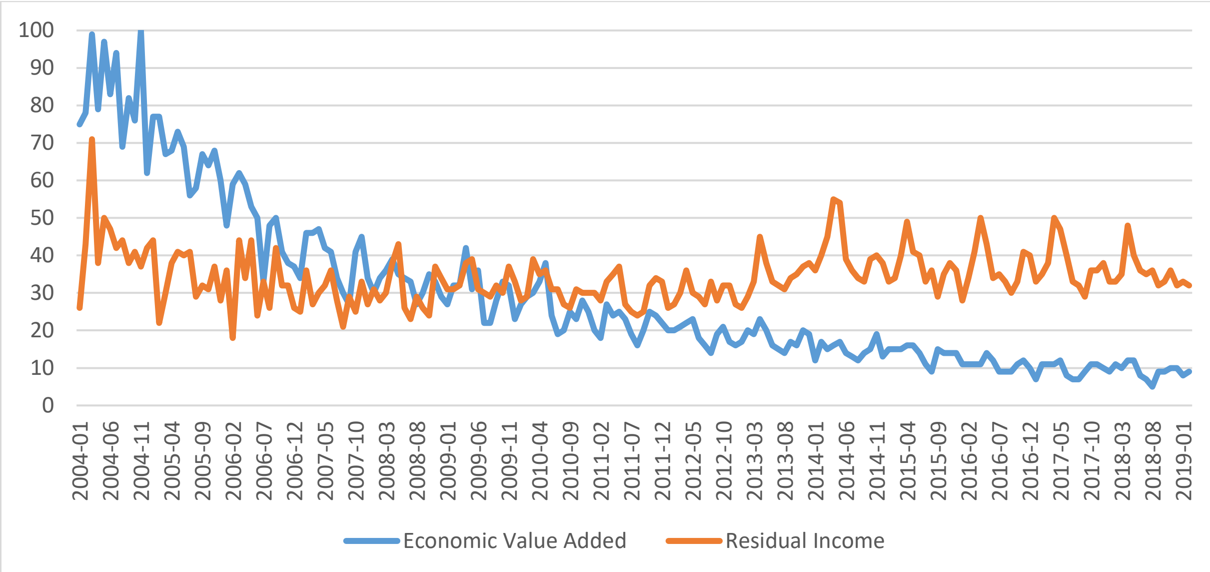

Figure 3: Google Trends for "Economic Value Added" and "Residual Income) 2004-2019 (Data source: www.google.com/trends; accessed 1 March 2019)

5.2 Adoption

All the attention showered on EVA during the 1990s also had an effect on its popularity and use in organizational practice. The use of the concept quickly became widespread, particularly in the US, but also elsewhere. The popularity of EVA continued into the new millennium, and as noted by Karlöf and Helin Lövingsson (2005, p. 139) during the mid-2000s: "EVA is a well-established concept, but it is only in the last ten years that it has become an important yardstick for financial departments, which have increasingly used the measure for planning and performance management." In the 2004 edition of the "Management Tools and Trends" survey carried out by consultancy firm Bain & Company, 44 percent of the surveyed managers reported using "economic value-added analysis" (Rigby, 2005).

As noted by Kramer and Peters (2001) "practitioners have embraced EVA" and the concept has been particularly popular in the investment community among security analysist and the like. Worthington and West (2001) cite Herzberg (1998, p. 45) who stated that EVA was popular with security analysts because "instead of using a dividend discount approach, these models measure value from the point of the firms' capacity for ongoing wealth creation rather than simply wealth distribution".

Several reports suggest that during the late 1990s EVA has an "impressive army of corporate sponsors" (Chen & Dodd, 1997) and more than 300 firms had reportedly adopted EVA (Ehrbar, 1998; The Economist, 1997). Several articles provide lists of firms that have adopted EVA (Weaver, 2001). In addition, the list of adopters on the Stern Stewart website used to mention firms such as AT&T, Coca Cola, Eli Lilly, to name a few. Other sources mention the following firms as adopters of EVA: Procter & Gamble, Coca Cola and Monsanto (The Economist, 1997) or Coca Cola, Diageo, Eli Lilly, Guidant, and SPX (Grant, 2003).

The adoption of EVA has not been confined to North American firms. Cooper and Crowther (2008) found increased adoption of value-based management techniques during the 1990s in the UK. Arena and Azzone (2005) found an increase in the use of innovative techniques such as ABC, BSC and EVA. EVA has also been extensively used in countries such as Australia, Germany, Brazil and France (Worthington & West, 2001). There seems to be differences in the adoption of EVA across different types of firms. Lovata and Costigan (2002) analyzed adopters of EVA and found that prospector firms which follow a differentiation strategy tend to use EVA less than defender firms. Overall, EVA has a rather moderate impact on practice in terms of adoption and has not become institutionalized to a large degree (Seal, 2010).

5.3 Implementation

As mentioned, there is much anecdotal evidence on the implementation and use of EVA, and much of this was publicized in the business press or as testimonials on the website of Stern Stewart. It is less clear in what ways these organizations actually apply EVA. Some studies suggest that there is variation in use of EVA and that the concept is not used as comprehensively as prescribed in the normative literature (Malmi & Ikäheimo, 2003). Research suggests that implementing EVA can be challenging. For example, Francis and Minchington (2002) identified implementation challenges which were technical, cultural and political in nature. Research has also identified "shortcomings and implementation concerns" associated with EVA (Cordeiro & Kent Jr, 2001). Others have stressed that there may be considerable organizational and societal resistance to the use of EVA (Chiwamit et al., 2014; Ezzamel & Burns, 2005). A study carried out in a large Norwegian firm found that using EVA was too demanding in terms of time and resources (Gillesvik & Kristiansen, 2010). Finally, McLaren, Appleyard, and Mitchell (2016) carried out longitudinal case studies in three New Zealand firms and documented the rise (institutionalization) and fall (deinstitutionalization) of EVA. These authors found that there were technical challenges associated with use of EVA, which contributed to its demise in the case organizations.

5.4 Effects

Generally, the data on the performance effects of EVA adoption and implementation do not match the very positive anecdotal stories publicized during the 1990s and early 2000s and the testimonials on the webpages of for instance Stern Stewart during that time period. The claims have largely been based on and supported by anecdotal evidence, i.e. success stories and testimonials from major North American corporations. As the research methods literature tells us, such individual anecdotes cannot be generalized to the whole population of firms.

There are a number of reviews of the theoretical and empirical literature on EVA (Worthington & West, 2001). Studies have shown that the evidence on the performance enhancing effects of EVA is quite mixed (Biddle, Bowen, & Wallace, 1997; Biddle, Bowen, & Wallace, 1999). In the words of Bhattacharyya and Phani (2004) "the empirical evidence is split almost half way." Paulo (2010) finds that the evidence cannot validate Stern Stewart's claims that EVA is superior to other performance measures. A recent follow-up review article has also documented a weak relationship between EVA and stock returns (Toft & Lueg, 2015). Taken together, this body of literature provides mixed evidence for the performance enhancing effects of using EVA.

6 Discussion

6.1 Emergence

While the origins and early theoretical development of EVA can be traced back to the 1980s, EVA did not get popular until the 1990s. The rise in popularity can to a large degree be attributed to the promotional efforts of the consulting firm Stern Stewart. Therefore, it can be argued that the movement around EVA has to a large extent been led by practitioners (Carmona et al., 2003), spearheaded by Stern Stewart, and cheered on by actors in the business press such as Fortune magazine, as well as financial analysts and enthusiastic adopters in the corporate world. The adoption of EVA by many leading North American firms also may have contributed to a “Kodak Effect,” which refers to the rise in popularity of outsourcing in the aftermath of Kodak’s much-publicized decision to adopt outsourcing (Loh & Venkatraman, 1992). Similarly, the EVA concept’s diffusion during the 1990s was helped by the attention showered on the concept in the business and financial press, in particular the highly publicized stories from prestigious North American EVA adopters.

The emergence of EVA was also to a large extent helped by the concept’s fit with the dominant zeitgeist in the business community during the early to mid-1990s, which particularly in the Anglo-American part of the world emphasized financial metrics and held up shareholder value maximization as a mantra. This provided fertile ground for the gospel espoused by “EVAngelists.”

6.2 Evolution

The historical popularity trajectory observed in the case of EVA is a typical “rise and fall” story, with a boom phase where the concept experienced a rapid increase in popularity and then a bust phase it fell out of favor. The literature reviewed in this paper suggests that there are several possible reasons for the reduced popularity of EVA.

First, some of the backlash to EVA can be attributed to overly inflated expectations with respect to performance effects. For many organizations the concept failed to live up to the high expectations created by optimistic rhetoric and the heavy touting of anecdotal success stories during the 1990s. In general, studies have provided mixed evidence for the strong claims of performance enhancements. This may have created disappointment and disillusionment among EVA users and may have contributed to a general contamination of the once shiny EVA label. As it is pointed out in the literature on management fashions, management concepts may become “worn out through use” as they become associated with negative experiences and failure stories (Benders & Van Veen, 2001).

Second, some of the decrease in popularity can be attributed to a shift in zeitgeist during the 2000s, a trend which only become stronger in the aftermath of the financial crisis of 2008. During this time the focus of the fields of strategy and leadership shifted away from shareholder value maximization (Allio, 2011) towards more stakeholder oriented models (Cooper, 2017) and concepts and ideas such as corporate social responsibility and sustainability (Jutterström & Norberg, 2013; Zink, 2007).

Third, EVA was challenged by the advocates of other management concepts launched during the 1990s, such as Kaplan and Norton’s Balanced Scorecard (Kaplan & Norton, 1992). Advocates of the Balanced Scorecard have been able to out-compete EVA by arguing that a focus on financial measures is a too narrow of a view of performance in today’s environment. While financial metrics were very influential on management consulting practice during the 1990s, over time there has formed a consensus that these frameworks were not very forward-looking since they lacked information about, for instance, competitors and customers (Kiechel, 2010, p. 214-215).

There has been a general shift from a focus on financial measures to non-financial measures (Liguori, Sicilia, & Steccolini, 2012; Low & Siesfeld, 1998) and from the mantra of shareholder value maximization towards management concepts that provide a broader and more-forward looking view of firm performance such the Balanced Scorecard (Kaplan & Norton, 2008). There have been a number of strategy consulting firms which have advocated strongly for these more holistic strategic performance measurement concept concepts and frameworks (Kiechel, 2010). The Balanced Scorecard offered a broader view of the performance of the firm and would go to on become a key service offering among strategy consulting firms during the late 1990s and early 2000s (Cooper, Ezzamel, & Qu, 2017; Ittner & Larcker, 1998; Kaplan, Nolan, & Norton, 2018). The Balanced Scorecard has been able to sustain its popularity over several decades while the popularity of EVA has fizzled (Madsen & Slåtten, 2015; Rigby & Bilodeau, 2018).

Therefore, it can be argued that the EVA concept has faced pressure from multiple directions, creating what may be characterized as a “perfect storm” which over time has contributed to a marginalization of the EVA concept in the marketplace for management concepts and ideas.

7 Conclusion

7.1 Concluding comments

The current paper sets out to examine the historical popularity trajectory of EVA, using management fashion theory as a theoretical lens. The paper provides an updated picture of the EVA’s popularity trajectory and status in the marketplace for management concepts and ideas, by including the developments from the mid-2000s to present time. While the evolutionary trajectory of EVA generally resembles the “boom-and-bust” life-cycle pattern often seen in cases of fashionable management concepts and ideas (Abrahamson, 1996; Kieser, 1997), the case of EVA shows that the concept is still alive even though it has been overtaken in popularity and overshadowed by newer topics and ideas more in tune with the post-financial crisis zeitgeist such as sustainability and corporate social responsibility.

To sum up, our paper provides at least two contributions to the literature. First, the detailed historical examination of the historical trajectory of EVA provides new insight into contextual factors which have shaped how and why the EVA concept has been embraced or resisted at different points in time. The findings of the paper showcase that a detailed historical examination of the trajectory of a particular management concept can cast light on different concept-specific and contextual factors which shape how and why different management concepts rise and fall in popularity and salience (Carson et al., 1999; Schwarz, 2015; Spell, 1999; Spell, 2001). Second, the study synthesizes the findings of a wide range of dispersed sources, which in our study are pieced together to form a big-picture historical narrative of emergence and evolution of EVA. Hence, our account of the history of EVA contributes to the small but growing literature on which have examined the concept of EVA using sociological and critical theories (e.g., Carmona et al., 2003; Chiwamit et al., 2017; Chiwamit et al., 2014; Ezzamel & Burns, 2005).

7.2 Limitations and future research

Studying management ideas, such as EVA, empirically is fraught with challenges and a number of trade-offs usually have to be made (Braam, Benders, & Heusinkveld, 2007; Madsen & Stenheim, 2013; Strang & Wittrock, 2019). Therefore, like any piece of research, the current study is certainly not without limitations. For example, one limitation is related to the explorative research approach which is based on desk research and a heavy reliance on secondary data. Making heavy use of secondary sources means that we to a large degree are dependent on the choices made by other researchers (Nijholt & Benders, 2007, p. 649). Moreover, there are several challenges associated with researching the evolutionary trajectories of management concepts, particularly in a historical perspective.

However, even when taking the limitations into account, we argue that following this research approach was a pragmatic solution given the aim of constructing a big-picture historical narrative of the popularity trajectory of the EVA concept.

The limitations identified above also constitute areas for future research. To obtain a fuller picture of the evolution and impact of EVA, researchers could carry out interviews with key actors involved in the EVA field, preferably actors with a historical overview as a result of working in the field as a consultant, academic or practitioner. Another area in need of research is an updated and more nuanced picture of the concept's popularity on the demand-side. The survey data on the adoption and implementation of EVA are by now relatively dated. Since EVA to a large extent has vanished from public management discourse, it would be interesting to find out more about the extent to which the concept is still used by organizations on the demand-side. This could inform debates about the co-evolutionary relationship between supply-side discourse and the actual demand-side adoption of management fashions (Nijholt & Benders, 2007).

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