Title: "Creating and capturing value: What does that mean, and how can it be measured?"

Abstract: The strategic management field has moved beyond a narrow focus on firm profits to embrace a broader conception that economic value is created by firms and captured by a variety of stakeholders, including managers, employees, suppliers and customers, as well as corporate shareholders. Methods have been lacking to quantify this conception of value creation and capture, even though measures of shareholder value (e.g., accounting profits or stock prices) are widely available. Economists represent the total value created by a firm as the sum of producer and consumer surplus, but the difficulty of measuring consumer surplus means that as a practical matter, this notion is virtually impossible to gauge empirically. In this study we develop a dynamic measure (VCA model) based on the total factor productivity formula. The VCA model overcomes the consumer surplus problem by approximating the change in total value created by a firm (and its distribution among stakeholders) between points in time. We apply this model of dynamic value creation and distribution to data on US airline companies and global automotive producers.