Factors enhancing Firm Performance: A Systematic literature review

Sushil Kumar Pradhan; B.K.N Satapathy; Bhakta Charan Jena;
Rajaswini Mishra; Sweta Swetalin Martha
Assistant professor, Department of MBA, GITAM Bhubaneswar

Abstract

The performance of firm is a relevant construct, in strategic management research, across the globe and frequently it isused as a dependent variable. In spite of its relevance, there is hardly any consensus about its definition. This review article suggest sacomprehensivesubjectivemeasurement model for performance of firms, based on indicators and findings of earlier research studies. Thefinalsubjectivemodelwasdevelopedwithninedeterminants/dimensions, namely, profitability performance, growthperformance, market value performance of the firm, customer satisfaction, employee satisfaction, environmental auditperformance, corporate governance performance and social performance. It is found that these nine dimensions ordeterminants cannot be used interchangeably since they represent different aspects of firm performance and differentstakeholders of firms have different demands that need to be managed independently. Researchers and practitioners mayusetheproposed subjective model, inempirical studies,to evaluate themultipleperformance ofafirm.

Keywords: StrategicManagement, FirmPerformance, Measurement Modeland Subjective Indicators.

1. Introduction

The strategic management is seen as a systematic process which aims at maximizing the utilization of sources inrelation to organizational objectives which are in conformity with the demands of the business environment. Thestrategic management normally looks beyond the mere day-to-day operations of the business, as it is long term in nature.Hence it aims at creating a good future, without neglecting the present, thereby providing an appropriate platform forreactingtochangesinbusinessenvironment.

Strategic management is an applied field of business and as such, its survival and growth depend not only on itstheoretical sophistication and the rigour of its methods but also on its relevance to practitioners. According to thefindings of earlier studies, those firms, that are sophisticated users of strategic management, are more successful thanfirms that have not yet acquired strategy-making skills (Pekar, P. J., & Abraham, S., 1995). The practitioners often donot perceive strategy-making as relevant to improving their firm performance (Heracleous, L., &DeVoge, S., 1998).Besides, some researchers like Eden, C., & Ackermann, F. (1998) proposed that the strategy-making process may be themost important factor that determines the ability of a firm to realise its strategic intention. Besides, the strategy-makingprocess of firm may have a profound impact on the performance of a firm (Hart, S. L., and Banbury, C., 1994).Therefore, theperformance offirmisa relevantconstruct in strategicmanagementresearch.

The rigorous constructmeasurement is critical for the advancement of science, particularly when the variables ofinterest are complex or not observable. Paradoxically, the strategic management has been criticized for not giving thetopic of firms‟ performance, high priority (Boyd, B.K., et al., 2005). However, the firm performance is one of the mostrelevant constructs in the field of strategic management (Rumelt, R. P., et al., 1994).A construct to measure firms‟performance may have to be developed in such a way to be commonly used as the final dependent variable (Richard.P.J., et al., 2009). Despite its relevance, the research on the firm performance suffers from problems such as lack ofconsensus, selection of indicators based on convenience and little consideration of its dimensionality (Combs et al.,2005; Crook, T. R., et al., 2008; and Richard. P. J., et al., 2009). Many earlier studies measured these all the dimensions most relevant to the relevant research and judge the outcomes of this choice (Richard. P.J., etal., 2009). The fieldofstrategicmanagementneeds a clear conceptualization of firm performance andeffectivediscussions about its dimensions and better measurement efforts. Against this background, this review article proposesmultidimensional measurement subjective model for firm performance. This review paper also stresses the use ofconfirmation factor analysistotestthe subjectivemodelbefore applicationinfuture.

1.1 StatementoftheResearchProblem

The present day business environment is in the age of discontinuity in which the changes occur on a continuous anddisruptive basis. This makes business firms difficult to predict the future performance of firm with accuracy. Thechanges may be minor or significant. However, the degree of changes is not what really matters but the abilities of anorganization, to effectively cope with these uncertainties in the levels of performance, are the big challenge. This, therefore, becomes the entry point for the application of strategic management in every organization. Besides, theidentification of thefactors/dimensions in respect of firm performance is an underlying issue of this study. Besides, there is awide gap, between academic researchers andpractitioners, inrespect of using model to measure the performance of the firm with high rate of accuracy. Richard. P.J., et al. (2009) rightly viewed that academic researchersmay not be measuring the performance to which the managers of the firms are really managing. But the practitionersmay use this understanding of performance dimensionality, to judge the broader impact of their decisions and actions.Besides, the practitioners too could use the measures to control a company‟s position in the competitive environment.Against this background, an attempt has been made in this study to suggest a comprehensive subjective model, coveringall relevant determinants, to measure the performance of the firm with accuracy, after carefully reviewing earlier articles published inacademic journals and knowledge and experiences of researchers.

1.2 ImportanceoftheStudy

The study on the identification of relevant determinants of firms‟ performance is required in the context of changed andcompetitive business environment. The results of this study may be useful for advanced researchers and practitioners, touseacomprehensivemodel,toget accurateresults on thefirms‟ performance. This study can bethebase for developingthe appropriate scales for each dimension by the other researchers who are interested in measuring firm performanceacross industries with subjective indicators (Boyd, B.K., et al., 2005). The dimensional structure of the model could alsohelpthescholarstoselectrelevantperformanceindicatorsforspecificresearchproblemsthatcomprehensivelycoverthe different dimensions of performance of the firms considered for the investigation. Besides, the model can contributeto bridge the gap betweenacademia andmanagementpractitioners.

1.3 Aimofthe Study

The aim of this review article is to suggest a comprehensive subjective model with a review to minimize the gapbetweenacademicandpractitionersinrespectofusing modelto measure thefirmperformance.

2. Methods of Present Study

The conceptual proposal on the performance of firms suggested by Venkatraman, N., & Ramanujam, V. (1986) iswidelyused by Carton, R.B. ,& Hofer,C.W.,2006andRichard.P.J., etal.,2009.Theanalysisofoperationalizationoffirm performance, made in different empirical earlier studies, vividly shows a wide variety of approaches covering thisdomain, in an unbalanced way. It is appropriate to refer here that Combs. J. G., et al., (2005) identified 238 empiricalstudies that used 56 different indicators, in respect of firms‟ performance. In most cases, the financial performance wasused largely (82%), with accounting measures of profitability, being the most common choice (52%). Carton, R. B., &Hofer, C. W. (2006) and Richard. P.J., et al., (2009) reported a similar picture, after analyzing different journals in othertime periods. But there is a strong feeling among researchers that there has been no comprehensive subjective model, covering all the relevant aspects of firm performance, for evaluation with accuracy as required by business communityina competitive businessenvironment.

Against this background, an attempt has been made in this study to suggest a comprehensive subjective model, aftercarefully reviewing the articles published in top academic and professional journals and subject knowledge of theresearchers. To ensure a selection of indicators, to be consistent with the Indian business environment, the studyexamined the annual reports of leading companies in India. Besides, a particular variable was considered as relevant ifthe same variable was used for the analysis by other researchers and the results have not published in more than twoarticles in top journals. To identify the potential indicators for each presumed performance aspect (growth performance, profitability performance, market value performance, customers "satisfaction and employees "satisfaction, environmental performance, environmental audi tperformance, corporate governance performance and social performance), the present study reviewed earlie rpapers published nrelatedacademicjournals.Basedonthisexamination,thisreviewpaper identifiedperformanceindicators.

2.1 Feedback

Corporate officials like managers and other top officials were contacted by the researchers. Their views and valuableinformationhelpedtheresearcherstoidentifytherelevantdeterminantsoffirms" performanceanddevelopthesubjectivemodelfor the same.

2.1.1 LimitationsoftheStudy

- This study was mainly based on review of earlier studies (relating to firms" performance), published inacademic journals. Hence it could be riddled with certain limitations which are bound to be connected with thearticlesreferred.
- Thecriticismapplicabletoreviewofliteraturesisapplicabletothisstudyalso.
- Thisstudy,byitsnature,isareviewstudy.Itdidnotapplyanyconfirmatorytesttovalidatethemodels.
- No comparison has been made on the identification of determinants of performance between small and largefirmsor othertypesoffirms.

2.2 FirmPerformanceDomain

An attempt has been made in this study, to develop the model for firm performance, accurately based on the stakeholdertheory (Freeman, R. E., 1984) and carefully select a list of indicators to fully represent the concept of firm performance.This review paper designed the measurement model, to allow comparison across firms, giving scope for testing it with asample of senior managers and board members of companies and stake holders in India and abroad. These measures arepreferable when the focus is on inter-firm comparison (Ketokivi, M. A., & Schroeder, R. G., 2004). The assessment ofnon-financial criteria has also been allowed in the model (Richard et al., 2009). Their use is warranted since they havebeenprovedtobepositivelyassociated withobjectivemeasures(Dawes,J.,1999;Forker,etal.,1996;Venkatraman,N.,&Ramanujam,V.,1987;Wallet al., 2004).

The concept of firm performance is different from the broader construct of organizational effectiveness. According toVenkatraman, N., & Ramanujam, V. (1986), the broader construct covers three overlapping concentric circles, with thelargest representing organizational effectiveness. The organizational effectivenesscovers all aspects related to thefunctioningoftheorganization(Cameron,1986a).Businessperformanceorfirmperformanceisasubsetoforganizationaleffectivenessthatcoversbothoperational and financial outcomes.

The operational performance, as described by Venkatraman, N., & Ramanujam, V. (1986), could be best viewed as anantecedent to financial performance, mediating the effect of resources. While the customer satisfaction may be anantecedent to financial performance, is it not a performance outcome in itself as well? This depends on how a researcherdefines firm performance for his/her studies (Combs. J. G., et al., 2005). It is significant that defining the performance,as the satisfaction of stakeholders (Connolly, et al., 1980; Hitt, 1988 and Zammuto,1984), helps to differentiatebetween antecedents and performance outcomes. In this case, customer satisfaction is clearly an outcome (using thecustomer–astakeholder–perspective) and thu sbecome part of firm performance .Besides ,intoday"shighlycompetitiveenvironment,the organizations need to protect the long terminterests of customers (ClementSudhahar,J.etal.,2006).

2.3 AStakeholderApproachtoFirmPerformance

The othe rfactors are the profitand growth whicharerelevantjustificationfortheexistenceofabusinessfirmandtheymustbeincludedinanyattempttomeasureperformanceoffirms.Acompanymaygrowinternallyorexternally.Themostcorporategrowthoccursbyinternalexpansion(Selvam,M.etal.,2010).ThegrowthoftheIndiancorporatesector has beenfacilitatedbystockexchanges (Gayathri,MandSelvam, M,2014).Thestakeholdertheory(Freeman, R.E.,1984)helpstheresearcherstoidentifytheparameterstomeasuretheperformance.Measuringtheperformance,underthisconceptualization,involvesidentifyingthestakeholdersanddefiningthesetofperformanceoutcomesthatmeasuretheirsatisfaction(Connollyet al.,1980;Hitt, 1988andZammuto, 1984).

For business enterprise, „profit" is the objective to grow and survive in the market (Selvam, M., 1991 and 1992).Thesocial objective of public sector may be related to quality of service which attracts the customers/passengers (Selvam,M., 1989 and 1990). Service Quality is the function of perceptions, expectations and performance of firms (ClementSudhar,J,andSelvam,M.,2007).Thecompetitiveservicequality,inthecutthroatcompetition,isimportantforsurvivaland existence ofinstitutions(Isaiah, et al., 2015).

The stakeholder theory offers a social perspective to the objectives of the firm but it conflicts with the economic view ofvalue maximization. The stakeholder theory is widely used in the corporate and academic world. It is possible to see itsinfluence in corporate annual reports. The satisfaction of different stakeholders, being considered as a variable for thefirmperformance,was also adoptedbya large numberofresearchersandauthorslikeAgle,et al.,1999;Clarkson,1995;

Kaplan and Norton, 1992; Richard et al., 2009; Venkatraman, N., & Ramanujam, V., 1986 and Waddock and Graves,1997a. The use of this theory allows one to resolve the issue of differentiating between performance antecedents andoutcomes. The performance measures assess the satisfaction of different groups of stakeholders. This conceptualizationof firm performance is applicable across different companies, as remarked by Carneiro et al., (2007), allowing one todifferentiate between high and low performers in the eyes of each stakeholder. Some researchers emphasized that thesatisfactionasperformancemeasure,shouldbeassessedfromallstakeholders"pointofview.

Freeman,R.E.(1984)definesastakeholderas"anygrouporindividualwhocanaffectorisaffectedbytheachievementof theorganization"sobjectives".Thisdefinition literally may includeanunmanageablenumberofconstituencies. Clarkson (1995) prescribed some important groups of stake holders of firms. It is to be noted that theviews of shareholders and employees of firms, for example, should always be present in any analysis. Other primarystakeholders are suppliers and customers since they have a direct relationship with the firm. Secondary stakeholdershave indirect relationships with the performance of firm but are clearly affected by its actions, mainly in terms of thesocial or environmental consequences. Donaldson and Preston (1995) listed out several classes of other stake holderswhich included governments, trade associations, communities and political groups and public. Each stakeholder has itsown agenda in relation to the company and values a particular set of goals (Fitzgerald and Storbeck, 2003). It issignificant to note that pleasing all parties equally, may be an unachievable task for the firms and therefore, managersneed to prioritize. Mitchell et al., (1997) offered a method to identify and judge the salience of the stakeholders relevantto a firm.

3. MultidimensionalModelsforFirmPerformance

A comprehensiveconstruct(model),on firmsperformance,can be unidimensionalormultidimensional.Figure-1displays the list of identified determinants, i.e., possible representations of firm performance. It is to be noted that theidentifieddeterminantsforfirmperformanceareprofitabilityperformance,growthperformance,marketvalueperformance,customers"satisfaction,employees"satisfaction,environmentalperformance,environmentalauditperformance,corporategovernanceperformanceandsocialperformance.Aspointedoutearlier,thesedeterminantswereidentified,

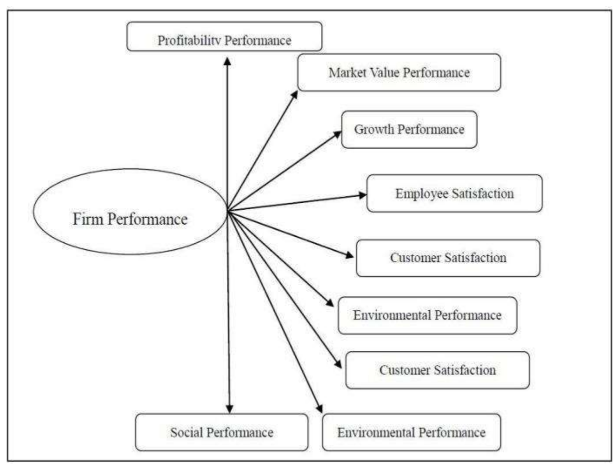

Figure 1. List of identified Determinants for Firm Performance Source: Developed from various related studies including M.Selvam(2016).

basedonthe reviewspublishedearlier.

Profitability performance is the ability of a business to earn a profit. A profit is what is left of the revenue a businessgenerates, after it pays all expenses, directly related to the generation of the revenue, such as producing a product, andother expenses related to the conduct of the business activities. The objective of the firm is to maximize wealth of theexisting shareholders (Vanitha, S. and Selvam, M., 2012). Superior financial performance is a way to satisfy investors(Chakravarthy,1986)anditcanberepresented byprofitability,growthandmarketvalue(ChoandPucik ,2005and

Venkatraman,N.,&Ramanujam,V.,1986).Thesethree aspectslikeprofitability,growthandmarketvalue,com plementto each other. The profitability measures a firm‟s past ability to generate returns (Glick, W. H., et al., 2005).Marketvalue performance refers to the price in the market. The financial asset, like the share of a company, should fetch valuein the marketplace. Market value is also commonly used to refer to the market capitalization of a publicly-tradedcompanyand itisobtainedbymultiplyingthenumberofitsoutstandin gshares bythecurrentshareprice.

Market Value is considered as a possible variable and it represents the external assessment and expectation of futureperformance of firms. It should have a correlation with historical profitability and growth levels of firms but alsoincorporatefutureexpectationsofmarketchangesa ndcompetitivemoves.Thediversificationstrategyprov ideseffective risk minimization and return maximization (Lingaraja, K., et al., 2015). The market value of a firm is thus akey concern and it is the ability to predict stock trends, based on publicly disclosed information. Information relevant tostock returns is important for both general investors and stakeholders of publicly listed corporations. Market anomalieshelp the investors to gain from market movements. Maximization of stakeholder and investors value via the betterperformance of business operation is revealed on the stock market by the indices of financial report and other requiredinformation on the stock market (Tsung-UuanTsay and Yeong-Jia Goo, 2006). The studies on weak form efficiency andsemi-strong form efficiency reveal the share price performance. Growth performance of the firm refers to a positivechange in size, and/or maturation, often over a period of time. Growth normally occurs as a stage of maturation or aprocesstowardfullnessor fulfillment.

The growth demonstrates a firm‟s past ability to increase its size (Whetten, 1987). The growth in the size, even at thesame profitability level, will increase its absolute amount of profit and cash generation. Larger size of firms also maybring economies of scale and market power, leading to enhanced future profitability of firms. Rajesh Ramkumar et al.,(2015) pointed out that the development of financial markets has significant impact on economic growth. The stockindices,apartfrombeinganindicatorofthemarket movements,serveasabenchmarkformeasuringtheperf ormanceof stocks under that index (Selvam et al., 2012). Employee Satisfaction refers to employees‟ satisfaction with theirroles and responsibilities, the work environment, and their experiences with management.It is necessary to find outwhat mixofbenefits mattersmostto them,andwhatskillstheywishto acquireastheydevelop their careers.

The satisfaction of employees is directly related to investments in human resources practices. The employees are thegroup which tends to enhance firms‟ value and hence there are clearly defined job descriptions, investment in training,career plans and good bonus policies (Harter et al., 2002). The satisfaction of employees, according to Chakravarthy(1986), translates itself into a firm‟s ability to attract and retain employees and record lower turnover rates in the longrun. Customer Satisfaction is a measure of how products and services, supplied by a company, meet or surpass customerexpectation.Itisseenasa keyperformanceindicator withinbusiness.Customersatisfactionprovidesaleadin gindicatorofconsumerpurchaseintentionsandloyalty.

Selvam, M. (1992) stressed that the service efficiency (Customer Satisfaction) of corporates need to be evaluated fromthe view point of passengers (Customer), operators, bus crew / managers, government, public or personal observation.Customer and employee satisfaction are two further aspects to be considered in all contexts. Customers want companiesto provide them with goods and services that match their expectations (Fornell et al., 1996). The customer is the focuspoint to improve the business (Selvam, M., 2005). The companies must understand the needs of a customer avoiddefects andimprovetheperceivedquality of theservices,in acompetitiveeraand addvaluetotheirofferings.Customer satisfaction increases thewillingness-to-pay and in the process, the value is created by a company (Barneyand Clark, 2007). Environmental performance indicator is an analytical tool, to compare various plants in a firm orvariousfirmsinanindustry,withrespectto certainenvironmentalcharacteristics.

(Chakravarthy, 1986) and governments (Waddock and Graves 1997a). All over the world, deterioration ofenvironmental quality has been considered as a hot issue. The growing number of industries is one of the major reasonsfor the enhanced level of pollution and fast degradation of environmental resources (Vasanth, V. et al., 2015b). Theorganizational structures need to be changed to suit the customers‟ need. The select activities, associated with thesatisfaction of these stake holder groups, include safe environmental practices, enhanced product quality and safety,ethical advertisement, employment to minority and development of social projects (Agleet al., 1999; Johnson andGreening,1999andWaddockandGraves,1997a,WaddockandGraves,1997b).Therefore,theconceptualizationoffirmperformance is based on satisfying these STAKEHOLDERS. Environment-related information would certainly help totake both internal and external decision making of the firms (Vasanth, V. et al., 2012). According to Vasanth, V. et al(2015a), it is essential that when the company earns more profit from the operation of the business, it should spend aportion of amount towards environmental protection. Environmental audit is one among the comprehensive approachestoanenvironmentalmanagementsystemofafirmbecauseithelpstoreducetheimpactoftheiractivitiesonthe

environment. Social performance is defined as "the effective **translation** of an institution‟s mission into practice in linewith accepted social values." In other words, social performance is about making an organization's social mission areality. In order to achieve strong social performance, an organization must manage its social performance as carefullyand deliberatelyasitmanagesitsfinancial performance.

Shleifer and Vishny (1997) define Corporate Governance as "the ways in which, suppliers to finance to corporations,assure themselves of getting a return on their investment". Yermack (1996) indicated that smaller boards could lead tohigher market values. The World Bank in 1999 stated that corporate governance comprises two mechanisms, internaland external corporate governance. Internal corporate governance, giving priority to shareholder‟s interest, operates onthe board of directors to monitor top management. On the other hand, external corporate governance monitors andcontrols manager‟s behavior, by means of external regulations and force, in which many parties are involved, such assuppliers,debtors, accountants,lawyers, providersofcreditratingsand investmentbank.

Research on Corporate Social Performance has provided a variety of perspectives on the social role and responsibilitiesofbusiness.Friedman(1970)contendedthatthesocialresponsibilityofbusinessistomakeprofit.Likemanyneoclassical economists, he separates business from society and declares the concepts of social responsibility as afundamentally subversive doctrine. An extended concept of corporate social performance describes the contribution ofbusinesstosociety.Romanet.al.,(1999),intheirexplorationofstudiesofthecorporatesocialandfinancialperformance relationship, indicated the dominance of positive relationships. According to Akerlof (1970),

(Dimensions), for firm performance, is given in Figure-2. It is clear that all the ninefactors are grouped into two: Financial Performance and Strategic Performance. The financial performance covers threevariables,namely,profitabilityperformance,growthperformanceandmarketvalueperformancewhilestrategicperformanceincludessixothervariablessuchas employeesatisfaction,customers‟satisfaction,environmentalperformance, environmental audit performance, corporate governance performance and social performance. Besides,each dimension symbolizes one facet of the overall result of the company, and it is represented by a particular group ofindicators.Mance Source: Developed from various related studies including M. Selvam (2016).Table-1 brings out the nine dimensions and list of indicators for each dimension for firm performance. The list ofindicators,forallthेninedimensions,isgivenintheTable.A totalof46indicatorsidentified,revealsfirms‟performance, from different perception. This number can further be extended considering other relevant dimensions offirmperformance.

Table1.DimensionsandSampleIndicatorsforFirmPerformance

Source:DevelopedfromvariousstudiesincludingSantos,J.B.&Brito,L.A.L.(2012)

As pointed earlier, the purpose of this study is to minimize the gap in the model, used by theacademicians andpractitioners, to evaluate the performance of firms, with accuracy. Table – 2 reveals the list of ratios to be used, for eachdimension, under firm performance. The ratios were developed, based on the indicators identified,

os,J.B.&Brito,L.A.L.(2012)

4. ConclusionsandScopeforFurtherResearch

The firms‟ performance is relevant to the strategic management but it suffers from limited conceptualization, selectionof indicators based only on convenience, and no proper consideration of its dimensionality. This review paper makes acontribution towards defining performance-relatedmeasurements. It is true that a comprehensive set of performancedata is not available but these subjective measures can throw more light on limited objective data (Ketokivi, M. A., &Schroeder, R. G., 2004). The selection of dimensions should carefully evaluate the most likely affective dimensions, assuggested by Ray et al., (2004). The appropriate scale is to be developed for the subjective model future expansion anduse and for refining the model periodically, with additional dimensions and indicators suitable to the firms for time totime.

The model, suggested in this paper, clearly identified at least nine dimensions: profitability performance, market valueperformance,growthperformance,employeesatisfaction,customersatisfaction,environmentalperformance,environmental audit performance, corporate governanceperformance and social performance. Multidimensionalityimplies indicators of different dimensions cannot be used interchangeably since they represent different aspects of firmperformance.The strategiesmayalso havedifferentimpacts oneachdimension.,thestakeholders, who were considered to delimit the scope of the measurement model, were the ones commonly mentionedby companies of one country, limiting the model to that country. The dimension, appropriate to different constituencies‟satisfaction, was included for identifying the views of high-level executives of firms. They have access to objective dataon firms‟ performance and they are in a position to make a balanced judgment regarding the different demands of eachstakeholder group. However, the executives certainly do not fully represent all stakeholders. Another limitation of thisstudy is linked to reliability. Finally, market value of the firm was also tested as a possible dimension since the marketvalueisconceptuallylinkedtofirms‟financialperf oAcomparativestudycouldbemadeonthedeterminantsof firms‟performance.

- Theconfirmationfactoranalysis maybeused to testthefitnessoftheSubjectiveModel.
- Periodicalresearch/reviewcouldbemadetoidentifytheappropriateindicatorsforeachdimensions offirmperformancetokeep facewiththechangingbusinessenvironment

References

[1] Agle, B. R., Mitchell, R. K., & Sonnenfeld, J. A. (1999). Who Matter To CEOs? An Investigation of StakeholderAttributesandSalienceCorporatePerformance,andCEOValues.*AcademyofManagementJournal*,*42*(5),507-525.http://dx.doi.org/10.2307/256973

[2] Barney,J.,&Clark,D.N.(2007).Resource-BasedTheory.*NewYork:Oxford*.

[3] Boyd,B.K.,Gove,S.,&Hitt,M.A.(2005).ConstructMeasurementInStrategicManagementResearch:IllusionorReality?*StrategicManagementJournal*,*26*(3),239-257.http://dx.doi.org/10.1002/smj.444

[4] Cameron,K.(1986).AStudyofOrganizationalEffectivenessanditsPredictors.*ManagementScience*,*32*(1),87-112.http://dx.doi.org/10.1287/mnsc.32.1.87

[5] Carneiro,J.M.T.,Silva,J.F.,Rocha,A.,&Dib,L.A.R.(2007).BuildingaBetterMeasureofBusinessPerformance.

[6] *RAC-Eletrônica*,*1*(2),114-135.

[7] Carton,R.B.,&Hofer,C.W.(2006).MeasuringOrganizationalPerformance:MetricsforEntrepreneurshipandStrategicManagementResearch.*Cheltenham, UK;Northampton, MA:*

[8] Chakravarthy,B.S.(1986).MeasuringStrategicPerformance.*StrategicManagementJournal,7*(5),437-458.http://dx.doi.org/10.1002/smj.4250070505

[9] Cho,H.,&Pucik,V.(2005).RelationshipbetweenInnovativeness,Quality,Growth,Profitability,andMarketValue.

[10]*StrategicManagementJournal*,*26*(6),555-575.http://dx.doi.org/10.1002/smj.461

[11]Clarkson,M. B. E.(1995). AStakeholderFramework forAnalyzingand EvaluatingCorporate SocialPerformance.*TheAcademyofManagementReview*,*20*(1),92-117. http://dx.doi.org/10.2307/258888

[12]Clement,S.J.,&Selvam,M.(2007).ServiceQualityScaleDevelopmentinIndianRetailBankingSector:AnEmpiricalInvestigation.*JournalofAppliedSciences*,*7*(5),766-771.http://dx.doi.org/10.3923/jas.2007.766.771

[13]Clement,S.,Duraipandian,I.,Prabhu,B.,&Selvam,M.(2006).ServiceLoyaltyMeasurementScale:AReliabilityAssessment. *American Journal of Applied Sciences*, *3*(4), 1814-1818.http://dx.doi.org/10.3844/ajassp.2006.1814.1818

[14]Combs, J. G., Crook, T. R., & Shook, C. L. (2005). The Dimension of Organizational Performance and its Implicationsfor Strategic Management Research. *Research Methodology in Strategy and Management,* In Ketchen, D. J., &Bergh(Eds.),D. D.,259-286.

[15]Connolly,T.,Conlon,E.J.,&Deutsch,S.J.(1980).OrganizationalEffectiveness:AMultipleConstituenciesApproach.

[16]*AcademyofManagementReview*,*5*(2),211-217.http://dx.doi.org/10.2307/257430

[17]Crook,T.R.,Ketchen,D.J.,Jr.,Combs,J.G.,& Todd,S.J.(2008).StrategicResources andPerformance:AMeta-Analysis.*StrategicManagementJournal*,29(11),1141-1154.http://dx.doi.org/10.1002/smj.703

[18]Dawes,J.(1999).TheRelationshipbetweenSubjectiveandObjectiveCompanyPerformanceMeasuresinMarketOrientationResearch:FurtherEmpirical Evidence.*MarketingBulletin*, *10*(3), 65-75.

[19]Donaldson,T.,&Preston,L.E.(1995).TheStakeholderTheoryoftheCorporation:Concepts,EvidenceandImplications. *AcademyofManagementReview*,*20*(1),65-91.http://dx.doi.org/10.2307/258887

[20]Eden,C., &Ackermann, F.(1998).MakingStrategy.ThousandOaks,CA:Sage.

[21]Fitzgerald,L.,&Storbeck,J.E.(2003).PluralisticViewsofPerformance.*ManagementDecision*,*41*(8),741-750.http://dx.doi.org/10.1108/00251740310496251

[22]Forker,L.B.,Vickeky,S.K.,&Droge,C.L.M.(1996).TheContributionofQualitytoBusiness Performance.

[23]Fornell, C., Johnson, M. D., Anderson, E. W., Cha, J., & Bryant, B. E. (1996). The American Customer SatisfactionIndex:Nature,Purpose andFindings.*JournalofMarketing,60*(4), 7-18.