FIRM PERFORMANCE: MARKETING AND FINANCIAL MEASURES

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ABSTRACT
Performance measurement although very vital is a complex construct. It is very perplexing as its measures range from subjective to objective, marketing to finance based, accounting and market related and thus have been difficult to model to present the true picture of a firm. Many of the measures and approaches available in the literature focus mostly on accounting measures to reflect the firm performance. However, it has been widely criticized as it reflects the previous performance of a firm and has little information about the future potential of the firm, which is the main concern of strategists and investors. As such this paper tries to educate the strategy scholars and managers about the need to develop the link between market based drivers of performance and firm performance measures. It proposed in the paper that marketing based assets and intangible assets are better determinants of firm performance which should be measured by Tobin’s q-a market based measure of firm performance.


References:


