Review of Socio-Economic Perpectives **Caldeira, A, et.al. pp. 97-116**
Vol. 3. Issue: 1/ June 2018

DOI: 10.19275/RSEP045
Received: *10.01.2018*
Accepted: *16.04.2018*

MEASURING VALUE CREATION FOR BUSINESS DEVELOPMENT: THE VIEW OF EXECUTIVE MANAGERS

Adilson Caldeira
Dr, Mackenzie Presbyterian University, São Paulo, Brazil
Email: adilson.caldeira@mackenzie.br

Adilson Aderito da Silva
Dr, Mackenzie Presbyterian University, São Paulo, Brazil
Email: adilson.silva@mackenzie.br

Alberto de Medeiros Jr.
Dr, Mackenzie Presbyterian University, São Paulo, Brazil
Email: alberto.medeiros@mackenzie.br

Lilian Aparecida Pasquini Miguel
Dr, Mackenzie Presbyterian University, São Paulo, Brazil
Email: lilian.miguel@mackenzie.br

Abstract

On the assumption that value creation can be characterized as an element of fundamental importance for the quality of management, this study aims to know, through exploratory research, the vision that managers have about the challenges that they face, and the processes adopted to accomplish it. The text begins with a literature review that covers different perspectives of value creation, its importance to business and the reasons and ways for its monitoring and evaluation, such as performance indicators for its management. Based on these references, we conducted a qualitative research, collecting data by means of in-depth semi-structured interviews with managers of companies from different market sectors and sizes operating in Brazil. The findings reveal that those managers are conscious of the importance in monitoring and measuring the effectiveness of value creation as a condition to sustain competitive advantages, but the use of metrics and indicators for this purpose is not frequent. This study is expected to contribute to the reflection on the benefits that the management of value creation may provide to organizations business development.

Keywords: Value Creation, Competitive Advantage, Performance Measurement.

JEL Classification: D46, G32, M10.

Citation: Caldeira, A., Aderito da Silva, A., Medeiros Jr., A. & Miguel L.A.P.(2018). Measuring Value Creation for Business Development: The View of Executive Managers, Review of Socio-Economic Perspectives, Vol. 3(1), pp. 97-116. DOI: 10.19275/RSEP045.

1. Introduction

The competitive process encourages organizations to continuously discover new resources, further uses for available resources, innovative technologies and original ways to meet the needs of their customers. Hayek (1978) proposes that business rivalry stimulates the discovery of new means to achieve specific ends. This view of Austrian School of Economics considers the market as a mechanism for discovery of not yet imagined possibilities, where the accounting of profits and losses contributes to align corporate knowledge to the fundamentals of the economy. According to Mises (2010), profits reveal to the entrepreneur that the consumers approve his initiatives; losses indicate their disapproval.

Thus, competitive dynamics promotes a rapprochement between theory and practice, provides a continuous development of knowledge, and guides the corporate action by application of a trial and error method, wherein the adopted solutions are, intuitively, means of ensuring that revenues are higher than costs (Hayek, 1978, Mises, 2010).

Araujo, Burgoyne, and Easterby-Smith (2001) note that the accelerated pace of change challenges organizations to promote innovative practices and so generate economic value higher than competitors, to gain and sustain competitive advantage.

Barney and Hesterly (2009) conceptualize economic value as the difference between the perceived benefits obtained by a client who buys products or services of a company and the total cost of these products or services. Therefore, the size of a company´s competitive advantage is determined by the economic value created additionally in comparison with competitors.

However, more than the value of the return on investment to shareholders, managers must create value for certain customer segments whose desires they intend to meet. Osterwalder and Pigneur (2013) consider that the value proposition is the reason why the customer prefers a company over its competitors since it fits his needs or solves his problems. The value proposition can add a set of benefits offered to the client, through an innovative offer, or even like other already existing ones in the market, but with additional attributes. This perspective considers that value can be created by ensuring customer satisfaction and enhancing the performance of products and services.

Expanding the scope of a company's value proposition, there are those who suggest the value of its social role. Porter and Kramer (2011) refer to the creation of social value, by promoting development and better conditions for society. It involves the adoption of policies and operational practices for the company's competitiveness and, at the same time, improvement of the community’s economic and social conditions.

Despite the diversity of conceptions about value and managerial actions for its creation, it is not common to find discussions about what and how to measure the actual delivery of the value proposed in business models.

Nevertheless, performance indicators, expressed in numbers or qualitative aspects, are fundamental for the implementation of strategies or their revision, with the frequency demanded by the dynamism of the market in which modern organizations act (Velimirović, Velimirović and Stanković, 2011). Kaplan and Norton (1997) point out the importance of measurement for managerial action, stating that what is not measured is not managed. The system of indicators strongly affects the behavior of people within and outside the company. If a company wants to survive and thrive in the information age, it must use management systems, performance measurement strategies and derivatives capabilities (Kaplan and Norton, 1997).

Finally, organizational performance should be measured through indicators that make it possible to evaluate progress towards the established goals and targets (Opoku-Anokye and Tang, 2013). However, according to Pintzos, Matsas, and Chryssolouris (2012), the lack of semantic quality in the indicators is typical, which generates difficulties of interpretation, either in the evaluation of internal results of the organization or comparison with the external agents.

The context reveals that measuring value creation can be a key element in the quality of management in an organization. Despite this, there is an apparent gap in the knowledge of mechanisms dedicated to this purpose. This fact motivated the accomplishment of an exploratory research destined to know the vision of managers on the challenges that they face, and the processes used to guarantee the delivery of value proposed in the business model.

With this overall objective, the present article contains, in the subsequent section, a review of the literature concerning different perspectives for value creation, its importance to business performance, the reasons and means for its monitoring and measuring, and the performance indicators through which it can be managed. The following topics discuss the description of methodological procedures adopted, the presentation and analysis of results and the final considerations, with an interpretation of the findings and recommendations about steps to be taken in the future for the continuation of the study.

2. Different Perspectives of Value Creation in Business

The concept of value can be taken on different perspectives. When using the term value, it is necessary to contextualize which of these views it is referring to, even though, depending on the focus, there may be a specific meaning. An accounting-related reference, for example, involves calculating balances of existing accounts on a given date based on historical data, which may be different from the market value. Aspects such as inflation and the obsolescence curve might not appear on the composition of the value (Cerbasi, 2003).

On the other hand, there is not a single concept of market value. In the case of publicly traded companies, this value corresponds to the stock price in the market. According to Frezatti (2003), the market value calculated by this criterion represents an approximation and should be seen only as a reference in the case of a sale transaction, noting that the share price is affected by the supply and demand forces of the capital market. In addition, there can be prizes whose measurement is quite complicated.

There may also be influence of factors such as the expectation of future earnings flows, the degree of uncertainty and the discount rate adopted in calculating the present value of the projected results, influenced by the opportunity cost (Procianoy and Antunes, 2001). According to Sharpe, Alexander and Bailey (1995), another aspect to consider is the intrinsic value derived from future cash flows.

The literature on value creation, within the scope of the Administration, presents approaches that are complemented by considering different premises. One of them considers the precepts of agency theory, which addresses the issue of the diverse interests that move the actions of managers and investors of a business. According to this approach, the key role of managers is to make decisions that promote the creation of shareholder value (Friedman, 1970). Studies such as Copeland, Koller and Murrin (2002) and Stacey (2010) highlight the compelling character of the return obtained by the capital investment via generation of profits as an indicator of competitiveness and quality of management.

Also originated in the 1970s, the expanded view of customer value creation is sustained by the idea that it is this agent from which revenue comes. They are, in turn, building the profits of the business. Examples include the study of Zeithaml and Bitner (1988) which discusses the customer perception of price, quality, and value. Anderson, Fornell, and Lehmann (1994) evaluate clients' perception of value for their satisfaction, Woodruff, Schumann, and Gardial (1993) seek to understand the consumer's conception of value, and Churchill and Peter (2009) propose Marketing actions focused on creating value for the customer.

This predominant view in the 1970s was complemented by the emphasis given by authors such as Freeman (1984) to the expansion of the universe of interested and influential stakeholders in the results of the business. Stakeholder theory then emerges as a counterpoint to the view that focused on the value created for shareholders, extending it to issues of sustainability, especially the Brundtland Commission report (1987), which is a landmark designing the company as an integral part of a community that interacts in building joint results. The conception followed by Porter and Kramer (2011, p.1), with the proposal presented as a "big idea: creating shared value" holds that value must be created through "operational policies and practices that foster a company's competitiveness while simultaneously improving the economic and social conditions of the community in which the company operates."

Woodruff (1997) indicates the creation of value as a source of competitive advantage. Consistent with this conception much of the literature dedicated to the analysis of elements that lead to competitive advantages, as conditions for the survival and sustainability of the business. According to such design, the value creation logic happens to be a relevant factor in building competitive advantage for a given organization. This view considers the creation of strategic value as a condition for the company to conquer the preference of customers and consumers (Othman and Sheehan, 2011).

Prahalad, Krishnan and Serra (2008) understand that the ability to focus on new projects and to integrate into new teams, with the ability to disintegrate and reintegrate tasks, considering the changes and evolutions of reality, create significant value, making the organization stand out and gain competitive advantage by adjusting its internal processes to connect consumers and resources.

There are also conceptions that consider clients and consumers agents active in the construction of value by companies. Galvagno and Dalli (2014) view consumers as developers, or even actors of productive functions, such as participation in collaborative (open) innovation processes, or in consumer experience reports and observations. The consumer can then be considered as the protagonist of the process of value creation. So, the focus of value creation turns to the relationship between consumer and business, which interact for "co-creation" of value (Prahalad and Ramaswamy, 2000, 2004a, 2004b, Vargo and Lusch, 2004, 2006, 2008, Ramaswamy, 2008, 2011, Payne, Storbacka, Frow, and Knox, 2009).

Regardless of the approach by which one considers the meaning of the term value, it is possible to understand that the creation of value represents an evolution of the value previously existing. According to Copeland and Others (2002), creating value represents a return higher than the opportunity cost of invested capital. That can be achieved by selecting strategies that maximize cash flows and economic profit.

In the next topic, we present a discussion about processes, resources, and capacities that can be considered as value drivers.

3. Dimensions of Value Creation

Designing strategies dedicated to value creation is a practice based on the assumption that value can be directed through interventionist management actions. That is the conception of McTaggart, Kontes, and Mankins (1994), according to which value drivers are processes and capabilities that enable the company to generate and sustain high-value strategies on an ongoing basis. For the authors, identifying these drivers allows an understanding of how to create and maximize value. This identification is equally important as a reference for decisions concerning priorities and optimized resource allocation (Copeland and Others, 2002).

Rappaport (2001) believes that value creation for the shareholder results from both management decisions and investment and financing decisions. Value drivers such as the sales growth rate, the operating profit margin and the income tax rate are directly influenced by management decisions related to the product portfolio, distribution, sales strategies, pricing policy, among others. Decisions to invest in installed capacity to production and inventories, in turn, can be considered as value drivers, such as investment in working capital and permanent assets. Similarly, financing decisions exert influence on drivers such as the cost and capital structure of the firm.

Barney and Hesterly (2009) consider the ability to generate higher economic value than competitors as a source of competitive advantage. These authors conceptualize economic value as the difference between the perceived benefits obtained by a client who buys products or services and how much it costs for him. Therefore, the size of a company's competitive advantage is the difference between the economic value that it can create and the one which the rivals do.

Up to this point, the conceptions of value creation studied uphold by the prism of economic market value, with focus on results from the management of assets. Other less tangible aspects consider optical, such as relationship assets, composed by the ability to create and develop relationships with partners such as customers, suppliers, shareholders and other stakeholders. From the results obtained through the management of contracts, commercial rights, trademarks, and patents it is possible to achieve value gains for the company.

A less tangible value is the one created through relationships with those who the company does business. Elements such as brand management, customer services, and other aspects of a business operation are interrelated to value composition (Low and Kalafut, 2003).

Richer (2000) considers that the value perceived by the customer in a service, product or brand can be noticed through the monetary returns generated for the company. Therefore, the importance of measuring the creation of value for the customer is indisputable. After all, given the importance that a buyer attributes to a product, service or brand, it is necessary to measure the return that this value generates for the company, as support for the decision to invest in shares that increase that amount.

In addition to the investment decision, there is a link between value creation and business results in terms of costs. Given the influence of costs on the value that an operation generates for the company, it can be considered that the quality of the relationship can directly impact its economic results. Research indicates that gaining new customers costs five to seven times more than keeping customers as usual, so customer loyalty and maintenance tend to increase profits because of reduced operating expenses (Galbreath, 2002).

In other words, the metrics that make it possible to evaluate performance regarding value creation have a close correlation with those that indicate the results from the financial perspective, so measures that link the results from marketing and sales actions to the economic return are recommended (Lehmann, 1997).

Larentis and Gastal (2004), highlight that this correlation applies not only to the evaluation of the economic result of the business but also in measuring the value to the client, which must be examined in conjunction with the financial performance. In this way, it is possible to uncover what are the best investment strategies and measure the returns obtained. For this to be possible, it is essential to find out which assets are valued by customers, and whether their needs and expectations have been fulfilled, to measure their satisfaction.

A model proposed by Seth (2001) establishes as necessary the analysis of five aspects: (1) What do the customers value? (2) Which are the most important among all dimensions of value that the customers desire? (3) To what extent are we offering the value that customers want? (4) What is the cause of our performance in essential dimensions of value? (5) What will the customers want in the future?

This measurement should be on a scale that specifies the value to the client, which may be heard through focus groups or interviews to identify the most important aspects. Focus groups generate "value items", in this step it is made a comparison of the value creation of the company before the competition, to identify what can be improved in the future to satisfy the desires of customers and stand out in the market.

The model in question, therefore, proposes a method to monitor business performance from the value created for the customer. Churchill and Peter (2009) point to the fact that monitoring the results of value creation is comprehensive and considers as many stakeholders as possible since they jointly influence the results achieved by the organization. Marketing must be turned to the value created considering the point of view of all stakeholders. For example:

> *[...] Customers may want golf clubs made of beryllium and copper alloy but working with this material can cause fatal illness in employees. Customers may want extremely low prices but offering them can lead to losses for homeowners and their lenders. Customers may want complete product lines with immediate delivery, but this may not be economically viable for suppliers and resellers (Churchill and Peter, 2009, p.14).*

Whereas in a complementary manner the different conceptions of value and its creation in business, a comprehensive system to allow measuring the value created and control the effectiveness of its delivery should contemplate various dimensions. From the conceptual models described above, it is understood that it is important and possible to adopt mechanisms to promote the management of value creation through actions that provide performance gains for organizations.

Aiming not to limit the study to a simple description of possibilities, a field research was conducted to know management practices that are based on the perspectives identified in the literature.

4. Methods

With exploratory purpose, the study followed the qualitative research method, counting on primary and secondary data. The primary data were obtained through in-depth semi-structured interviews with strategically-level leaders of organizations that were previously known and who were willing and interested in participating in the research and subsequently sharing the resulting information. The interviews were carried out with people considered prepared to provide the desired information and who presented, besides the availability and affinity with the subject, sufficient accessibility for the data collection to become viable.

To enable the triangulation procedure were considered secondary data available in newsletters, reports, interviews, and information displayed on the companies' website. In some cases, minute meetings, contractual documents, norms, and procedures were also analyzed, with the proper authorization of the participants.

The number of interviews was determined according to Johnson's (2002) recommendation, that the ideal quantity is one that the researcher judges sufficient to achieve the scope and even some of the informants who appear to have more considerable knowledge about a specific subject of a category. Thus, we have selected seven management professionals, as executives or entrepreneurs, in companies of varying sizes and market sectors operating in Brazil.

The first set of interviews encompasses five different small and medium-sized companies, in which it was sought to identify if there are awareness and attention to the importance of value creation and measurement mechanisms in its management philosophy. The subjects participating in this group are described in Table 1, which presents the profile of the interviewed subjects and the characteristics of the companies in which they work.

Table 1. Respondents profile – small businesses

Inter-viewed	Education	How long is in the company	Position	Area	Market	Employees	Annual Revenue Range (USD)
I1	Engineering	four years	Director	Sales	E-commerce	10	From 1 to 2 mi
I2	Marketing (MBA)	three years	Director	Marketing	Sports Marketing	10	Up to 1 mi
I3	Dentistry/ MBA	twelve years	CEO	Management	Means of payment	30	From 1 to 2 mi
I4	Journalism	ten years	Associated Director	Management	Internet Portal	20	From 1 to 2 mi
I5	Business Administrat ion	five years	Director	Information Technology	Consulting	7	Up to 1 mi

Source: Research data

With the purpose of broadening the scope of the study, it was sought to know practices adopted by institutions that tend to present more complex management mechanisms and are committed to the accountability of different agents that integrate their governance systems. Thus, we also heard the opinion of professionals who work in management positions as executives of large companies, whose profiles and the characteristics of the companies in which they operate are presented in Table 2.

Table 2. Respondents profile – large sized businesses

Inter-viewed	Education	How long is in the company	Position	Area	Market	Employees	Annual Revenue Range (USD)
I6	Business Administrat ion	six years	Manager	Management	Cosmetics	7 thousand	From 5 to 10 mi
I7	Business Administrat ion/MBA	three years	Product Manager (SMB)	Sales	Internet	18,7 thousand	Over 10 mi

Source: Research data

Each one of them was interviewed at his workplace. The presentation of some excerpts from the interview, considered relevant to the achievement of the proposed objectives, preserves the identity of the interviewees, naming them by codes such as I1 (Interviewed subject No. 1), I2 (Interviewed subject No. 2), and so on.

For the treatment of the data, we used the method proposed by King (1998), so that the answers were interpreted through categorical content analysis, using the Template Analysis method, also known as Thematic Coding. Based on the conceptual model adopted as a reference for the research, a structure of categories to be used to classify the data obtained in the structure of the questions formulated as interview script was elaborated.

When conducting the interviews, it was observed that some of the codes assigned to certain categories or sub-categories established in the initial template were irrelevant, while others appeared with an expressive frequency of citations. Following the recommendation of King (1998), after a meticulous reading of the transcripts and the observation of codes relevant to the context of the research, we prepared the final version of the template for interviews analysis. In this template were established four main categories of analysis: A - For whom to create and deliver value; B - Value creation logic; C - Dimensions of value creation; and D - Instruments for the evaluation and measurement of value creation.

The analysis of the interviews allowed the grouping of the references found in common themes, in a way that promoted its codification in thematic sub-categories that, grouped, formed the four categories of analysis preliminarily established. Table 3 shows the categories and subcategories considered.

5. Analysis

The main aspects on which the participants were questioned refer to the characteristics of the public for which it is intended to create and deliver value, the logic of creating value established in the business model, the dimensions of value creation for clients and other stakeholders and the instruments adopted to evaluate and measure value creation.

Table 3. Analysis categories and sub-categories

Category		Sub-category	
A	*For whom to create and deliver value*	A1	Clients' profile and what they value
		A2	Needs to satisfy and problems to solve
		A3	Other influential stakeholders and what they value
B	*Value creation logic*	B1	Products/services to each client segment
		B2	Actions to obtain the clients' preference and to retain them
		B3	Relationship channels and how they create value
		B4	Concern with the social conditions of the community
C	*Dimensions of value creation*	C1	Dimensions considered important regarding what customers most value
		C2	in what proportion the value desired by customers is actually being delivered by the company
		C3	how much the value desired by the other stakeholders is actually being delivered by the company
D	*Instruments for the evaluation and measurement of value creation*	D1	Return on investment indicators
		D2	Formal mechanisms for measurement of value delivered to customers
		D3	Means used to measure the value perceived by stakeholders

Source: The authors

Category A – For whom to create and deliver value - involves the profile of the company's customers, what they value, what needs to be addressed and problems to be solved, in addition to other stakeholders considered influential and what they value.

This category considers the assumptions of Woodruff and Others (1993) on the consumer's conception of value, and Churchill and Peter (2009), who find it appropriate to promote management actions focused on customer value creation.

In general, the Interviewed subjects demonstrate concern about the value that the client attributes to the satisfaction of their needs and resolution of their problems, as can be seen in some answers, such as:

> *[...] the main points they all value are increased sales conversion due to customer feedback and increased customer transparency (I1).*
>
> *[...] is what it needs to enter the market and we solve it by presenting the management model that shows where it can act (I2).*
>
> *The first problem I solve is to bring a payment service [...], and we get the solution. However, the most significant problem we address is the cash flow problem (I3).*
>
> *We seek to help these consumers or customers to invest their money in a way that will achieve a better result and thus, with the best result, spend more and increase their businesses (I7).*

It is possible to notice that when it comes to interpreting what customers value, there is a specific consideration of perceived value because of customer satisfaction, which is in line with the view of Anderson and Others (1994).

Some of the mentions of respondents are consistent with Zeithaml and Bitner (1988) and Woodruff and Others (1993), regarding the influence of aspects such as price, quality and value of the proposed solution in the value that the client attributes to what the company offers:

> *What they want is to be able actually to trust the e-commerce they are going to buy from, and that is precisely the purpose of my company (I1).*
>
> *[...] in the middle of these clients there are different profiles, where each one values a specific aspect of the service. Some show that their preference will be for a lower price, but there are those who explicitly choose to contract services for the quality offered (I2).*
>
> *They also value quality. In the case of customers who hire us as intermediaries for a content consultancy or advertisers, the important thing is the quality of delivery (I4).*
>
> *[...] how we work with specific solutions, this makes the customer consider more of the value of the solution we provide (I5).*

Based on the profile of the audiences that most influence the results of the company, the Interviewed subjects expressed themselves about other stakeholders who, besides the clients, are the target of value propositions. Mentioned examples are communication vehicles, research institutes, investors, governmental regulatory agents, as well as the employees:

> *Another audience is the press that I do not do much contact. Suppliers like IBOPE are also a public, and sports equipment companies are also important (I2).*
>
> *I spent a reasonable period with formal investors who did influence the company's guidelines. They have already left and given me greater comfort to work with. They influenced and not always positively (I3).*

> *I think it's the collaborator's public and the media. Employees value the differentials that the company offers, for example, benefits, daycare, relationship, care for people and diversity. The media is always very connected with the company, and there are always reports that reinforce our beliefs and values (I6).*

> *We also have governments, so it is important for governments, legislators, to understand [...] how it works so that they do not create laws that hurt the business ... that harm small businesses that depend on us to generate money, so this second audience is very important that we must deal with (I7).*

Those statements confirm the propositions found in stakeholder theory (Freeman, 1984; Brundtland Commission, 1987), and in the discussions on sustainability (Porter and Kramer, 2011), according to which value is created not only for the shareholder but also to other communities in which the companies are inserted.

Category B - Value creation logic - addresses aspects such as the products and services offered for each segment of clients, actions that are taken to obtain client's preference and loyalty, relationship channels and how they create value, as well as concern for social conditions of the community.

As for the actions to gain preference and fidelity, the Interviewed subjects affirm:

> *Investment in constant innovation, work tools, and relationship, always seeking to be close to the customer, prioritizing an excellent service (I1).*

> *[...] the customer feels much more comfortable with the humanized care, well-trained staff and this helps me to flow things differently. [...] what I do is to provide an excellent service to the customer and as he works with us for a more extended period, we will keep his loyalty by giving us a discount and reducing costs, this is what we are trying to do (I3).*

> *We seek to serve our large clients by developing a good job to build loyalty. For advertisers [...], we can propose actions together with the company, but they are personalized actions (I4).*

> *It is an ethical company and makes customers [...] believe in the mission of the organization, I think this generates loyalty (I6).*

> *[...] our way of being loyal can have a win-win relationship where the customer will have a result and so are we (I7).*

Such assertions reveal that there is an intention to create value as a strategy for competitive advantage (Woodruff, 1997; Othman and Sheehan, 2011), not only attracting new customers but also by interacting with current customers for co-creation of value, (Ramachandha and Ramaswamy, 2000, 2004a, 2004b, Vargo and Lush, 2004, 2006, 2008), Ramaswamy, 2008, 2011, Payne and Others, 2009).

We also note the concern with customer loyalty to further enhance the relationship quality, as Galbreath (2002) points out. Regarding the relationship channels, the interviews revealed that there is a search for ways that provide favorable conditions for value creation, considering the possibility of building it in a chain, adding the value of different links in the chain of relationships, as affirmed by Othman and Sheehan (2011). Some examples:

The channels we use are traditional, e-mail, Skype, and telephone, and we create value in these channels through [...] our company's performance reports [...] helping customers make decisions, [...] because the client wants to be sure that if something goes wrong or any doubt arises, he can always find us easily (I1).

We have social networks with various channels of interaction with our audience as well. We use the inbound funnel to deliver the right information at the proper stage of the customer on their buying journey with us (I2).

[...] he has an active SAC [...], we can talk to him real time. We use social media [...], and this generates value because the comments and conversations are visualized by other users, and today we have more than 100 thousand likes (I3).

[...] the channels are e-mail, telephone, and a face-to-face meeting, but [...] the portal itself is the customer relationship channel as well as social media (Facebook, Twitter, and LinkedIn). They create value by appearing more, having greater visibility (I4).

We have several channels of relationship with the end customer and our representatives, [...] there are these contacts, and we are very active in social networks. We are always recognized for the excellent service, and this is very strong (I6).

We have several channels: from the reactive to the proactive and the service. [...] The way we generate value is helping customers create more results, and if they have more results, we have more investment, and we grow together (I7).

Concerning the creation of value from benefits offered to the social conditions of the community, the answers show statements such as:

[...] we are part of BCTA today, which is a non-governmental entity maintained by the UN and several countries support and recognize companies that reach the eight-millennium goals. We were recognized for promoting financial inclusion (I3).

[...] we have helped many professionals, we have contributed by offering free content to the internet professional (I4).

The company has a lot of the vision of the surrounding communities and the Amazon. There are many projects and actions for the improvement of social conditions. There is an institute [...] that is separated from the business with a focus on education alone, with this we have a line focused on education and everything that we sell is reversed for these social actions (I6).

[...] the way people help the most is by creating an avenue for people who want to start, [...] we succeed in creating opportunity and creating opportunity, you generate income, you create jobs, and you move the economy (I7).

That is, the Interviewed subjects believe that their companies act to create social value. The company has operational policies and practices dedicated to its competitiveness, but at the same time, it improves the economic and social conditions of the community, which corresponds to Porter and Kramer's (2011) proposition.

Category C - Dimensions of value creation - encompasses the dimensions that respondents consider important about to what the client gives the most value and how much the value desired by customers and other stakeholders is being delivered by the company.

The interviews bring as illustrations some mentions about the dimensions of value creation. These results can provide references on which indicators would be important to measure the monetary values generated by the company and to consider the return on investment in customer value (Richers, 2000). Among the dimensions mentioned above, the most outstanding were the structure, proximity, and accessibility of the service, the quality of products and services, the image of the products regarding the concern with environmental sustainability and the simplicity of use, as exemplified by the following statements:

> *They look for constant contact with us, and they value a lot of the dedicated service, the proximity, and affection in the service to each of them. [...] We see a high degree of customer satisfaction (consumers), but we cannot measure this index (I1).*
>
> *[...] a guarantee structure that is the solution, but this for the customer is the wheel he is seeking for his car (I3).*
>
> *I believe it is quality delivery (I4).*
>
> *[...] products, business model and sustainability (I6).*
>
> *I think it is firstly a platform that is accessible to everyone, so it is not exclusive in the sense that you need such a massive investment [...]. So, we can generate business returns [...] (I7).*

It was also considered the creation of value for other stakeholders. For these, the main dimensions mentioned are the satisfaction of business partners, the quality of communication, the conditions offered to human resources, access to information about products and services and the clarity and transparency of the company in its interactions with the market. Examples are the following:

> *We can deliver enough value to banks and buyers (I3).*
>
> *Business model [...] profitable enough to invest in human resources with the objective of improving quality [...] (I4).*
>
> *[...] I believe that it could give clarity to all the public of the internal processes. We have the challenge of improving our communication process (I6).*
>
> *[...] the rulers understood how to use politics to communicate with voters through the platform, so it is a value they perceive, and we make many initiatives that also help [...] to understand small businesses and how to play a positive role for society (I7).*

Considering the statement of Richers (2000) about the need to measure the monetary values generated for the company and to consider the return on investment in customer value, the interviewees were asked to evaluate in which percentage they understood that the company delivered the value that your target audiences want. In the answers obtained, none refers to precise metrics, but it stands out a notion that there is an opportunity to improve the performance of the company concerning the effective delivery of value:

> *About 80%. I believe that to reach 100% would be mainly investments in tool features (I1).*
>
> *We are currently delivering very little, [...] only 30%. There is a lack of better development of content production (I2).*
>
> *I don't consider 100%, I think it's about 80% and the 20% are tied to the increase of the economic ballast. My client would like to do the transaction, and the money to be released into his account on the same day. Technology is possible, but I don't have a financial structure for this. If I did that, my client would be super happy, but it's not an easy decision to take (I3).*
>
> *[...] I believe that is a high percentage, but we are not yet at 100% as there are opportunities for improvement in the processes, variety of products to suit all tastes (I6).*
>
> *[...] I think there's still quite a lot [...]. The US does not meet all our customers today [...], our product has a lot to improve to be simpler and so that everyone can have access and with this simplicity, resolve more customer problems [...]. We see that there's a gap there in which more people could be advertising since they have a business page (I7).*

The responses consider the assumptions of Low and Kalafut (2003) that elements such as brand management, customer services and other aspects of a business operation are interrelated to the composition of value. In general, these factors are present in the mentions of the interviewees. However, it is evident the absence of commitment to the measurement of the performance of the company about its value delivery proposal. According to Low and Kalafut (2003), both the higher and lower tangible elements should be measured using performance indicators. Therefore, we tried to understand how the interviewed subjects interpret their commitment to the monitoring of this performance, which was the fourth category of analysis (category D), presented below.

Category D - Instruments for the evaluation and measurement of value creation - refers to indicators of return on investments adopted, formal mechanisms to measure the value delivered to clients and the means used to measure the value perceived by stakeholders.

Concerning the means used by the company to measure the value perceived by the client, it is noticed that there is a predominance of intuitive evaluations and satisfaction surveys, without the use of metrics or data quantifiable with precision. The statements that illustrate this condition are:

> *We do not carry out any measurement or analysis of perceived value, it is more intuitive (I1).*
>
> *We research through e-mail. We use the Survey Monkey, and the staff responds well (I3).*
>
> *In the case of clients who hire us as intermediaries for a consulting or advertisers, the important thing is the quality of delivery (I4).*

We have frequent searches with our network [distribution] (I6).

The means are, mainly, in the Ad Manager, you can show there for any advertiser the result of what they are investing. Then, the Manager is a way to show to the client, in a self-service, he can see the results. For customers who have service, have attendance, we have as a plus an account manager which is a professional here who helps to show this effect and the investment and return connection (I7).

Looking ahead to the possibility that the evaluations were carried out in a predominantly subjective way, a specific question was included in the interview script about the existence of formal mechanisms (reports, performance indicators, scorecards) to know the value delivered to the company´s target-public. It also questioned what these arrangements would be. It was found, as expected, a significant difference between the mechanisms practiced by large and small companies.

In large companies, the maturity stage of the management structure and the commitment of the executive body to accountability in a more complex governance system, there are formal mechanisms dedicated to evaluating value creation. In small companies, however, although there is recognition of the importance of business success, as shown by the above statements, there are practically no metrics that allow the evaluation and conduct of the value creation process. That is evident in comments such as:

[...] We don't have yet anything formatted (I1).

No, currently we don't have that (I2).

We don't have that level of maturity (I3).

[...] It was good to talk about it. We are currently developing a performance appraisal system and choosing indicators. We will consider the importance of monitoring the delivery of value (I5).

In companies where there is a concern to follow the creation of value through formal indicators, there is also the monitoring of turnover as a natural indicator, through the evaluation of revenue evolution:

Yes, we have many measurement indicators. Today we have a system directed to the theme of the performance of all areas, which generates reports and feeds the processes (I6).

[...] we have enough metrics to understand the value that people create with their investment. [...] And we obviously monitor revenue, how it's going, and whether advertisers continue or stop advertising and what the evolution of advertisers is. What I would say is the primary way to see if it is generating value: if they stop investing, then it is not making value, and it is not working (I7).

Therefore, the conception of Richers (2000) is evidenced by the fact that the value perceived by the customer in a service, product or brand can be noticed using the monetary returns generated for the company. We also note Lehmann's (1997) proposal about the correlation between value creation and financial results from marketing and sales actions.

Based on Larentis and Gastal (2004), who understand that, given this correlation, the creation of value should be analyzed together with the financial performance, the Interviewed subjects were asked to question what control instruments the company uses to obtain the return on their investments. The answers indicate that, although it is not common to use tools explicitly dedicated to the monitoring of value creation, companies are concerned to monitor and control the economic and financial results of their business, using, therefore, measures such as return on investment (ROI), contribution margins and scorecards by business area:

> *We make a simple ROI calculation through spreadsheets. How much was invested in an initiative and how much it generated of results, however, this is something done in an early and punctual way, nothing formatted or structured (I1).*
>
> *We have a very specialized process of financial management. We use transactional and point-of-sale crossings, and we have that well-refined. As my product is money, I buy from the bank and see at the tip (I3).*
>
> *The company makes many follow-ups with controls/results. Some scorecards and indicators make this measurement (I6).*
>
> *We look at the margin of the company, so this is an important metric to see what we are generating over wages, servers, and facilities and what is the margin that the company then has in profit and which must continue producing this return, which is primary to keep the company's viability (I7).*

Thus, the research resulted in the identification of a set of conditions that surround the decision-making process of the participating organizations. Even with the recognition of the importance of value creation for the global economic-financial performance of the business, there is no evidence of the use of instruments for their specific monitoring and management.

The next section presents the discussion of the main research results and considerations about possible contributions and expected outcomes.

6. Conclusion

The decision-making process in companies includes activities that involve, cyclically, the analysis of the situation, the diagnosis in which alternatives of action are identified to seize opportunities and solve problems, from which strategies are formulated. In the sequence, the implementation takes place, which results are evidenced through a process of performance monitoring and measurement that makes possible control actions. From this point, a new similar cycle begins.

Monitoring and measuring are, therefore, essential elements of this cycle to keep developing and providing continuous improvements to organizational performance. Learning from the experiences and applying the knowledge thus assimilated to the increase of the management process are conditions that foster the qualitative development of the business. For this learning, it is essential to monitor performance, and to improve results continuously. That is, monitoring and measurement provide subsidies to the managerial action, identifying and evidencing the results obtained about the intended ones.

The basis of this process is the proposed business model. From the identification of opportunities in certain market segments, the value proposition to the public that composes these segments is defined.

The bibliographic research carried out in this study highlights the importance of creating value for the competitiveness of an organization. It presents different perspectives through which value creation is analyzed, its significance to the business, the reasons, and means for it to be monitored, measured and controlled and through which performance indicators it can be managed.

Questions formulated based on this reference were submitted, through interviews, to managers of companies of different segments and sizes. The answers reveal the awareness of these managers as to the importance and need to monitor and measure the active creation of value to different stakeholders as a condition to sustain competitive advantages.

However, this was not the only finding. In some of the companies participating in the research, it is not common to use metrics and indicators that allow this measurement, except those dedicated to financial results evaluation.

The limited number of participants is recognized as a limitation to the inference about the scope of the results. Despite this, as an exploratory approach, the research reveals that there are companies still lacking value creation measurement and evaluation systems, which may be a generalizable tendency.

With this study, we intend to contribute to the reflection on the benefits that could be provided to the performance of the organizations by development of mechanisms that allow that managerial action. Therefore, it is recommended to continue with the expansion of the sample space used here, including the application of the research to a substantial number of companies, to allow an understanding of what is in general occurring in the market.

Likewise, the contribution resulting from the proposal of a system dedicated to monitoring, measurement and evaluation of the companies' performance regarding value creation would be significant.

References

Anderson, W., Fornell, C., & Lehmann, D. (1994). Customer satisfaction, market share, and profitability: findings from Sweden. *Journal of Marketing*, *58*, 53-66.

Araujo, L., Burgoyne, J., & Easterby-Smith, M. (2001). *Aprendizagem organizacional e organização de aprendizagem*. São Paulo: Editora Atlas.

Barney, J.B. & Hersterly, W. S. (2009). *Administração estratégica e vantagemcompetitiva*. São Paulo: Pearson.

Brundtland, G. H. (1987). *Report of the Word Commission on environment and development*: *"our common future"*. United Nations.

Cerbasi, G. P. (2003). Metodologias para determinação do valor das empresas: uma aplicação no setor de geração de energia hidrelétrica. Dissertação (Mestrado em Administração) – Faculdade de Economia, Administração e Contabilidade, *Universidade de São Paulo*, São Paulo.

Churchill, G. Jr., & Peter, P. (2009) *Marketing: criando valor para os clientes*. 3rd ed. São Paulo: Saraiva.

Copeland, T., Koller, T. & Murrin, J. (2002). *Valuation*. Measuring and managing the value of companies. New Jersey: McKinsey & Co.

Freeman, R.E. (1984). *Strategic Management: a stakeholder approach*. Boston: Pitman Publishing.

Frezatti, F. (2003). *Gestão de valor na empresa: uma abordagem abrangente do valuation a partir da contabilidade gerencial*. São Paulo: Atlas.

Friedman, M. (1970). The social responsibility of business is to increase its profits. *New York Times Magazine*, *13*(13), 32-33.

Galbreath, J. (2002). Twenty-first century management rules: the management of relationships as intangible assets. *Management Decision*, London, *40*(2), 116-126.

Galvagno, M., & Dalli, D. Theory of value co-creation: a systematic literature review. *Managing Service Quality*, *24*(6), 643-683.

Hayek, F.A. (1978). Competition as a Discovery Procedure. In: *New Studies in Philosophy, Politics and Economics,* Routledge: London.

Johnson, J. M. (2002). In-depth interviewing. In: J.A. Holstein & J.F. Gubrium (Eds.) *Handbook of interview research: context & method* (pp. 103-119). Thousand Oaks: Sage Publications,

Kaplan, R. S., & Norton, D. P. (1997). *A estratégia em Ação: Balanced Scorecard*. Harvard Business School Press. Rio de Janeiro: Elsevier.

King, N. (1998). Template analysis. In: G. Symon & C. Cassell (Eds.) *Qualitative Methods and Analysis in Organizational Research: A Practical Guide* (pp. 118-134). Thousand Oaks, CA: Sage.

Larentis, F. & Gastal, F. (2004). *O Estado da Arte do Conceito de Valor para o Cliente: Passado, Presente e Futuro*. Retrieved February 27, 2007 from http://www.anpad.org.br/diversos/ trabalhos/ EMA/ema_2004/2004_EMA0154.pdf

Lehmann, D. R. (1997). *Some Thoughts on the Future of Marketing*. Cambridge, MA: Marketing Science Institute.

Low, J., & Kalafut, P. C. (2003). *Vantagem invisível: como os intangíveis conduzem o desempenho da empresa*. Porto Alegre: Bookman.

McTaggart, J. M., Kontes, P. W., & Mankins, M. C. (1994). *The value imperative: managing for superior shareholder returns*. New York: The Free Press.

Mises, L.V. (2010). *Ação Humana: Um Tratado de Economia*. São Paulo: Instituto Ludwig Von Mises Brasil.

Opoku-Anokye, S., & Tang, Y. (2013). The design of a semantics-oriented organizational performance measurement system. ICISO 2013, 45.

Osterwalder, A., & Pigneur, Y. (2013). *Business model generation: inovação em modelos de negócios.* Rio de Janeiro: Alta Books Editora.

Othman, R. & Sheehan, N.T. (2011). Value creation logics and resource management: a review. *Journal of Strategy and Management*, *4*(1), 5-24.

Payne, A., Storbacka, K., Frow, P. & Knox, S. (2009). Co-creating brands: Diagnosing and designing the relationship experience. *Journal of Business Research, 62*(3), 379-389.

Pintzos, G., Matsas, M. & Chryssolouris, G. (2012). Defining manufacturing performance indicators using semantic ontology representation. Procedia CIRP, *3*, 8-13.

Porter, M.E. & Kramer, M. (2011). The big idea: creating shared value. Rethinking Capitalism. *Harvard Business Review*, January–February 2011. Retrieved April 19, 2017 from http://hbr.org/2011/01/the-big-idea-creating-shared-value/ar/pr.

Prahalad, C. K. & Ramaswamy, V. (2000). Co-opting customer competence. *Harvard Business Review.* January–February 2000. Retrieved April 19, 2017 from, https://hbr.org/2000/01/co-opting-customer-competence.

Prahalad, C. K., & Ramaswamy, V. (2003). The new frontier of experience innovation. *MIT Sloan Management Review*. *44*(4), 11-18.

Prahalad, C.K., & Ramaswamy, V. (2004a). *The future of competition: Co-creating unique value with customers*. Boston: Harvard Business School Press.

Prahalad, C.K., & Ramaswamy, V. (2004b). Co-creation experiences: The next practice in value creation. *Journal of Interactive Marketing*. *18*(3), 5-14.

Prahalad, C.K., Krishnan, M.S., & Serra, A. C. (2008). *A nova era da inovação*. Rio de Janeiro: Elsevier.

Prahalad, C.K. & Hamel, G. (1990). The Core Competence of the Corporation. *Harvard Business Review*. May-June, pp.1-15.

Procianoy, J. L., Antunes, M. A. (2001). Os efeitos das decisões de investimento das empresas sobre os preços de suas ações no mercado de capitais. *Proceedings of XXV EnANPAD - Encontro da Associação Nacional de Pós-Graduação e Pesquisa em Administração*, São Paulo, Campinas, Brasil.

Ramaswamy, V. (2008). Co-creating value through customers' experiences: the Nike case. *Strategy & Leadership*. *36*(5), 9-14.

Ramaswamy, V. (2011). It's about human experiences and beyond, to co-creation. *Industrial Marketing Management*. *40*, 195–196.

Rappaport, A. (2001). *Gerando valor para o acionista: um guia para administradores e investidores*. São Paulo: Atlas

Richers, R. (2000). *Marketing: uma visão brasileira*. São Paulo: Negócio Editora.

Seth, J. N. (2001). *Comportamento do Cliente: indo além do comportamento do consumidor.* São Paulo: Atlas.

Sharpe, W. F., Alexander, G. J., & Bailey, J. V. (1995). Investments. 5th Ed. New Jersey: Prentice Hall.

Stacey R.D. (2010). *Complexity and Organizational Reality: Uncertainty and the need to rethink management after the collapse of investment capitalism*. New York: Routledge.

Vargo, L. & Lusch, F. (2004). Evolving to a new dominant logic for Marketing. *Journal of Marketing*. *68,* 1–17

Vargo, L. & Lusch, F. (2006). Service-dominant logic: What it is what it is not, what it might be. In: R. F. Lusch & S. L. Vargo (Eds.). *The service-dominant logic of Marketing: Dialog, debate, and directions*. New York: M.E. Sharpe.

Vargo, L.& Lusch, F. (2008). Service-dominant logic: Continuing the evolution. *Journal of Academy of Marketing Science, 36,* 1-10.

Velimirović, D., Velimirović, M., & Stanković, R. (2011). Role and importance of key performance indicators measurement. *Serbian Journal of Management*, *6*(1), 63-72.

Woodruff, R. (1997). Customer Value. The Next source of competitive advantage. *Journal of the Academy of Marketing Science*, *25*(2), 139-153.

Woodruff, R., Schumann, D. & Gardial, S.F. (1993) Understanding value and satisfaction from the customer´s point of view. *Survey of Business*, 33-40.

Zeithaml, V. A. & Bitner, M. J. (1988). Consumer perceptions of price, quality, and value: a means-end model and synthesis of evidence. *Journal of Marketing, 52*(3), 2-22.