

## CORE COURSE 10

Course Code	Course Name	L-T-P	Credits
COM2216	Performance Management	5-1-0	6

### **Module 1: Decision making techniques (Marginal costing)**

**Unit 1:** Understand & apply the concept of relevant costs – determination of relevance with regard to a contextual decision – opportunity costs – cost-volume-profit (CVP) relationship – calculate & interpret break-even point and margin of safety – estimation of target profit in



single & multi-product scenario – resource optimisation in light of limiting factors – single or multiple factors – make or buy decisions.

**Learning Outcome:**

- Students will be to use marginal costing techniques to make decisions.

**Module 2: Risk & Uncertainty in decision making**

**Unit 1: Risk & Uncertainty in decision making** -technique to reduce uncertainty: research techniques to reduce uncertainty – modelling techniques: use of simulation, expected values and sensitivity, techniques of Maximax, maximin and minimax regret, decision tree – value of perfect & imperfect information

**Learning Outcome:**

- Students will be able to apply various techniques for reducing the uncertainties.

**Module 3: Performance Measurement**

**Unit 1:** Performance measurement – meaning and objectives — the need for performance measurement in an organisation- identify the key performance indicators (KPIs).

**Unit 2:** Financial performance analysis Indicators– meaning and objective –understand the key financial performance indicators: ratio analysis –financial performance analysis of an organisation: measuring profitability, measuring liquidity and measuring risk –report of financial performance analysis in a manufacturing and service industry –problems associated with the use of FPI: short termism, manipulation of results –improvement methods to overcome the pitfalls in FPI.

**Unit 3:** Non-financial Performance analysis – factors to be considered on NFPI – understand the need for NFPI- models used for NFPI: The balanced score card(customer, internal, learning and growth, financial) - building block model (Fitzgerald and Moon) using dimensions, standards, rewards) - Value-for-money approach for not-for-profit organisations – economy, efficiency & effectiveness approach

**Learning Outcome:**

- Students will understand the importance of performance measurement in an organisation
- Students will be able to analyse financial and non-financial performance.

**Module 4: Behavioural considerations in performance management**

**Unit 1:** Need to factor external considerations in performance management such as environment, market conditions and stakeholder impact - behavioural aspects affecting the performance of an organisation- Information, technologies and systems for organisational performance.

**Learning Outcome:**

- Students will understand the behavioural aspects of the performance of an organisation

**Module 5: Divisional Performance & Transfer Pricing:**

**Unit 1:** Divisional Performance measurement- meaning and objectives – types of divisions in performance measurement: cost centre, revenue centre, profit centre, investment centre - measures used to evaluate the performance based of various divisions in a organisation- comparing the divisional performance.



**Unit 2:** Transfer Pricing – meaning and objective of transfer pricing system – general rule for setting transfer price - methods of setting transfer price: market-based approach and cost-based approach - impact of transfer pricing on divisional performance

**Learning Outcome:**

- Students will understand various divisions in performance measurement and
- Students will understand the concept of transfer pricing, methods of setting transfer price and how transfer pricing impacts divisional performance

**Suggested Readings:**

1. Prem Chadha - Performance Management, McMillan, Latest Edition
2. S. Kohli, T. Deb - Performance Management Oxford Higher Education, Latest Edition

**Suggested Reference Materials:**

1. Kaplan Publishing – Performance Management
2. BPP Learning Media - Performance Management