

Essay on financial performance measures

[Business](#), [Employee](#)



Financial Performance measures

Financial performance measures aim to show how a company is doing over the past few years. Shows the trends of the company over a couple of years or as compared to other firms in the industry. Use of cost volume profit analysis (CVP), earnings per share (EPS) and return on capital employed (ROCE) can be more effective as they are forward looking and more predictable (Neely, 2002). Cost volume analysis can be used to analyze the cost incurred per volume and also the profit. Earnings per share shows the return of the shareholders with a specific operation in place while return on capital employed shows the returns per capital employed in the business.

These measures are used for performance analysis in a business leading to setting of targets by the business and also departmental targets. This gives each department a target to achieve as there are laid out plans of how the business is to perform.

The business culture affects implementation of various business strategies as implementation proves to be hard as the employees tend to deviate from plan. This requires strong management dedication to ensure that such strategies are implemented. The business culture does not affect the financial performance in the value chain as the culture is used to the value chain hence keeping it as efficient as possible.

The practiced culture norms practiced include time keeping at work, tea breaks, navigating work to junior employees and so on. Some of these cultures are positive while others are negative hence each portraying different impacts on the organization structure. The culture promotes motivated employees as they are praised and talked about in the

organization (Harvard Business School, 2002). Immoral behaviors are highly condoned as the shame and guilt among employees is the events are disseminated in the workplace.

References

Harvard Business School (2002). Harvard business review on culture and change. Boston, Mass: Harvard Business School.

Neely, A. D. (2002). Business performance measurement: Theory and practice. Cambridge: Cambridge University Press.