



# ACCA

THE ASSOCIATION OF CHARTERED CERTIFIED ACCOUNTANTS

## PERFORMANCE MANAGEMENT (PM)

STUDY TEXT - VALID FOR SEPTEMBER 2019,  
DECEMBER 2019, MARCH 2020 AND JUNE 2020  
EXAMINATION SITTINGS



Content reviewed by  
ACCA's examining team

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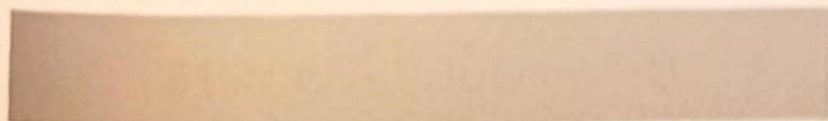
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Performance Management (PM)

Study Text



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We are grateful to the Association of Chartered Certified Accountants and the Chartered Institute of Management Accountants for permission to reproduce past examination questions. The answers have been prepared by Kaplan Publishing.



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# Introduction

These Kaplan Publishing learning materials have been carefully designed to make your learning experience as easy as possible and to give you the best chance of success in your examinations.

The product range contains a number of materials to help you study. They include:

- (1) Detailed study guides and syllabus objectives
- (2) Description of the examination
- (3) Study skills and revision guidance
- (4) Study text
- (5) Question practice

The sections on the study guides, the syllabus objectives, the examination and study skills should be read before you commence your studies. They are designed to familiarise you with the nature and content of the examination and give you tips on how to best approach your learning.

The study text comprises the main learning materials and gives guidance as to the importance of topics and where other related resources can be found. Each chapter includes:

- The learning objectives contained in each chapter, which have been carefully mapped to the examining body's own syllabus objectives.
- An outline of the topics on which you might be assessed in the examination.
- The chapter diagram provides a visual overview of the content in the chapter, giving an overview of the topics and how they link together.
- The content for each topic commences with a brief explanation or definition to put the topic into context, before covering the topic in detail. You should follow your studying of the content with a review of the illustration. These are worked examples which will help you to understand better how to apply the content for the topic.
- Test your understanding sections provide an opportunity to assess your understanding of the key topics by applying what you have learned to short questions. Answers can be found at the back of each chapter.
- Summary diagrams complete each chapter to show the important links between topics and the overall content of the examination. These diagrams should be used to check that you have covered and understood the core topics before moving on.
- Question practice is provided at the back of each text.



# How to use the Materials

These Kaplan Publishing learning materials have been carefully designed to make your learning experience as easy as possible and to give you the best chances of success in your examinations.

The product range contains a number of features to help you in the study process. They include:

- (1) Detailed study guide and syllabus objectives
- (2) Description of the examination
- (3) Study skills and revision guidance
- (4) Study text
- (5) Question practice

The sections on the study guide, the syllabus objectives, the examination and study skills should all be read before you commence your studies. They are designed to familiarise you with the nature and content of the examination and give you tips on how to best to approach your learning.

The **Study text** comprises the main learning materials and gives guidance as to the importance of topics and where other related resources can be found. Each chapter includes

- The **learning objectives** contained in each chapter, which have been carefully mapped to the examining body's own syllabus learning objectives or outcomes. You should use these to check you have a clear understanding of all the topics on which you might be assessed in the examination.
- The **chapter diagram** provides a visual reference for the content in the chapter, giving an overview of the topics and how they link together.
- The **content** for each topic area commences with a brief explanation or definition to put the topic into context before covering the topic in detail. You should follow your studying of the content with a review of the illustration/s. These are worked examples which will help you to understand better how to apply the content for the topic.
- **Test your understanding** sections provide an opportunity to assess your understanding of the key topics by applying what you have learned to short questions. Answers can be found at the back of each chapter.
- **Summary diagrams** complete each chapter to show the important links between topics and the overall content of the examination. These diagrams should be used to check that you have covered and understood the core topics before moving on.
- **Question practice** is provided at the back of each text.



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Our Quality Coordinator will work with our technical team to verify the error and take action to ensure it is corrected in future editions.

### Icon Explanations



**Definition** – Key definitions that you will need to learn from the core content.



**Test your understanding** – Exercises for you to complete to ensure that you have understood the topics just learned.



**Illustration** – Worked examples help you understand the core content better.



**Supplementary reading** – These sections will help to provide a deeper understanding of core areas. The supplementary reading is NOT optional reading. It is vital to provide you with the breadth of knowledge you will need to address the wide range of topics within your syllabus that could feature in an exam question. **Reference to this text is vital when self-studying.**

### On-line subscribers

Our on-line resources are designed to increase the flexibility of your learning materials and provide you with immediate feedback on how your studies are progressing.

If you are subscribed to our on-line resources you will find:

- (1) On-line reference ware: reproduces your Study Text on-line, giving you anytime, anywhere access.
- (2) On-line testing: provides you with additional on-line objective testing so you can practice what you have learned further.
- (3) On-line performance management: immediate access to your on-line testing results. Review your performance by key topics and chart your achievement through the course relative to your peer group.

Ask your local customer services staff if you are not already a subscriber and wish to join.



## ACCA Performance Objectives

In order to become a member of the ACCA, as a trainee accountant you will need to demonstrate that you have achieved nine performance objectives. Performance objectives are indicators of effective performance and set the minimum standard of work that trainees are expected to achieve and demonstrate in the workplace. They are divided into key areas of knowledge which are closely linked to the exam syllabus.

There are five Essential performance objectives and a choice of fifteen Technical performance objectives which are divided into five areas.

The performance objectives which link to this exam are:

- 1 Ethics and professionalism (Essential)
- 2 Strategy and innovation (Essential)
- 3 Leadership and management (Essential)
- 4 Evaluate management accounting systems (Technical)
- 5 Plan and control performance (Technical)
- 6 Monitor performance (Technical)

The following link provides an in depth insight into all of the performance objectives:

[https://www.accaglobal.com/content/dam/ACCA\\_Global/Students/per/PER-Performance-objectives-achieve.pdf](https://www.accaglobal.com/content/dam/ACCA_Global/Students/per/PER-Performance-objectives-achieve.pdf)

## Progression

There are two elements of progression that we can measure: first how quickly students move through individual topics within a subject; and second how quickly they move from one course to the next. We know that there is an optimum for both, but it can vary from subject to subject and from student to student. However, using data and our experience of student performance over many years, we can make some generalisations.

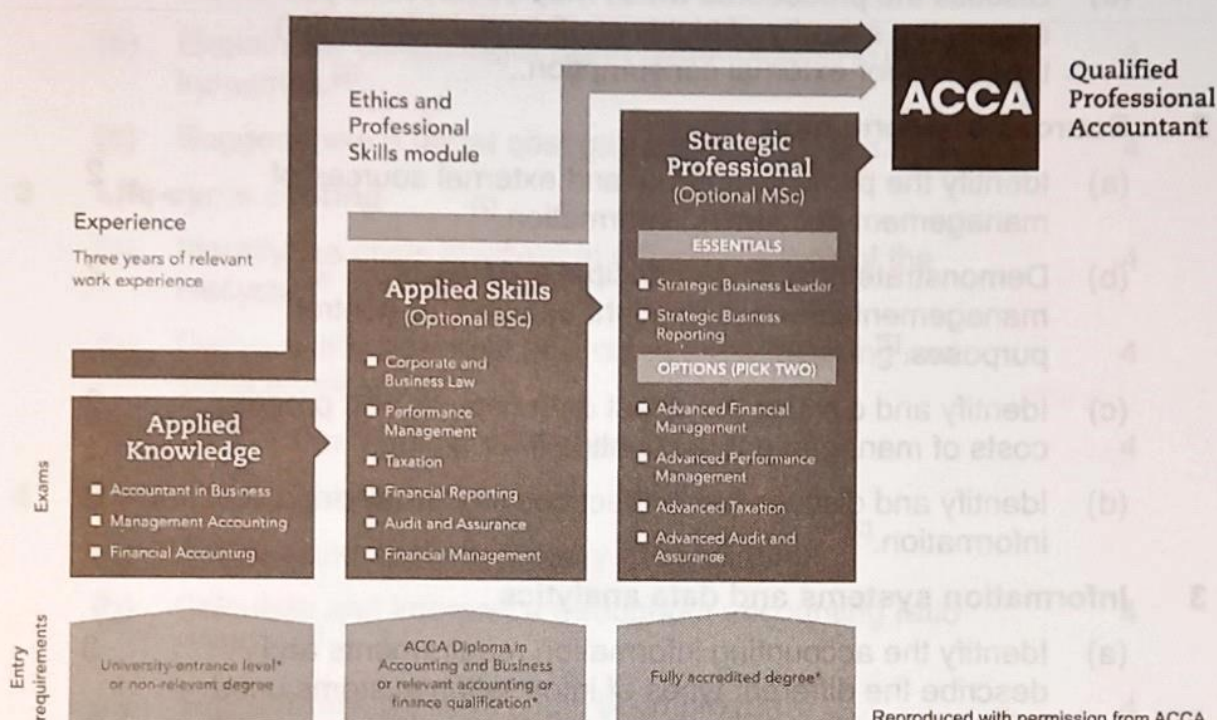
A fixed period of study set out at the start of a course with key milestones is important. This can be within a subject, for example 'I will finish this topic by 30 June', or for overall achievement, such as 'I want to be qualified by the end of next year'.

Your qualification is cumulative, as earlier papers provide a foundation for your subsequent studies, so do not allow there to be too big a gap between one subject and another. We know that exams encourage techniques that lead to some degree of short term retention, the result being that you will simply forget much of what you have already learned unless it is refreshed (look up Ebbinghaus Forgetting Curve for more details on this). This makes it more difficult as you move from one subject to another: not only will you have to learn the new subject, you will also have to relearn all the underpinning knowledge as well. This is very inefficient and slows down your overall progression which makes it more likely you may not succeed at all.



In addition, delaying your studies slows your path to qualification which can have negative impacts on your career, postponing the opportunity to apply for higher level positions and therefore higher pay.

You can use the following diagram showing the whole structure of your qualification to help you keep track of your progress.



## Syllabus Introduction

### Syllabus objectives

We have reproduced the ACCA's syllabus below, showing where the objectives are explored within this book. Within the chapters, we have broken down the extensive information found in the syllabus into easily digestible and relevant sections, called Content Objectives. These correspond to the objectives at the beginning of each chapter.

### Syllabus learning objective

### Chapter reference

## A INFORMATION, TECHNOLOGIES AND SYSTEMS FOR ORGANISATIONAL PERFORMANCE

### 1 Managing information

- |  |   |
|--|---|
| (a) Explain the role of information systems in organisations. <sup>[2]</sup>                     | 2 |
| (b) Discuss the costs and benefits of information systems. <sup>[2]</sup>                        | 2 |
| (c) Explain the uses of the internet, intranet, wireless technology and networks. <sup>[2]</sup> | 2 |