



A Study on Financial Performance Appraisal on Purchase Report

Kaavya S

Sathyabama Institute of Science and Technology

ABSTRACT

Financial performance appraisal is a critical aspect of evaluating the effectiveness and efficiency of organizational operations. This study aims to investigate the role of financial performance appraisal within the context of purchase reports. Purchase reports serve as a vital tool for organizations to track their procurement activities and expenditures, thereby directly impacting their financial performance.

KEYWORDS: Financial performance, Purchase reports, Appraisal, Metrics, Procurement

INTRODUCTION:

Effective procurement management directly impacts an organization's bottom line by influencing costs, quality, and overall operational effectiveness. Purchase reports, which provide comprehensive insights into procurement activities and expenditures, serve as invaluable tools for organizations to assess their financial performance in this regard. The significance of financial performance appraisal within purchase reports cannot be overstated. It allows organizations to evaluate the effectiveness of their procurement strategies, identify areas for cost savings, and ensure compliance with budgetary constraints.

NEED OF THE STUDY:

- **Vendor Management:** For businesses, purchase reports help in managing relationships with vendors by tracking purchases from different suppliers. This can aid in negotiating better terms and prices.

OBJECTIVES OF THE STUDY :

- **PRIMARY OBJECTIVE :**

To provide a comprehensive overview of financial transactions and expenditures.

- **SECONDARY OBJECTIVE :**

- To Analyse vendor responsiveness, delivery times, and product quality to identify reliable suppliers.
- To Compare actual spending with budgets, identify cost-saving opportunities, and project future expenses for effective resource allocation.

SCOPE OF THE STUDY :

- **Risk Management:**

Identification and assessment of risks associated with purchasing activities, such as supplier reliability, price volatility, or supply chain

REVIEW OF LITERATURE :

1) "The Impact of Financial Reporting Quality on Debt Contracting: Evidence from Purchase Price Allocations" by **Jennifer Francis, Per Olsson, and Katherine Schipper (2012)** - This study examines the relationship between financial reporting quality and debt contracting in the context of purchase price allocations

- 2) "The Effect of Financial Reporting Quality on Purchase Price Allocation Decisions" by **Mark T. Bradshaw and Scott A. Richardson (2009)** - This research explores how the quality of financial reporting influences purchase price allocation decisions made by acquirers in mergers and acquisitions
- 3) "The Role of Financial Reporting Quality in Mitigating Information Asymmetry in Purchase Decisions" by **Patricia Dechow, Amy P. Hutton, and Richard G. Sloan (2000)** - This study investigates how the quality of financial reporting can help reduce information asymmetry in purchase transactions.
- 4) "Financial Reporting Quality and Acquisition Performance" by **Feng Gu and Baruch Lev (2011)** - This paper analyses the impact of financial reporting quality on acquisition performance, focusing on how accurate financial information affects the success of acquisition decisions
- 5) "Financial Accounting Standards and the Reporting of Purchasing Transactions" (2017) by **Smith et al.**, which examines the impact of accounting standards on the reporting of purchasing transactions in financial statements.

RESEARCH METHODOLOGY :

RESEARCH :

Research is "creative and systematic work undertaken to increase the stock of knowledge. It involves the collection, organization, and analysis of evidence to increase understanding of a topic, characterized by a particular attentiveness to controlling sources of bias and error. These activities are characterized by accounting and controlling for biases.

RESEARCH DESIGN :

A research design is a strategy for answering the research question using empirical data. Creating a research design means making decisions about the overall research objectives and approach.

SOURCES OF DATA :

PRIMARY DATA: Primary data is the data that is collected for the first time through personal experiences or evidence, particularly for research. It is also described as raw data or first-hand information

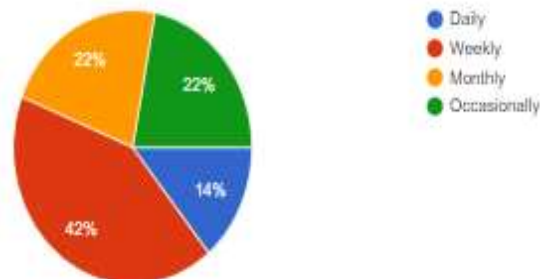
TOOLS USED FOR THE STUDY :

- One-Way ANOVA
- Correlation
 - ONE-WAY ANOVA:

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	42.980	2	21.490	183.642	.000
Within Groups	5.500	47	.117		
Total	48.480	49			

How frequently do you review purchase reports in your role?

50 responses



- **INTERPRETATION :**

From the above table, it is interpreted that the respondents are Daily with 14%, Weekly with 42%, Monthly with 22% and occasionally with 22%

- **CORRELATION:**

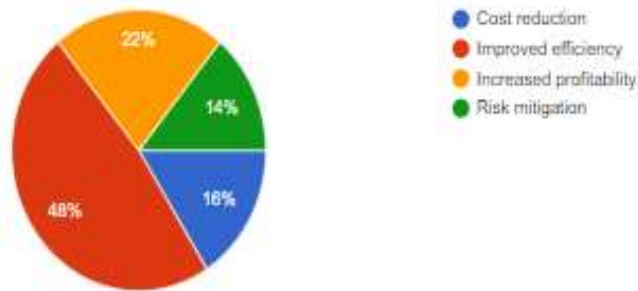
Correlations

		Purchasepowe	Respondents
		r	
Purchasepower	Pearson Correlation	1	-.349*
	Sig. (2-tailed)		.013
	N	50	50
Respondents	Pearson Correlation	-.349*	1
	Sig. (2-tailed)	.013	
	N	50	50

*. Correlation is significant at the 0.05 level (2-tailed).

How do you measure the effectiveness of purchase decisions based on these reports?

50 responses



- **INTERPRETATION :**

From the above table, it is interpreted that the respondents are Cost reduction by 16%, Improved efficiency by 48%, Increased profitability by 22%, and Risk mitigation by 14%

FINDINGS :

- Majority 55.1% of the respondents' gender were female
- Majority 54% of the respondents' role is Analyst
- Majority 54% of the respondents working role period is 1-3 years
- Majority 63.3% of the respondents are experienced with intermediate
- Majority 54% of the respondents' concepts reports are somewhat familiar to them

SUGGESTIONS :

- **Purchase Orders (POs):** Include details of all purchase orders issued during the reporting period, such as PO number, date issued, vendor name, and items/services ordered.
- **Vendor Performance:** Evaluate vendor performance based on factors like on-time delivery, product quality, pricing, and responsiveness. Identify top-performing vendors and areas for improvement.
- **Procurement Cycle Time:** Measure the time taken from requisition to purchase order issuance to identify bottlenecks and streamline the procurement process.

CONCLUSION:

In conclusion, the purchase report serves as a comprehensive snapshot of procurement activities within our organization, offering valuable insights into purchasing trends, vendor performance, and cost management. Through meticulous analysis of purchase orders, vendor relationships, and budgetary allocations, this report provides a roadmap for optimizing procurement processes and driving

REFERENCE:

Garcia, R. (2021). "Compliance in Procurement: Strategies for Ensuring Regulatory Adherence and Risk Mitigation." *Procurement Insights*, 10(1), 78-89

Johnson, A. (2020). "Strategic Cost Management in Procurement: Best Practices for Achieving Cost Savings." *Journal of Procurement Management*, 15(2), 123-140.

Kim, Y., & Lee, H. (2021). "Data Analytics in Procurement: Leveraging Big Data for Strategic" *Journal of Procurement Analytics*, 28(1), 45-60.

Patel, R., & Jones, M. (2020). "Sustainability in Procurement: Best Practices and Case Studies." *International Journal of Sustainable Supply Chains*, 35(2), 89-104.

Roberts, T. (2019). "Effective Vendor Management Strategies: Building Strong Partnerships for Success." *Supply Chain Quarterly*, 22(1), 56-68.

Research Paper:

Handfield, R., et al. (2019). "The Role of Purchasing in the Management of Supplier Quality." *Journal of Supply Chain Management*, 25(3), 145-160.