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## Workforce Management

# Frequent Worker Reporting Lowers Worker Performance

*When employees have to make frequent reports to their bosses, it raises their anxiety levels and lowers their performance, new research suggests.*



Among the many changes COVID-19 has forced upon the world of work, high in importance is the physical distance it has effected between managers and workers.

With a recent survey estimating that 20% of American adults in the COVID-ravaged economy work from home, it has become common for employees whose desks may have previously been steps away from their bosses to now be located miles away.

How to monitor their work? A natural managerial response might be to ask for frequent performance reporting, particularly in highly challenging projects where success is uncertain. But, if that seems to make superficial sense, a new study in a leading accounting journal is likely to prompt second thoughts.

The study, in the current issue of *The Accounting Review*, a peer-reviewed journal of the American Accounting Association, begins by acknowledging as conventional wisdom that high reporting frequency “enhances the timeliness and therefore usefulness of the reported information for decision-making.” The paper then proceeds to urge managers “to weigh this benefit against potential costs ... that are arguably more important — namely, the potentially negative motivational implications that undermine employees’ task performance.”

Frequent performance reporting,” the new research finds, “has negative motivational and performance implications when employees know or assume that the information they report will be used to evaluate their task-related skills.” High frequency, the study concludes, serves to increase “avoidance orientation,” defined as “an individual’s tendency to focus on avoiding unfavorable judgments of competence” rather than on developing competence for the work at hand.

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While the research was carried out before the COVID-19 pandemic, the authors see their findings as having special relevance in the current state of affairs.

Comments Laura W. Wang of the University of Illinois at Urbana-Champaign, who co-authored the study with business-school colleagues Gary W. Hecht and Jessen L. Hobson: “As more work is done remotely, more managers will be tempted to increase employees’ performance reporting. Our study should caution them to balance their need to monitor workers with the dangers of doing so too frequently or obtrusively.”

The new study represents a novel detour from a large body of accounting research that has focused on the effect that frequent financial reporting has in inducing short-term corporate thinking. Shifting the investigation to the level of individual employees, the new research concludes similarly that greater performance-reporting frequency “leads employees to adopt a short-term perspective.”

This “makes potential losses (i.e., negative judgments and other undesirable consequences) more salient,” which, in turn, “increases employees’ propensity toward an avoidance orientation,” with a negative effect on task performance.

Prior psychology research, the professors note, has revealed this negative cognitive effect of avoidance orientation. Now the new study additionally finds frequent performance reporting to induce that orientation.

The study's findings derive from a behavioral experiment in which 87 university students recruited from undergraduate business courses volunteered to take a 30-minute, multiple-choice test of critical reasoning administered via computer. As the students proceeded through the questions, all could monitor on their computer screens the passage of time and their total correct answers. But there were two important differences in the instructions participants received.

- About half were instructed to report their scores to an in-person test administrator every 10 minutes, while the remainder were asked to report only once, at the 30-minute-test's conclusion. Reporting involved simply raising one's hand for the administrator to check one's screen and to write down the number of correct answers, something done without comment.
- Each group was further divided based on how the purpose of the test was described to them. Half the participants (the evaluation group) were told the purpose was to enable the administrator to evaluate their abilities in critical reasoning, which, they were reminded, "is an important skill for a successful career in business." The remaining participants (the non-evaluation group) were told the purpose of taking the test was to assess the quality of the questions.

Among the non-evaluation group, there was not a significant difference in test scores between those who reported their results every 10 minutes and those who did so only at the test's conclusion, suggesting the effect of reporting frequency is not merely mechanical. In the evaluation group, by contrast, the difference in scores between one-time and three-time reporters was highly significant; indeed, those asked to report only once averaged almost one third more correct answers than those asked to report three times.

Equally important, analysis of results in the evaluation group reveals avoidance orientation to be implicated in the low performance of frequent reporters, being significantly higher in this subgroup than among one-time reporters. Avoidance orientation was measured through such post-test questions as "When I worked on the critical reasoning questions, I worried about performing worse than other people in the study" and "I felt apprehensive about being evaluated for my critical reasoning skills."

In other words, high reporting frequency seemingly induced extra anxiety that interfered with participants' performance on a cognitively challenging task.

What makes these results particularly impressive, Prof. Wang says, is that performance was adversely affected even though 1) most participants did not know the administrator to whom they reported their scores and 2) the consequences of appearing incompetent were, at most, tenuous. The effect, the professors think, is likely to be stronger — perhaps considerably so — in real-world situations with real bosses and tangible adverse consequences for employees judged incompetent.

She adds that the incentive to micro-monitor employees is likely to be particularly strong in projects that are highly challenging cognitively, where the outcome is highly uncertain — a temptation, she says, that managers would be well-advised to resist.

The study, “The Effect of Performance Reporting Frequency on Employee Performance,” is in the July/August issue of *The Accounting Review*, a peer-reviewed journal published six times yearly by the American Accounting Association.