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WORKERS

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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 a matter of steps from their bosses to now be located miles away.

How to monitor their work? A natural managerial response might be to ask for

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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.

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 (for example, a 2018 *Accounting Review* study of mandated quarterly reporting found it to be associated with reduced capital investment). 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

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■ About half were instructed to report their scores to an in-person test administrator every ten 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 in 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 ten 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

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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, a worldwide organization devoted to excellence in accounting education, research, and practice. Other journals published by the AAA and its specialty sections include *Auditing: A Journal of Practice and Theory*, *Accounting Horizons*, *Issues in Accounting Education*, *Behavioral Research in Accounting*, *Journal of Management Accounting Research*, *Journal of Information Systems*, *Journal of Financial Reporting*, *The Journal of the American Taxation Association*, and *Journal of Forensic Accounting Research*.

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