Numbers Speak for Themselves, or Do They? On Performance Measurement and Its Implications

Berend van der Kolk

Abstract
Performance measurement systems have the potential to improve organizational outcomes, but they often come at a cost. This commentary highlights the individual, organizational, and societal costs of performance measurement systems and explores how such costs could be reduced.

Keywords
indicator, indicatorism, measurement, metrics, performance

The second decade of the 21st century was an extraordinary successful one for crime fighters in the Netherlands. Various high-impact crimes went down spectacularly, home burglaries dropped, for instance, from 91,930 in 2012 to 42,798 six years later. “I look back with pride at the achieved results,” the responsible Dutch minister stated, celebrating the police’s efforts.\(^1\) His pride was supported by convincing numbers. And the numbers speak for themselves. Or do they?

A collective of investigative journalists scrutinized the “making” of these crime figures and found that there was more going on.\(^2\) The number of

\(^1\)Vrije Universiteit Amsterdam, The Netherlands

Corresponding Author:
Berend van der Kolk, Department of Accounting, Vrije Universiteit Amsterdam, De Boelelaan 1105, Amsterdam 1081 HV, The Netherlands.
Email: b.van.der.kolk@vu.nl
high-impact crimes was used as a key indicator to measure the “performance” of police units. To appear better, some eager superiors pressured subordinates to suppress this number. For instance, when burglars broke a window and searched a home for valuable items but eventually did not steal anything, this could be classified as a case of destruction (a low-impact crime) instead of home burglary (a high-impact crime), improving the indicator for high-impact crimes.

The use of indicators to express “performance” is not limited to government policies. An academic’s impact is increasingly measured by citations and h-indices (A. Crane & Glozer, 2021), and “environmental performance” is often reduced to indicators such as carbon dioxide emissions and water footprint. Such indicators can help to direct effort, provide a sense of control, and cater to our desire for transparency and accountability. However, they also come at a high cost, which deserves more attention from practitioners and academics alike.

The Hidden “Costs” of Performance Measurement

To elaborate on the costs of performance measurement, I distinguish individual, organizational, and societal “costs” and give some examples of each of these.

For individuals, performance measurement can create stress, goal conflict, fear, and alienation and decrease job satisfaction and well-being. Particularly, an incentive-oriented use of performance measures has the potential to come at the expense of the well-being of individuals. As quantified performance measures cannot do justice to the value and contributions of individuals, they can trigger feelings of injustice, which can negatively impact employees’ mental health. The omnipresence of quantified performance information about our achievements (e.g., online likes, sport accomplishments, citations) puts us in a never-ending competition with millions of others around the globe. This competition turns all of us into “achievement-subjects” who may in time become so overly focused on striving to overtake those we are compared with (cf. Brankovic, 2021), that this could easily come at the expense of our individual and collective well-being (Han, 2015), leave alone detract us from doing what we should be doing to solve problems, a point that I turn to next.

In organizations, overly stressing the importance of performance measures may trigger behavior that is aimed at improving performance indicators, while losing sight of the actual goals. I call this indicatorism. In a field study, I found that front-office workers sometimes would rather help “easy” clients while disregarding “difficult” clients (i.e., those with foreign-sounding names), because that would improve the indicator “average time spent
per client.” Both from an equality perspective and from an organizational perspective, this is highly problematic. Indicatorism also includes improving an indicator for the short term (at the expense of the long term), ignoring “unmeasured” tasks, and manipulating numbers, such as in the crime figure example earlier.

At the societal level, various costs of (overly) relying on performance measures are visible. When organizations’ performance was solely measured in terms of stock return, nonmeasured externalities were mostly ignored. But also today, when “environmental performance” is frequently reduced to an indicator like kilograms of carbon dioxide emissions, other crucial environmental qualities like biodiversity are rendered virtually invisible by the same mechanism. At the same time, focusing on a one-dimensional quantified indicator falsely suggests that complex phenomena can be compared or seen as a simple trade-off; some trees for a flight, or prioritizing wildlife over consumer demands. In reality, such dilemmas and stakeholder interests are far more complex and interconnected than any one-dimensional indicator can reflect (B. Crane, 2018).

**Five Tips for Reducing Performance Measurement Costs**

What can we do to reduce those individual, organizational, and societal costs in the future? The accounting literature has been studying that question for quite some time. Based on that literature, I suggest five tips.

First, performance measurement systems should be designed with those stakeholders who are impacted by them, and not only by those who are responsible for the performance. This helps to identify which aspects of performance matter, and whether they can be adequately measured. In addition, research found that co-creating performance measurement systems has the potential to enhance the commitment of the co-creators to the set targets (cf. Groen et al., 2012).

Second, keep the goal of the measurement system always in mind, to tackle indicatorism. If the goal is not served but thwarted by the performance measurement system, corrective action is warranted. For instance, when teaching evaluations get in the way of the goal of helping students to think critically (e.g., because teachers simplify their courses to boost evaluations), that system should be adjusted or abandoned.

Third, complement quantified performance information with qualitative information. Qualitative sources such as detailed descriptions, interviews, stories, and reflections can provide the depth and context needed to meaningfully interpret the numbers.
Fourth, provide managers with some flexibility regarding how the performance measurement system is used. Research suggests that bringing in a limited amount of subjectivity has the potential to mitigate the shortcomings of performance measurement systems (cf. Voußem et al., 2016).

Fifth, treat indicators of performance never as the “end” of a conversation, but always as the beginning of one. When a performance measurement system is used as a platform to start dialogue about what matters, this can produce various positive outcomes. A recent study illustrates how employees, as a result of this dialogue, began cooperating beyond the boundaries of their local organizational units, while learning from each other and improving organizational performance (Toldbod & van der Kolk, 2020).

To Conclude

For practitioners and academics alike, having conversations about the limitations and implications of performance measurement can help to reduce some of the individual, organizational, and societal “costs.” Numbers cannot speak for themselves, and therefore we need to speak for them more often.

Acknowledgment

The author wishes to thank Frank de Bakker, Hari Bapuji, and Stefanie Beninger for their constructive feedback on the earlier versions of this commentary.

Declaration of Conflicting Interests

The author declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding

The author received no financial support for the research, authorship, and/or publication of this article.

ORCID iD

Berend van der Kolk  https://orcid.org/0000-0003-2011-4585

Notes

1. See “Speech Minister Ferd Grapperhaus on May 13, 2019” (2019).
2. See “Politie manipuleert misdaadcijfers zeggen agenten zelf” (2019) and “Smileys scoren, platlullen en downgraden” (2019).
3. I draw on selected findings, theories, ideas, and articles collected for a book on the implications of performance measurement (van der Kolk, 2021).
References

Brankovic, J. (2021). Why rankings appear natural (but aren’t). *Business & Society, 61*(4), 801–806.
Crane, A., & Glozer, S. (2021). What’s next for the quantified scholar? Impact, metrics, and (social) media. *Business & Society, 61*(4), 807–812.
Crane, B. (2018). Revisiting who, when, and why stakeholders matter: Trust and stakeholder connectedness. *Business & Society, 59*, 263–286.
Groen, B. A. C., Wouters, M. J. F., & Wilderom, C. P. M. (2012). Why do employees take more initiatives to improve their performance after co-developing performance measures? A field study. *Management Accounting Research, 23*(2), 120–141.
Han, B.-C. (2015). *The burnout society*. Stanford University Press.
Politie manipuleert misdaadcijfers zeggen agenten zelf [The police manipulates crime figures according to police officers]. (2019, March 12). *De Groene Amsterdammer*. https://www.groene.nl/artikel/politie-manipuleert-misdaadcijfers-zeggen-agenten-zelf
Smiley scores, platullen en downgraden [Scoring smileys, downplaying and downgrading]. (2019, March 13). *De Groene Amsterdammer*. https://www.groene.nl/artikel/smileys-scoren-platlullen-en-downgraden
Speech minister Ferd Grapperhaus on May 13, 2019. (2019, May 13). *Rijksoverheid.nl*. https://www.rijksoverheid.nl/documenten/toespraken/2019/05/13/toespraak-minister-grapperhaus-congres-%E2%80%91jaar-bestrijding-van-high-impact-crimes%E2%80%99
Toldbod, T., & van der Kolk, B. (2020). Cascading control changes, incoherence, and dialogue: Insights from a longitudinal case study. *European Accounting Review*. Advance online publication. https://doi.org/10.1080/09638180.2020.1813185
van der Kolk, B. (2021). *De meetmaatschappij* [The Measurement Society]. *Business Contact*.
Vouëhem, L., Kramer, S., & Schäffer, U. (2016). Fairness perceptions of annual bonus payments: The effects of subjective performance measures and the achievement of bonus targets. *Management Accounting Research, 30*, 32–46. https://doi.org/10.1016/j.mar.2015.10.001

Author Biography

**Berend van der Kolk** is an associate professor of accounting at the School of Business and Economics at the Vrije Universiteit Amsterdam. Currently, he does research on performance measurement and its psychological, social, and ethical implications. His articles have appeared in such journals as *Accounting, Auditing & Accountability Journal, European Accounting Review, Health Care Management Review, Journal of Management Control*, and *Management Accounting Research*. Twitter: @berendvdzkolk.