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Objectivity and subjectivity in performance evaluation and autonomous motivation: An exploratory study

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ABSTRACT

A considerable body of accounting research has analysed the effectiveness of subjective performance assessment to compensate for the shortcomings of objective performance measures. The present paper adds a further perspective to this research by analysing the interaction between autonomous motivation and performance evaluation systems that either contain only objective measures or also apply subjective assessment. Findings of one experiment indicate that evaluation systems that contain either only objective or both objective and subjective components do not exhibit a significant interaction with autonomous motivation and that mixed evaluation is superior independent of the level of autonomous motivation. However, the findings of a further experiment, investigating the impact of imprecision that can accompany subjective performance evaluation, indicate that, for people low in autonomous motivation, objective and precise performance assessment is superior to performance evaluation that also contains imprecise subjective components. In the case of people high in autonomous motivation, the opposite holds true.

1. Introduction

Scholars have argued that, because objective measures do not fully account for all dimensions of an employee's job, such measures motivate employees to ignore the discounted dimensions for which they are not rewarded (Bol, 2008). Moreover, objective measures can be affected by factors that are not under the control of the evaluated employee and that thus introduce noise into performance assessment (Bol, 2008). This noise can additionally reduce the performance evaluation system's effectiveness. To overcome these shortcomings, theory-based literature suggests that performance evaluation systems should also contain subjective components (e.g., Golman and Bhatia, 2012). Empirical evidence supports this suggestion, as various studies have found that subjectivity is actually applied to offset the biases in objective performance measurement (e.g., Bol and Smith, 2011; Gibbs et al., 2004; Woods, 2012).

However, this suggestion rests on the assumption of rational agents. It thus ignores the complexity of human motivation; that is, in the mentioned literature, performance evaluation systems are understood to be devices that affect human motivation as a whole and thereby stimulate more or less work effort in a rather straightforward way. However, human motivation can vary in both *level* and *type* (Ryan and Deci, 2000a); that is, on the one hand, people are more or less motivated to act, and, on the other hand, they "are moved to act by very different types of factors" (Ryan and Deci, 2000b, p. 69).

Research in social psychology (e.g., Deci, 1971; Deci et al., 1999; Deci and Ryan, 2000; Vallerand and Reid, 1984), education (e.g., Bates, 1979; Deci et al., 2001; Morgan, 1983, 1984), and economics and business administration (e.g., Frey, 1997; James, 2005; Minbaeva, 2008; Weibel et al., 2010) provides insights that point to the rather complex

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interactions between different motivation types and various factors, as well as the partly unexpected effects of these interactions on work effort. These findings stress the necessity to shift researchers' attention from the overall motivation level towards the different motivation types. One widely used categorization of these types identifies motivation as *controlled* or *autonomous* (e.g., Deci and Ryan, 2000). While controlled motivation is induced by factors external to a person, autonomous motivation stems from within that person (e.g., the inherent interest in a specific task). As autonomous motivation is of specific relevance to creative and knowledge-intensive processes, it is of high importance to organisational success. Thus, autonomous motivation has been the subject of a considerable body of research, which has provided unexpected results. For example, empirical findings indicate that certain types of monetary rewards negatively interact with autonomous motivation; that is, they reduce the strength of the relation between autonomous motivation and work effort (e.g., Kunz and Linder, 2012b; Weibel et al., 2010). This phenomenon is called "motivation crowding-out".

Following this general shift in perspective, accounting research has started to discuss the importance of a sophisticated viewpoint regarding the relation between performance management and human motivation; this research especially stresses the importance of autonomous motivation (e.g., Adler and Chen, 2011; Bonner and Sprinkle, 2002; Hall, 2008; Wong-On-Wing et al., 2010).

However, so far, current research on objective and subjective performance evaluation has focused on its effect on work effort while ignoring its effect on motivation, which is a precondition for this work effort. To provide effective advice to accounting practitioners concerning the combined application of objective and subjective performance assessment, the following study strives to elaborate on this research gap. Through two experiments, the study analyses how autonomous motivation interacts with performance assessment and how this interaction affects the level of work effort. In Experiment 1, performance assessment will be operationalised as either a combination of objective and subjective elements (i.e., a mixed evaluation) or a purely objective evaluation. In Experiment 2, the degree of precision of the evaluation is also considered, because imprecision can accompany subjectivity, as discussed in Section 2.2.

The remaining paper is structured as follows: Section 2 is dedicated to the theoretical basis and the derivation of the research questions. Sections 3, 4, and 5 contain the two experiments. Section 6 discusses the experimental results and Section 7 provides a conclusion.

2. Theoretical basis and research questions

2.1. Human motivation and Self-Determination Theory

The separation between different motivation types is grounded in the theoretical framework provided by Self-Determination Theory (SDT), one of the most well-established theories dealing with different motivational types. A core aspect of SDT is the differentiation between *controlled* and *autonomous* motivation on the one hand, and *extrinsic* and *intrinsic* motivation on the other.

The differentiation between autonomous and controlled motivation is linked to the concept of locus of causality (deCharms, 1968; Heider, 1958). *Autonomous* motivation is characterised by a feeling of being able to choose and thus behaving in a self-determined way; in other words, the acting person perceives the locus of causality of his or her activity as internal to him- or herself (Gagné and Deci, 2005). In contrast, *controlled* motivation involves a feeling of external pressure to behave in a specific way; hence, the acting person perceives the locus of causality regarding his or her activity as external to him- or herself (Gagné and Deci, 2005).

The differentiation between intrinsic and extrinsic motivation is based on the presence of instrumentality. *Intrinsic* motivation stems from the enjoyment of a task as such; that is, an intrinsically motivated person gets engaged in a task because he or she enjoys doing it. Intrinsic motivation is inherently autonomous, as the acting person perceives the locus of causality regarding the performed task to be internal. "Extrinsic motivation, in contrast, requires an instrumentality between the activity and some separable consequences such as tangible or verbal rewards" (Gagné and Deci, 2005, p. 331). However, extrinsic motivation can be located on a continuum between autonomous and controlled, depending on the perceived locus of causality. Thus, SDT differentiates four types of extrinsic motivation. First, controlled, extrinsic regulation is induced by factors outside a person; that is, it is characterised by a clearly external locus of causality (Gagné and Deci, 2005). Second, introjected regulation is located close to the controlled pole of extrinsic motivation and is triggered by a "regulation that has been taken in by the person but has not been accepted as his or her own" (Gagné and Deci, 2005, p. 334). Third, identified regulation is characterised by a higher degree of autonomy; people experiencing this type of regulation "feel greater freedom and volition because the behavior is more congruent with their personal goals and identities" (Gagné and Deci, 2005, p. 334). Finally, integrated regulation specifies an extrinsic motivation type that is characterised by a high degree of autonomy; in this case, "people have a full sense that the behavior is an integral part of who they are, that it emanates from their sense of self and is thus self-determined" (Gagné and Deci, 2005, p. 335). Thus, the mentioned regulatory types contain different degrees of autonomous and controlled motivation. Fig. 1 depicts graphically the different motivation types.

At this point, it should be mentioned that, although SDT is grounded on broad empirical evidence, it has been criticised by several authors, who especially point to the fact that motivation is a multidimensional concept containing more aspects than those addressed by SDT (e.g., Eisenberger et al., 1999; Reiss and Haverkamp, 1998; Reiss, 2004, 2005). However, SDT remains one of the most prominent theories to explain human motivation and, therefore, seems to be the most reasonable theoretical basis for the present study.

Moreover, the previous discussion of different regulatory mechanisms should not be understood to suggest