

Quality of performance metrics, informal peer monitoring and goal commitment

Jacobo Gomez-Conde^a , Ernesto Lopez-Valeiras^{b,c} ,
Ricardo Malagueño^d , José Carlos Tiomatsu Oyadomari^e 

^a*Departamento de Contabilidad, Universidad Autónoma de Madrid, Madrid, Spain*

^b*ECOBAS, Universidade de Vigo, Departamento de Economía Financeira e Contabilidade, Ourense, Spain*

^c*Biocost Research Group, Galicia Sur Health Research Institute (IIS Galicia Sur), SERGAS-UVIGO, Pontevedra, Spain*

^d*Norwich Business School, University of East Anglia, Norwich, UK*

^e*Universidade Presbiteriana Mackenzie, São Paulo, Brazil*

Abstract

We examine whether the quality of performance metrics affects informal peer monitoring and, in turn, goal commitment. By fostering performance-oriented behaviours, performance metrics drive managers to involve themselves in learning and improvement efforts, building a fertile atmosphere for informal peer monitoring. We argue that the quality of performance metrics is positively associated with direct peer monitoring and negatively linked to indirect peer monitoring. Subsequently, we postulate that direct (indirect) peer monitoring is positively (negatively) associated with goal commitment. We use partial least squares (PLS) to analyse survey data from store managers in a large retail firm. Results provide overall support for our hypotheses.

Key words: Performance metrics; Informal peer monitoring; Goal commitment; Management control; Gossip; Praise

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Please address correspondence to Jacobo Gomez-Conde via email: jacobo.gomez@uam.es