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# Comparing Performance Measurement Approaches in Accounting Research

Whilst a substantial body of empirical accounting literature has examined whether selected accounting, auditing, and management control systems, practices, and innovations improve performance, the various performance measurement approaches used in these studies have been addressed and compared less extensively. This comparative literature analysis investigates prior literature to develop a framework for assessing and comparing the primary approaches to performance measurement in the following way:

First, this study distinguishes between accounting-based, goal-centered, and behavioral approaches to performance measurement. In the accounting-based approach to performance measurement, performance is assessed with financial data, which may be analyzed in many ways using either internal or public information. In the goal-centered approach, the performance

of an organization, or an organizational subunit is assessed relative to certain goals. In the behavioral approach, individual performance is often examined as a determinant of performance effectiveness. The underlying premise is that ultimately effective performance can only be attained through the behavior of organization members (Steers, 1977, 6).

Second, empirical studies are reviewed to illustrate how the concept of performance can be, and has been, measured, and to provide an inventory of the applied methods, samples, performance criteria, and performance measures. Drawing from a sample of 100 studies published in some of the leading accounting journals during a 15-year period, the results show that, in essence, all approaches have been used but in differing degrees – behavioral approach more than accounting-based or goal-centered approaches in this sample. Differing research methods have been used. The studies applying the behavioral approach have applied both experiments and surveys to a large extent. The studies using the accounting-based approach have most often adopted surveys followed by archival analyses. The studies utilizing the goal-centered approach have often adopted surveys, followed by archival and experimental research methods. Various kinds of samples have been analyzed. The most popular samples of the analyzed studies consist of managers/directors, students and auditors. Samples of firms, employees, analysts, accountants, etc. have received less attention. A wide range of performance criteria and measures is found indicating a lack of cumulative research in the field.

Third, a methodological analysis is conducted to assess and compare the advantages and disadvantages of the various approaches according to the most common methods on sev-

## EXECUTIVE SUMMARIES

eral dimensions reflecting recent advancements made in accounting research. The following seven dimensions are used based on Steers (1975, 1977): theoretical relevance, level of analysis, criterion stability, time perspective, number of criteria, precision of measurement, and generalizability. The results suggest that the three approaches to performance measurement seem to possess high theoretical relevance, and a time perspective ranging from low to high. The other five dimensions suggest certain differences for studies using the various approaches and methods. Whilst the accounting-based performance studies using archival methods appear superior in the light of several of the dimensions, no approach dominates the others on all dimensions suggesting that multiple approaches are needed in accounting research. At a minimum, the choice of appropriate measurement criteria is likely to depend on, or be constrained by, the level of analysis and data availability. Finally, several future research possibilities are also suggested. ■