

THE PERFORMANCE PARADOX

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ABSTRACT

This paper reopens questions about organizational performance that have been dormant for many years. It begins with several observations: there are many performance measures, more all the time; the performance measurement industry has grown as performance measures have proliferated; performance measures tend not to be correlated with one another; and measures change over time, often dramatically. This paper then asks whether this world of multiple, uncorrelated, and changing performance measures is a feasible much less a desirable world. It argues that a number of factors, especially the tendency of performance measures to run down or to lose the capacity to discriminate good from bad performance, trigger ongoing creation of new performance measures different from and therefore weakly correlated with existing measures. The consequence is a paradox of performance: organizational control is maintained by *not* knowing exactly what performance is. The paradoxical model of performance is compared with other models—the maximizing model, the political model, the constituency model, and the business model—and the implications of paradoxical performance measurement are then pursued.

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