

Abstract

The aim of this study is to investigate whether performance measurement diversity, respectively strategic performance measure alignment, is associated with the innovativeness of business units. A key characteristic of our study is the distinction between the decision-making and control role of specific performance measures in business units. The results of a survey amongst 169 business unit managers indicate that measurement diversity is not associated with innovation. Neither increasing the number of performance measures nor aligning performance measures to the strategic priorities of the firm enhances innovation. On the contrary, 'overemphasizing' non-financial measures for decision making and 'underemphasizing' financial performance measures for control enhances business unit innovation