

## Sources of Bias in Performance Appraisals

My last two *ISHN* contributions addressed performance appraisals. In the October issue I discussed ten critical differences between effective and ineffective performance appraisals. Last month my *ISHN* article pinpointed two qualities of an effective performance appraisal that enables it to increase competence – individualized performance objectives and constructive corrective feedback. Here I discuss six psychological factors that prejudice the evaluation component of the typical performance appraisal. Becoming aware of these confounds could limit their prominence and thus make the performance evaluation more accurate. Please realize, however, that performance appraisals used only for evaluation, as is the case with most, do not improve competence.

1. **Leniency Errors** are common and reflect an inclination to inflate everyone's performance evaluation. In other words, there's a tendency to evaluate everyone favorably. Why? Because managers want to avoid negative confrontations with employees who receive below-average ratings. Managers or supervisors anticipate an employee challenging a low evaluation on the grounds of an unfair assessment and biased judgment. And unless the evaluation is free from subjective interpretation and based on periodic objective observations of the employee's behaviors, a strong case can usually be made for an unjust and corrupt evaluation.

However, if everyone gets a similar above-average score on a generic performance evaluation, the rating process has limited value. This is a prime reason for eliminating the traditional evaluation and ranking component of a performance appraisal system (as covered in my *ISHN* article last October).

2. **Halo Effects** occur when an initial positive impression of an individual leads to perceiving everything the person does in a favorable light. The opposite bias is termed a “devil effect,” and occurs after we form a negative overall impression of a person and then are more attentive to negative than positive aspects of everything the person does next.

This bias occurs because initial impressions usually have the most powerful impact and influence all subsequent observations of the individual. In other words, our perceptions of people are often biased by an attempt to confirm our first opinions of these persons.

The lesson here is two-fold. Work hard to generate a positive first impression in others, and try to observe others' performance as if you're seeing them for the first time. Recognize the fact that prior assessments of an individual predispose the way you see a person today. In this regard, the next psychological factor biasing performance evaluations is quite relevant.

3. **Affective Reactions** toward the person being evaluated affects the evaluation. You've likely experienced this prejudicial variable many times. Perhaps you've tried explicitly to separate your personal feelings for an individual from an evaluation of that person's performance. But a large amount of psychological research indicates that this is extremely difficult, even when raters are aware of this bias.

Consider that your observations of another person's performance are influenced to some degree by your affective or emotional reaction to this person. Now contemplate that your formal evaluation of this person occurs days, weeks or months after your observations, allowing plenty of time for emotional feelings to distort your memory of

what you saw, as well as your interpretation of the relevance, utility, and validity of what you remembered seeing.

4. **Attributional Bias** occurs when evaluations are influenced by the perceived causes of performance, such as internal motivational factors. Suppose, for example, you need to evaluate two persons whom in your judgment have executed at the same outcome level. However, you believe one of these individuals did not contribute a lot of effort but loafed along at half speed, thereby coasting to the observed performance level. In contrast, the other person is less talented and reached this level of output by working much harder. Would you give both of these individuals the same performance rating?

Research indicates that most people would assign a higher rating to the second individual -- the one who put out the most effort and exceeded beyond expectations. But is this fair? Should effort count? If the evaluation is based on performance only, subjective attributional judgments are irrelevant and should not influence the assessment.

5. **Similar-to-Me Errors** occur when raters assign higher ratings to persons who are similar to the rater on various dimensions than to people who are dissimilar. Being human, we appreciate and like people who are similar to us. We can readily put ourselves in these people's shoes, and understand (we think) the motivational attributions.

Thus, this bias links to the prior two factors – affective and attributional prejudice. That is, we are apt to like people who are similar to us. And when these people perform well, we are likely to attribute the behavior to positive internal motivation. After all, these

people are similar to us, and we see ourselves as having more self-discipline and internal drive than most others in our work setting – Right?

6. **Stereotyping** occurs when evaluations are influenced to some degree by a person's membership in a particular social group. I wrote about stereotyping in my September 1999 contribution to *ISHN*, when I discussed the problem of mindless labeling of people and introduced the related concept of “premature cognitive commitment.” In that article, I proposed that the key to reducing prejudice is to make more – not fewer – distinctions between people. Becoming more mindful of the numerous differences among individuals and how these differences fluctuate according to time, place, and social context, makes it difficult to attach labels to people.

Yet, let's face it, we do put people in categories. Such discrimination is even facilitated by popular personality tests like the Myers-Briggs typology. This only contributes to this stereotyping bias. Becoming more mindful of the vast differences between individuals helps to reduce the mindless categorization of people and the stereotyping that confounds the evaluation component of a performance appraisal system.

### **In Conclusion**

This article identified six psychological factors that bias our evaluations of others. Becoming aware of these confounds can reduce but not eliminate their influence. Thus, a more appropriate conclusion should be to eliminate the type of generic evaluation and ranking that occur in the standard end-of-the-year performance appraisal.

An effective performance appraisal customizes behavioral objectives and feedback per each employee, and thus avoids these prejudicial factors. My *ISHN*

contributions last October and November presented guidelines on how to conduct an effective performance appraisal. It's not easy, nor efficient. There's no quick fix; there's no middle ground. A performance appraisal that does not approximate the guidelines I presented last October and November, and minimize the biasing factors presented in this article can do more harm than good. When it comes to evaluating human performance in an attempt to improve competence, don't do it if you can't do it right.

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