



How Workplace Bias Impacts Business (and How to Address It)



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Introduction

An effective performance review has the potential to give your employees the guidance, assurance and understanding they need to thrive in their careers. But how do you know your process is truly speaking to what your workforce needs?

Lackluster reviews could do little in the way of developing an employee and may even harm their overall experience. According to McKinsey & Company, a corporate consulting firm, many employees feel the feedback they receive is biased or otherwise not related to their work. And if a review isn't actually developing an employee, is there a reason to conduct one at all?

A study from Gallup reveals many managers are wrestling with this very question. Out of the leaders they interviewed, **only 14.5%** believed they were delivering effective feedback to their workforce. This begs another question: If employees and managers alike believe their reviews aren't yielding strong guidance, what's given in its place?

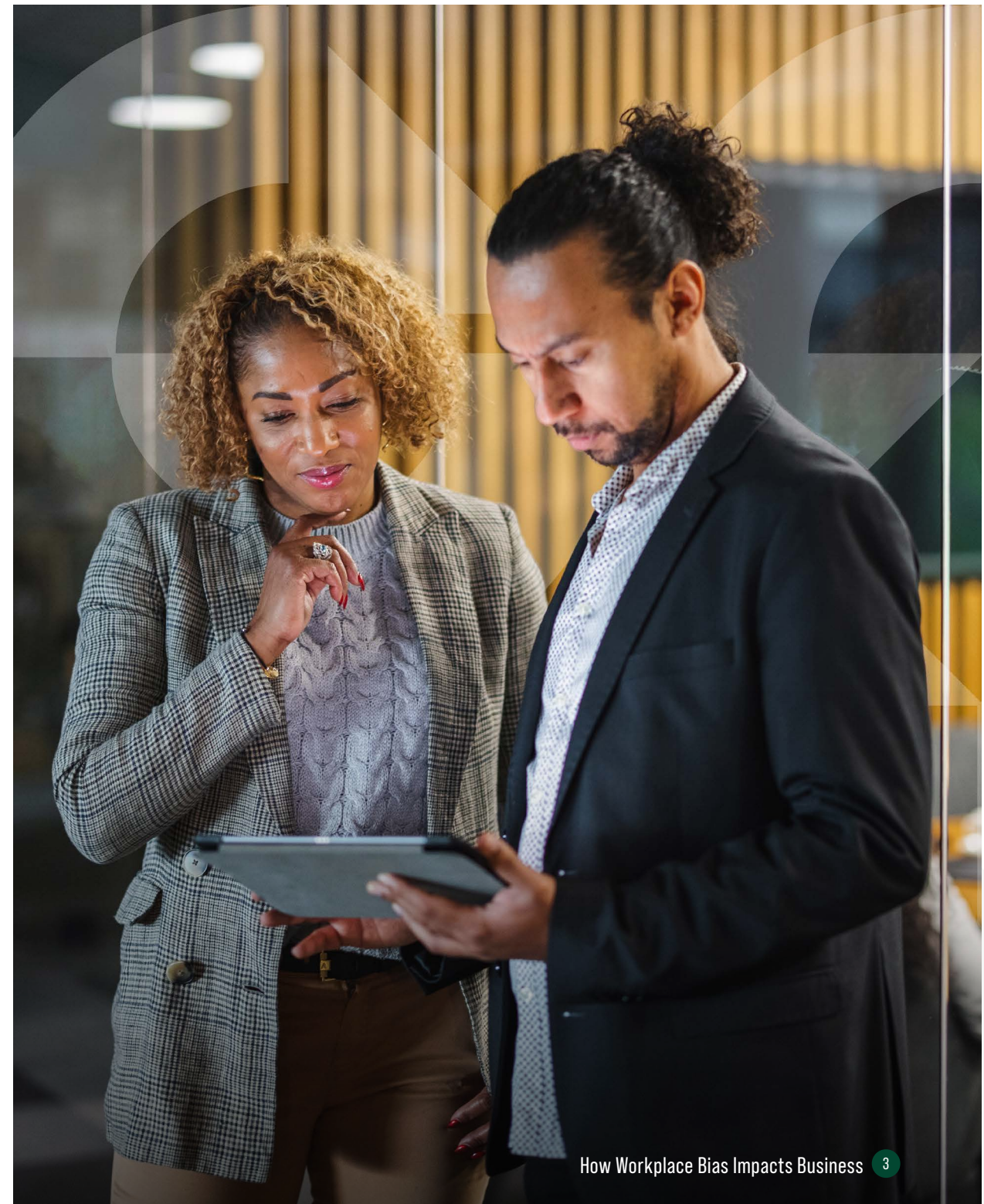
Performance bias sours how employees receive even well-intended reviews and risks disengagement. Unfair, inconsistent or otherwise unclear reviews are symptoms of this phenomenon, and understanding how it emerges — and how to prevent it — is crucial to maintaining a process that drives long-term success for both your business and employees. Doing so helps you deliver:

 **CLEAR GOALS AND EXPECTATIONS**

 **REALISTIC PERFORMANCE BENCHMARKS**

 **CONTINUAL AND EQUAL GROWTH OPPORTUNITIES**

Getting to the root of potential performance bias in your organization could take time. However, with the right knowledge and tools for streamlining your process, you'll be able to build a process that engages, informs and inspires your *entire* workforce.



Common Types of Performance Bias

Just as a solid review serves many purposes, performance biases take on many forms. Even seemingly harmless tendencies may compound into a hazard for your workforce's development. But by knowing how these biases form and the damage they cause, you'll gain the edge you need to prevent and unwind them.

Consider these five examples when identifying performance bias in your organization:

Contrast Bias

Contrast bias occurs when an employee's performance is placed against another employee, rather than the business's performance standard. This may place unreasonable expectation on your workforce and limit visibility of other factors that define the quality of an individual's work.

Recency Bias

Recency bias happens when an employee's most recent behavior and performance — positive or negative — becomes the subject of a review. While discussing relevant examples of an employee's work is often appropriate, holding them against the standard of a specific or limited instance, especially in an annual review, takes away their foundation for consistent and sustained growth.

Primacy Bias

Primacy bias forms when an employee is held to an impression that formed early in their relationship with a manager — such as from a cover letter or interview — that has little to no bearing on their performance. For example, your IT professional shouldn't be criticized for something outside the scope of their work, like a broken supply cabinet, just because they have a background in carpentry.

Similar-to-Me Bias

Similar-to-me bias is the tendency to reward and appraise employees that have similar tastes, interests and backgrounds to the leader conducting their review. While camaraderie helps build a sense of belonging, a shared fandom for a popular movie franchise isn't a valid metric for performance.

Idiosyncratic Rater Bias

Idiosyncratic rater bias is a close cousin to similar-to-me bias in that when a manager evaluates skills they struggle with, they tend to rate employees who excel at them higher. On the other hand, they may negatively rate others in areas where the reviewer shines.



How Generational Bias Impacts Performance

As the makeup of your workforce evolves, it will, by necessity, bring in new generations of employees. Attracting and securing fresh talent is key to sustained success, but this process has the potential to conjure its own biases.

What does this bias look like? Consider these examples:

- » frustration if older employees take longer to understand and use new tech
- » presumptions that all Generation Z team members are inexperienced
- » the belief veteran staff are afraid or reluctant to evolve operations
- » the idea certain generations of workers are either more responsible or less hardworking than others

In isolation, these instances appear unfair and unwarranted, but they're derived from the way we think about not only people that are different from us, but also ourselves. An article from *Harvard Business Review* breaks this down into two mechanisms:

- » **stereotypes** — the basic or limited impressions we form about entire groups of people and then apply to individuals
- » **meta-stereotypes** — the ideas we assume others have about us based on our demographic interpretation

These can sometimes be construed positively, such as assuming older generations are “accountable” and “mature,” but they still forgo understanding who an individual actually is, and thus create bias. In the same vein, a younger employee might be considered “eager to learn” and “enthusiastic” by their older peers, but because of a meta-stereotype, the employee may feel they're perceived as “irresponsible” or “overzealous.”



Thus, stereotypes and meta-stereotypes are usually at odds with one another. Encouraging a culture of communication that enables discussions about these topics allows your workforce as a whole to reduce bias, which in turn helps your leaders do the same in their performance reviews.

On a similar note, you should understand that employees change over time and life events will have an influence on what matters to them. While you won't be able to control personal circumstances, encouraging your leaders to be mindful of and acknowledge what affects your employees helps build a sense of trust, and that keeps your workforce engaged and invested.

Reducing Bias in Talent Development

Once you know what bias looks like, you can begin to diffuse it in your organization. However, just identifying bias in a single review isn't enough to spark meaningful change. After all, we tend to develop biases naturally.

For instance, most of us don't improve our discipline just by thinking about being less lazy and more productive. It might work for a moment, but if something is a symptom of behavior we've had our entire lives, quick fixes rarely stick. Likewise, frontloading your procedure to reduce bias could narrow your focus and overlook your veteran employees.

"If we reduce bias in our recruitment processes, but we allow it to remain in other stages of our life cycle, then we've defeated ourselves and we drive up the cost of losing top talent," said Eric Ellis, president and CEO of Integrity Development.

Identifying bias in a single review isn't enough to spark meaningful change.



A strategy that addresses performance bias in talent acquisition and your workforce's ongoing development will help your leadership limit biases wherever they emerge.

Look into these five areas and our corresponding tips as you build a process to combat bias in your organization:

1. Attract and recruit

- » Ensure your referral processes are robust and inclusive. There's no problem with considering your current employees' friends and colleagues, but referred candidates should still be subject to the same, equal process as **all applicants**.
- » Discuss a system of accountability for recruiting diverse candidates, as well as the tools necessary for documenting the results of your efforts.
- » Build a recruitment panel with diverse leaders; it may be hard to boost diversity without including the people bias impacts most.

2. Interview, hire and onboard

- » Carefully plan who will conduct your interviews. Having conversations with your hiring managers about bias will help shed light on where it emerges and proactively reduce it.
- » Prepare both structured and unstructured interviews. Organic conversations will happen, especially during engaging interviews, but that doesn't mean they have to enable bias.
- » Establish a consistent and fair process for evaluating all candidates and ensure it's revisited regularly to account for new challenges and trends.

3. Engage and communicate

- » Evaluate options for a more flexible, accommodating workplace. What fits this bill for your leaders isn't always reflective of what your workforce needs.
- » Adopt a tool that helps you efficiently and thoroughly survey your workforce about their needs — such as wellness, belonging, purpose and diversity as a whole.
- » Learn what motivates your workforce and embrace their perspective. This could broaden your insight and, ultimately, help you construct more effective performance reviews.

4. Develop, evaluate and recognize

- » Form a culture of sponsors and mentors who are effective at championing diversity. While members of leadership might be your inherent choice for this effort, there may be better-suited coaches for this cause among your employees.
- » Verify your systems for reward and recognition are fair and consistent. Bias could be most visible — and damaging — here, so careful evaluation is key.
- » Ensure your workforce has universal and equal access to professional development, long-term goals and other growth opportunities.

5. Transition

- » Share and discuss your diverse employees' turnover data with your key stakeholders and decision-makers to help understand the price of losing talent.
- » Review your change management process and the potential positions your employees can achieve. Though it may be influenced by their specific roles within your business, there should still be an equal opportunity for advancement for all of your personnel.
- » Conduct stay interviews to gain better insight into why your top performing employees are compelled by your organization.



Addressing Performance Review Bias

A broad strategy for reducing bias across your organization is invaluable, as it allows you to dial back into the area where this issue carries the most risk: your performance reviews. Unchecked bias damages an affected employee's experience as a whole, but it reaches a fever pitch when it pollutes feedback.

Fortunately, you can prevent this from impacting your workforce with the right practices and structure. Consider using these mechanisms to limit the chance for biases to emerge:

EVALUATION SCALE

Creating a consistent metric for your performance reviews will help your leaders avoid relying on their instincts and possible bias. While you may need to implement different scales for different departments and roles, ensuring there's consistency among how employees are evaluated helps level the playing field.

Harvard Business Review recommends crafting a checklist out of specific and relevant questions to build a uniform library of data about your workforce. Likewise, having a powerful performance management tool that automates and documents the questions will help create fairer evaluations without sacrificing efficiency.

GOAL SETTING

Establishing uniform, clear and realistic goals gives your leaders a more objective method of grading employee performance. And this also gives your employees insight into what is really expected of them. After all, when there's less mystery surrounding how they're performing, they have a chance to upskill in ways that benefit themselves and the business, not just the opinion of a sole manager.

COACH UP

We all need guidance, from new hires to the most successful leaders. However, McKinsey & Company's survey reveals that only 30% of employees feel their managers are effective coaches. Providing your leadership with the right, regular training courses will help them develop the abilities they need to navigate difficult conversations and inspire your workforce.

Establishing uniform, clear and realistic goals gives leaders a more objective method of grading performance.

Conclusion

Bias will inevitably emerge. As we grow comfortable in our positions and develop camaraderie in the workplace, we tend to form ideas about our peers that aren't tied to operations. And while stopping bias entirely in your organization isn't realistic, removing it from the processes that affect your workforce is.

Remember to:

- » understand and identify the different types of biases that can affect your employees
- » consider how generational biases affect your staff's perception of themselves and one another
- » build a system for reducing bias throughout your recruitment and development strategies
- » implement procedures and adopt tools to help ensure your performance reviews are just and consistent

Limiting bias throughout your performance reviews and the rest of your workflow is challenging, but the reward for doing so — such as your business's long-term success backed by a motivated workforce — is exponential.



How We Help

Need help reducing performance review bias in your organization? Paycom's **Performance and Compensation Budgeting** tools have the intuitive functionality and seamless integration to do so.

Enjoy access to the documentation, resources and processes to help you create a system for evaluation and performance-based compensation changes that are fair, accurate and consistent.

Our tools unlock the productivity, development and engagement only a thorough and robust evaluation system delivers, enabling your supervisors to:

- » set standard pay grades
- » gain feedback from peers during performance reviews
- » add, track and manage employee performance notes year-round
- » work with employees to create professional goals aligned with your business
- » use the **enhanced performance review** dashboard to get a bird's-eye view of evaluation and address compensation-related action items

And when you're ready to understand your workforce on a deeper level, **Paycom Surveys** will help you:

- » collect the open and honest feedback you need to reduce bias and enhance your operations
- » measure your employees' engagement, satisfaction, sense of belonging and more
- » generate real-time results through customizable graphs for easy review and evaluation

See what Paycom does for your workforce at paycom.com or 800.580.4505.



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