



FEATURE

# Mitigating bias in performance management

ACT now!

Nehal Nangia and Kathi Enderes

## Organizations can mitigate bias before it distorts objectivity and decision-making.

Several social, behavioral, and neurological studies validate that humans are biologically conditioned to be biased. Although biases themselves aren't good or bad, right or wrong, benevolent or malicious, they often result in unfair and irrational decisions.<sup>1</sup> Especially in the workplace, biases can cause decisions that are unfair and irrational,<sup>2</sup> lead to systemic discrimination, limit innovation, and create a negative brand perception.<sup>3</sup> Particularly within performance management, biases can lead to inconsistencies in goal difficulty and evaluation, coaching and feedback, development opportunities, and rewards. Given the potential negative impact of biases on workers, organizations cannot just accept that bias is human and natural. They need to mitigate bias proactively and intentionally, before it penetrates work processes.

In this article we'll discuss how bias can impede performance, why bias needs to be addressed, and a threefold approach for mitigating bias in performance management.

### What does bias do?

Unmitigated biases can dilute the perception of objectivity and fairness in an organization and can negatively impact employee productivity, engagement, and well-being. Findings of Deloitte's *2019 State of inclusion* report, which surveyed 3,000 individuals in the United States from organizations with 1,000 or more employees, give a direct insight into how employees experience bias.<sup>4</sup>

- **Sixty-eight percent** respondents reported that bias had a negative effect on their productivity

- **Seventy percent** believed the bias they experienced negatively impacted how engaged they felt at work
- **Eighty-four percent** said that bias negatively affected their happiness, confidence, and well-being

Bias also impacts an organization's ability to pay for performance. Several studies indicate that women frequently earn less than men for the same work, and some studies even have found that body size or hair color can impact women's pay. However, bias is not prevalent with just male business leaders—a study of university scientists found that *both men and women leaders* were more likely to hire men, rank them higher in competency, and pay them significantly more per year than women.<sup>5</sup>

Bias, as well as the potentially negative environment it can create, presents a real risk for organizations—nearly 40% of respondents in Deloitte's *Unleashing the power of inclusion* research<sup>6</sup> reported they would leave their current organization for a more inclusive one, where they feel valued and empowered, and are treated with objectivity and fairness.<sup>7</sup>

### Unconscious bias requires conscious action

Unconscious biases are instinctual shortcuts—inherent tendencies or learned associations that are based on an individual's experiences and circumstances, often unknown to the conscious mind (figure 1).<sup>8</sup>

FIGURE 1

## Bias and objectivity: The opposite ends of a spectrum



Source: Human Capital Platform: Research and Sensing analysis.

As organizations move toward human-centered performance management approaches that catalyze development and growth, bias can adversely affect the fairness and integrity of these approaches and impact overall business and workforce outcomes. As such, organizations need

to mitigate biases and build an ecosystem where behaviors and decisions are rooted in facts, input from various sources and conscious reflection. We propose an approach—that we call **ACT**—to mitigate biases in performance management and manage the consequences of biases (figure 2).

FIGURE 2

## A threefold approach to ACT on managing bias in performance management



Source: Human Capital Platform: Research and Sensing analysis.

### Awareness

Biases are often blind spots for people, influencing decision-making and day-to-day interactions in a

way that can deeply impact individuals and teams. As many biases are unconscious, awareness is of the essence; it's important for all workers to have access to methods that help them understand—or

FIGURE 3

### Programs and resources on topics critical to diversity and inclusion go a long way in increasing awareness



Source: Human Capital Platform: Research and Sensing analysis.

#### **BUSTING THE BIAS**

An American technology company with a significant presence in internet-related services and products took it upon itself to address unconscious bias in the technology industry. It started a “bias-busting” initiative to help its workforce identify and address unconscious biases. The initiative included workshops and hands-on learning sessions. As many as 2,000 employees participated in the workshops and more than half of the company’s workforce watched a 90-minute seminar online.

The training helped workers feel more comfortable recognizing and calling out unconscious bias. In the very early stages, company executives started reporting progress as an outcome of this initiative. For example, when the company opened a new building at its headquarters, workers were quick to note that most of the conference rooms were named after men. The company promptly renamed several rooms after historically important women.

be aware of—biases and how to mitigate them. Our research shows that highly inclusive organizations offer programs to their entire workforce—not just leaders or specific populations—that touch on a variety of diversity and inclusion topics (figure 3).<sup>9</sup>

What can *you* do

### Leaders

- *Understand your own biases.* Question your behaviors and decisions to determine if they are influenced by bias.
- *Become a role model of objective behavior and share your experiences.* For instance, share examples of decisions you may have made in the past that were influenced by preconceived notions—how they impacted people involved, how/when you realized that the decision was unintendedly biased, what lessons you learned, and what corrective actions you took.
- *Encourage authenticity* and acceptance of a worker's whole self.

### Human resources professionals

- *Offer workshops* and other hands-on learning sessions to educate the workforce about how to identify and address their unconscious biases.
- *Move beyond focusing on only mandatory bias training* by offering workers training on bias-related topics, such as ways to mitigate

unconscious bias, integrate people with disabilities, manage cultural or any other kinds of differences, present one's authentic self, and address gender inequality.

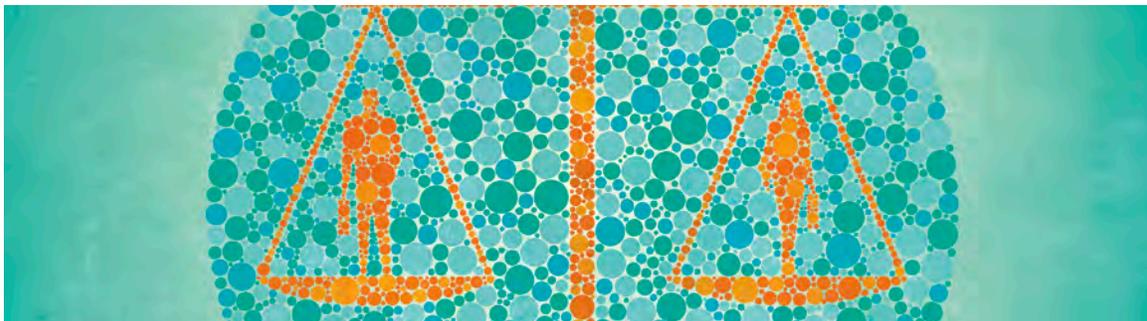
- *Integrate messages about unconscious bias* into training for other knowledge or skills.

### Team members

- *Understand yourself first*—leverage assessments and feedback to identify blind spots.
- *Make a conscious effort to cultivate relationships with individuals who aren't naturally similar* to you or who don't exhibit similar traits or preferences.
- *Be curious to understand others' perspectives* and pause and reflect before you act.

## Calibration

Calibration is a *deliberate* and *thoughtful process* of making data-informed and fact-driven decisions as opposed to making decisions driven by groupthink or gut instinct. It can be used in any context of decision-making, especially in performance reviews and multisource feedback with real-time data to provide continuous developmental and coaching feedback throughout the year.



In these contexts, calibration implies the conscious reliance on continuing conversations, real-time feedback, and credible multisource data—the very foundations of continuous performance management. Continuous performance management is one of the 10 dimensions of high-impact performance management, significantly differentiating business and workforce outcomes.<sup>10</sup> Therefore, managers and leaders in particular will do well to shift gears from sharing opinions to interpreting data to improve performance through objective, meaningful, and unbiased feedback.

What can *you* do

### Leaders

- *Seek and interpret data* to offer objective, meaningful, and unbiased feedback.
  - *Calibrate throughout the performance life cycle*—check if goals are set at the same level of difficulty for people doing similar jobs, and define up front what successful or excellent performance will look like for each goal. Calibrate goals across managers to support equitable assignment of stretch assignments across people in similar roles and to set expectations on what different levels of accomplishments would look like.
- *Calibrate input from various sources* who have first-hand understanding of the person’s performance, behavior, and contribution.
  - *Pause and reflect.* Every time you have a strong sentiment toward a worker—positive or negative—revisit performance criteria and validate that the sentiment is based on tangible evidence, not instinct or inclination.

### Human resources professionals

- *Enable the shift from opinion to facts/data* by building unconscious bias concepts into the content that managers and workers leverage to provide performance feedback and providing tools and frameworks for influencing the decision-making thought process.
- *Introduce continuous multisource feedback mechanisms*—and enable these inputs at all times and across levels.
- *Be the “bias disrupter.”* Probe if you see patterns of behavior possibly influenced by unconscious bias. Watch out for and address what could be bias, groupthink, and subjectivity throughout the performance management life cycle—goal setting, feedback, performance evaluations, reward allocations, and talent

### A FRAMEWORK TO INFORM THE PERFORMANCE DECISION-MAKING PROCESS

An American multinational technology corporation headquartered in California uses a framework approach to improve performance management. The framework assesses performance based on four key attributes—referred to as “the 4 Cs”:

- **Contribution:** The business impact made by an individual
- **Career:** The aspirations of an individual
- **Connections:** The network an individual has cultivated in the workplace
- **Capabilities:** The unique skills and capabilities an individual brings to work

The framework defines a high performer. Importantly, it’s intended to allow for decision-making based on deep thought and reflection on what it means to be a high performer—not on favoritism.

calibration meetings—to drive objectivity and consistency in decision-making.

## Team members

- *Acknowledge that all individuals are equally different.* Understand diverse working styles and preferences of coworkers.
- *Frequently solicit and provide honest and real-time feedback* from/to coworkers and peers on your performance—they are often the ones you work most closely with and may have more visibility into your work than your leaders/supervisors. When you ask for feedback, be receptive. While offering feedback, remember that the feedback should be about the work, and not about the person.
- Even if you feel threatened or vulnerable in situations, interactions, or while receiving feedback. Listen and reflect. Don't defend and deflect.

## Technology

Technology is a force that can drive the change forward, make it scalable, and embed bias mitigation in the very workflow of an organization. Technology can aid in providing trend summaries or decision patterns. Being able to identify the sources of bias in the performance management cycle can enable organizational equity and fairness. As such, many performance management solution providers are incorporating elements that help steer individuals and organizations toward objectivity in performance management.<sup>11</sup> These elements include ongoing feedback and coaching, regular dialogue, collaboration, and goal agility. Various human capital technologies offer embedded analytics dashboards and reports to help identify bias. In our 2019 study, *Performance Management Solutions: Market Capabilities and Differentiators*, we found that 21 percent of the

surveyed performance management solution providers offered bias-identification capabilities (such as highlighting different wording of feedback for workers of difference sexes).<sup>12</sup> Pure-play performance management tools—those focused exclusively on performance management capabilities—are also starting to include capabilities around bias identification, objectivity, and inclusion as market differentiators.

Additionally, artificial intelligence (AI) and nudging can help drive the behavior shift needed to address unconscious biases, and an increased number of AI tools will likely continue to emerge in the coming years to help people—and thereby organizations—make better and more informed people decisions.<sup>13</sup> On the horizon is organizational network analysis (ONA), a new way of looking at people analytics data by studying informal information exchange patterns within an organization. In doing so, ONA generates valuable insights into workplace productivity and trust networks, which can be used to identify bias and lack of inclusion.

So, while technology is available to support the pursuit of mitigating bias across performance management and other people processes, merely adding a layer of technology isn't sufficient. The performance management scale also hinges on optimizing existing technologies and processes to help *highlight behavior patterns* and *create specific summaries* of talent-related decisions. It's these attributes that allow validation and probing to enable fairness.

What can *you* do

### Leaders

- *Embrace new technology.* Build analytical skills to decipher and interpret trend summaries or decision patterns that could highlight, for example, if all members of your team who did not get a promotion got a high

merit increase. Ask yourself if those individuals truly deserved the hikes or it was an unintended balancing act to avoid having a difficult conversation.

- *Use technology to help you* with in-the-moment nudges to mitigate bias. For example, technology can highlight if there are differences in the nature of feedback provided to different genders and uncover any biases.

### Human resources professionals

- *Deploy technologies to help people uncover biases.* Make the data collected in these assessments directly accessible to individuals for improving behaviors, and not just to human resources and leaders for penalizing individuals for their bias.
- *Establish standardized assessments* to evaluate workers against defined criteria considered in talent reviews.
- *Consider automatic nudging* to collect on-demand feedback and data at critical points in projects, as well as to modify behaviors when instances of bias surface.<sup>14</sup>
- *Make inclusion data and insights easily and continuously available* to drive accountability and action.

### Team members

- Leverage your organization's social channels, collaboration platforms, and functional communication applications to communicate frequently and consistently.
- Write up work-/project-related conversational inputs as they happen because goal posts can move and facts can get blurry over time.
- *Leverage assessments* to identify blind spots.

## ACT now!

Our research shows that high-performing organizations—those that have the highest level of financial performance, customer satisfaction, workforce engagement, and agility—are 2.6 times more likely than low-performing organizations to have their performance evaluations perceived as fair.<sup>15</sup> So, addressing bias in performance management presents an incredible opportunity. Organizations need to lead with a focus on elevating the human experience of their workforce, create a sense of belonging, and prioritize making everyone in the workforce feel valued and treated fairly. Despite the many people processes to elevate the workforce experience, bias can often get overlooked and be counterproductive to the experience organizations strive to create. ACT on bias, now!

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### GENDER BIAS IN FEEDBACK: ANALYTICS TO THE RESCUE

Unconscious bias can manifest itself in the language used in feedback, potentially negatively influencing different groups. Organizations can use technology and analytics to identify bias in feedback and uncover disparity in the type of feedback. Personality-based feedback is sometimes used more frequently for women, given men feedback primarily on the work they do. Text analysis and machine learning algorithms can surface these disparities. When these insights are provided directly to leaders and workers, they can serve to raise awareness of bias, help inform more thoughtful consideration of words used in feedback, and eventually support changing behaviors to more inclusive language.

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- Create **Awareness**—of not just biases but how to manage them
- **Calibrate** continuously—to lead and act based on data and facts rather than instincts
- Leverage the power of **Technology**—to filter biases in performance decisions.

While it is impossible to eliminate bias from humans, bias in itself is not inherently bad. It's a shortcut and it's innate in humans.<sup>16</sup> Mitigating it can improve organizations' financial performance and generate superior business and workforce outcomes. Organizations can help people understand their biases and design processes that mitigate bias in performance management so that fair and objective performance management is not just the means to an end, but the end itself.



## Endnotes

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