



NORTHWESTERN  
UNIVERSITY

## The Relationship between the Fundamental Attribution Bias, Relationship Quality, and Performance Appraisal

---

### Executive Summary

#### Abstract

The ability to make quality decisions that influence people to exemplary performance is a critical skill that every leader needs. An important part of influencing others is our ability to be objective. Being objective is especially important when it comes to performance appraisal of subordinate and peer employees. However, is it possible to be completely objective in assessing performance and providing feedback about it? According to the Fundamental Attribution Bias (FAB), people are inclined to judge the behavioral conduct of others on the basis of their personality as opposed to a situational analysis (Folkes, 1988). Our natural tendency therefore is to make a systematic error in our assessments. Our decision making process can be further complicated by other factors such as relationships with those who we assess. As a result, we more likely to make situational attribution for those with whom we have a significant relationship (Burger & Pavelich, 1994). Making situational attributions can affect the quality of our assessments and feedback for our colleagues, particularly those with whom we associate. Since performance evaluations are inputs to resource allocation, promotions, and such, its implications have important organizational impact. In this study, I will be evaluating the relationship between the Fundamental Attribution Bias, relationship quality, and performance appraisal. In other words, this study examines how the quality of the relationships with our colleagues affects our ability to objectively evaluate their performance in an organizational setting.

#### Objective

This study attempts to determine how our ability to provide objective performance evaluation about those with whom we work *changes* based on the quality of relationship we have with them. The research question is grounded in the innate “glitch” that influences how we perceive and appraise the behavior of others. Hence, we tend to perceive the behavior of others through a distorted lens. This glitch, formally known as the Fundamental Attribution Bias (FAB), states that people are inclined to judge behavioral conduct of others on the basis of their personality as opposed to a situational analysis (Folkes, 1988). However, as Jawahar stated, “*for performance ratings to be reliable and valid, raters should be able to incorporate the influence of situational factors on observed performance when evaluating performance of employees*” (2005, p.7). The added complexity in this study is the presence of the mediating factor, a relationship that exists between the rater and performer. The effect of that mediating factor – the quality of the relationship – on performance appraisal will be another focus of this study.

I have chosen this topic to raise awareness of the impact of the FAB on our judgment about other’s performance. As stated earlier, the ability to make quality decisions that influence people to exemplary performance is a critical skill for leaders. Developing new skills begins with raising awareness. In an organizational setting, this means being aware of the FAB and its effects on evaluating employee’s performance in the presence of a relationship. Studies show that the more aware we are of our cognitive biases, the more effective we are at making decisions (Langdrige & Butt, 2004; Senge, 1990). As a result, the knowledge of our own cognitive biases will help shape what kind of leaders we are and therefore influence our organization’s competitiveness and sustainability.

## Literature Review - Highlights

- **Impact on Decision Making & Interaction** - The FAB affects how individuals make decisions, and how they are influenced by emotions in their ability to be objective in evaluating others, particularly when a personal relationship exists between them. Decision-making is a highly complex process that is also highly influenced by emotions.
- **Rationality & Decision Making** - The interest in cognitive decision-making stems from the fact that rational decision-making is not always successful. According to Hayward and Preston, a linear rational process does not offer satisfactory outcomes under pressure and ambiguity (1998, as cited in Sy, Tram, & O'Hara, 2006). Synclair and Ashkanasy argued that, the decision process is partially driven by imaginations, emotions and memories crystallized into occasional insights (2005, as cited in Sy et al., 2006).
- **Essence of Relationships** - How it Affects Decisions at Work? Because our workplace and emotional relationships tend to be intertwined, it is difficult, if not impossible, to remove the subjective biases in our decision-making process. Since individuals now spend large portions of their daily hours in the workplace, it has become a constant and significant venue for social relationships and friendships, the quality of which is influenced by emotional factors such as affection.
- **Performance Appraisal** - As Borman summarized, performance appraisal is “perhaps the most important dependent variable in industrial and organizational psychology” (2004, p. 238). Moreover, performance appraisals have become an integral part of organizational performance management, a review on the progress of the organization without which an organization cannot gauge the success and knowledge gaps of its workforce. Hence, performance management has become a worldwide standard management practice.
- **Performance Appraisal and FAB** - Reliability & Objectivity. Performance constraints range from having inadequate time to complete a task, pressure from multiple priorities and lack of budgetary support. However, for appraisal ratings to be effective, they need to be reliable, valid, and as close to the truth as possible. But, our natural tendency, as defined by the FAB, is to judge the behavior of others based on their personality as opposed to situational factors (Folkes, 1988). This creates a systematic bias in the decision making process. Consequently, judging others under the influence of the FAB can have impeding motivational, ethical, and legal organizational implications (Jawahar, 2005).

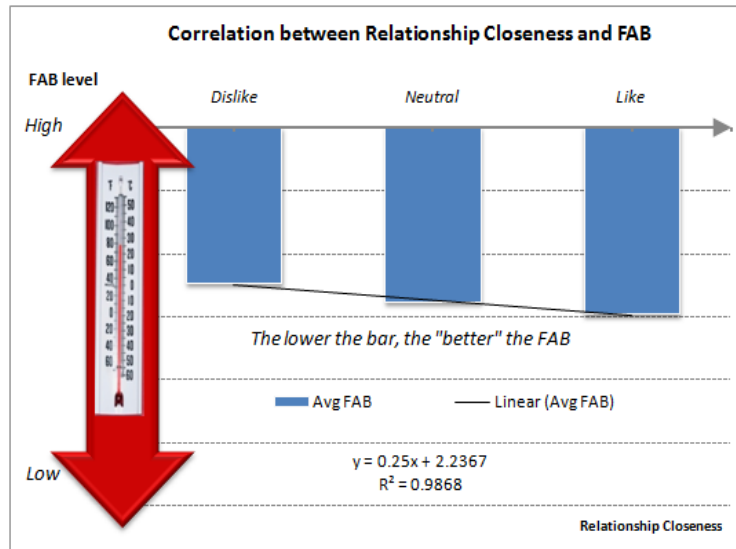
## Research Methods

The sampling of the study participants was based on the author's contacts from the professional network (LinkedIn). The survey tool – the on-line survey was sent via email to 132 participants. Each participant was asked to provide input for three individuals whom he or she has known and worked with for at least 6 months in a professional setting. To ensure sufficient data, each individual was asked to select an individual about whom they felt neutral, one whom they disliked, and one with whom they enjoyed working. The survey was closed in two weeks upon reaching 60 data points. Ten surveys were incomplete resulting in the final 50 data points for each relationship category.

## Conclusions

**FINDING #1-** Behaviors consistent with the FAB will negatively correlate with the quality of the relationship with a colleague: The more we like a colleague, the lower FAB we will evidence. The more we dislike a colleague, the more FAB we will demonstrate. If we feel neutral about a colleague, we will most likely think about them as if we liked them (Figure 1).

Figure 1



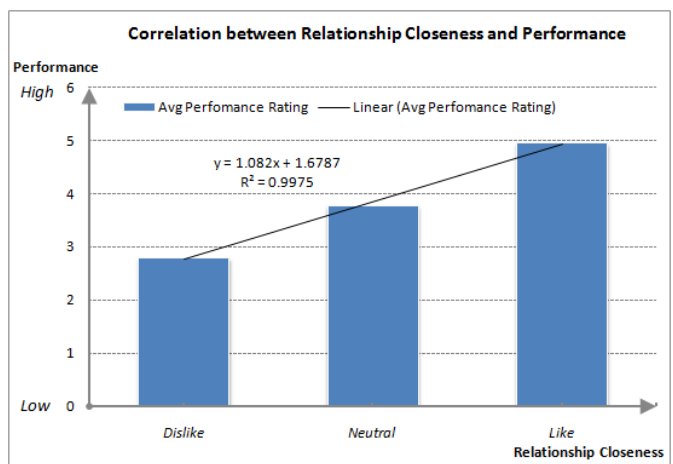
As illustrated in Figure 1, the degree of affection—LIKE, DISLIKE and NEUTRAL—affects the level of FAB. The Finding of Hypothesis 1 demonstrates that the relationship closeness plays a significant role in the level of FAB we exhibit—the more we like our colleagues—the less FAB we demonstrate—and the more favorable we will think and talk about them. Similarly, the more we dislike our colleagues—the higher the FAB—and the less favorably we view their job performance. This is consistent with the literature review and confirms that the FAB and affection are closely correlated and, as research shows, decision-making is a highly complex process

influenced by emotions.

**FINDING #2-** The quality of a relationship positively correlates to our rating of our colleague's job performance. The more we like a colleague, the higher we will tend to evaluate his/her job performance. The more we dislike a colleague, the lower we will tend to evaluate his or her job performance. If we feel neutral about a colleague, we will tend to evaluate him or her somewhere in between the rating for someone who we like and the rating of someone we dislike (Figure 2).

As illustrated in Figure 2, the degree of affection – Liked, Neutral, and Disliked affects the way we evaluate our colleagues' job performance. The Finding of Hypothesis 2 indicates that relationship closeness plays a significant role in how we evaluate our colleagues—the more we like them—the higher we will rate his or her job performance. Similarly, the more we dislike a colleague, the lower we will tend to rate their job performance. Unlike in the previous findings regarding the FAB and level of closeness, participants did not rate the performance of those they like equally with those about whom they felt neutral. They did, however, rate

Figure 2



those who they felt neutral higher than they did those whom they disliked. This raises concerns about the objectivity of performance reviews. Similar to Finding #1, this suggests that emotions play a significant role in the complicated process of decision-making about our colleagues' job performance and raises issues about the reliability of performance ratings. If we are prone to be subjective in our judgment, as Finding 1 indicates, how objective can performance ratings be? The lack of objectivity in performance evaluations is consistent with the findings of the literature review and it presents a conundrum—it raises the importance of the performance evaluations and simultaneously highlights the limitations of current measures, which may lack objectivity.

***FINDING #3-PROPOSED CONCLUSION—Relational Attribution Bias exists (H3)***

The degree of affection we have for person A, is negatively correlated to the amount of dispositional factors we attribute to person A's behavior. As our recognition of the degree to which situational factors are influencing person A's behavior INCREASES, and the degree of dispositional factors DECREASES, the propensity to POSITIVELY evaluate person's A performance INCREASES.

$$\text{RAB} = (\text{affection}_{\text{PE}} \times \text{performance}) / (\text{affection}_{\text{FAB}} \times \text{FAB})$$

Where:

**affection<sub>PE</sub>** = the degree of affection for an individual affects our performance rating for person A.  
**affection<sub>FAB</sub>** = the degree of FAB for an individual affects our level of affection for person A.

This study attempted to gather evidence to establish grounds for a new cognitive bias—the *Relational Attribution Bias*—RAB. In H1, the relationship between the degree of closeness and the degree of FAB-like behaviors was clearly established. Further, in H2 a relationship between the degree of closeness with an individual and how we tend to rate that individual's performance was also clearly established. The common element of both factors (FAB and Performance) is the power of affection – which tends to intensify how we perceive and think about a person (H1), as well as how we evaluate their job performance (H2). Therefore, the proposed RAB, as defined by the depicted function implies the following:

- *factor 1*: There is a directly proportional relationship between affection and performance, expressed as **(affection<sub>PE</sub> x performance)**
- *factor 2*: There is an inversely proportionate relationship between affection and FAB, expressed as: **(affection<sub>FAB</sub> x FAB)**

The two factors, divided by each other imply an inversely proportional relationship between FAB and RAB. As the closeness with an individual increases, our FAB decreases, and our tendency to evaluate them higher increases. Thus RAB is directly proportional to the degree of closeness and performance evaluation, and inversely proportional to the FAB. Further testing of these results and the implications of the RAB equation functions is recommended in future research.

## **Implications for Practitioners**

The correlation of relationship closeness to the performance evaluations, as measured by the RAB function, has significant implications for the objectivity and validity of employee performance evaluations. Regardless of method, individuals tend to establish a level of closeness—Liked, Neutral, or Disliked—any of which may affect the ability to provide objective performance evaluation. In light of this evidence, organizations with structured evaluation methods and processes need to consider how the FAB and RAB can be effectively mitigated. Furthermore, since performance evaluation is an important input to decision-making at all levels of organizations, its validity and purpose may have clear weaknesses and opportunities for improvement. This might be a complex issue to resolve, suggested by field experts who have gone as far as advocating that the evaluation process should be altogether abandoned (Culbert, 2008). Abandoning the performance review because of how poorly it is usually conducted may not be an acceptable solution. Instead, a properly designed set of “*checks, and balances*” that negate the effects that our relationships have on our ability to evaluate others performance might be a more pragmatic approach.

Another implication is in the area of hiring. Do we tend to hire individuals we like? This study creates similar implications for the hiring process. We may establish immediate relationships based on subjective factors such as appearance, race, age, gender, etc., none of which are job success factors. Establishing RAB suggests that the hiring of individuals may be a highly variable and biased process, which certainly limits the ability of organizations in their quest to hire the best talent, and has serious legal implications.

## ***Contributions to the Field***

This study is an effort to improve the performance appraisal process and the various tools used to that end. Additionally, systematic awareness of the RAB can provide leaders with improved insight into factors that may impact their judgment of other individuals, which may improve the quality of their decisions making process. Since daily decisions have significant implications, the more aware we are of factors that detract from our objectivity the better the quality of our decision-making will become. Peter Senge stated that the more aware we are of our cognitive bias; the more effective are the decisions we make (1990; Langdrige & Butt, 2004). In the last decade, over 100 cognitive biases have been identified—the awareness of RAB might be another one. As a result, awareness of an RAB could also become a new factor to incorporate in the array of performance management tools.

## ***Implications for Future Research***

My suggestions for future research in the area of the FAB and RAB are in the following three categories. First, I would suggest exploring the degree of accuracy of performance ratings and how it relates to the FAB and RAB. Next, I would suggest investigating the effect that gender combinations play with the FAB and RAB—male-male, male female, female-female, and female-male. This could also lead to the study of why we like those who we like. Is it because they are like us. Or do we like them because of what they do for us? How does closeness compare to performance in the long-term and how does it impact one’s career? I believe these findings would contribute to the area of leadership skills, decision-making, and human resource policy.

## References

Borman, W., C. (2004). The Concept of Organizational Citizenship. *Current Directions in Psychological Science*, 13(6), 238-241.

Burger, J. M., & Pavelich, J. L. (1994). Attributions for Presidential Elections: The Situational Shift Over Time. *Basic and Applied Social Psychology*, 15(3), 359-371.

Culbert, S. A. (2008). Get Rid of Performance Review! *Wall Street Journal*.

Folkes, V. S. (1988). Recent Attribution Research in Consumer Behavior: A Review and New Directions. *Journal of Consumer Research*, 14(4), 548-565.

Jawahar, I. M. (2005). Do Raters Consider The Influence of Situational Factors on Observed Performance When Evaluating Performance? Evidence From Three Experiments. *Group Organization Management*, 30(1), 6-41.

Langdrige, D., & Butt, T. (2004). The Fundamental Attribution Error: A Phenomenological Critique. *British Journal of Social Psychology*, 43(3), 357-369.

Senge, P. M. (1990). *The Fifth Discipline*: Currency Doubleday.

Sy, T., Tram, S., & O'Hara, L. A. (2006). Relation of Employee and Manager Emotional Intelligence to Job Satisfaction and Performance. *Journal of Vocational Behavior*, 68(3), 461-473.