

Subjective Performance Evaluation, Influence Activities, and Bureaucratic Work Behavior: Evidence From China

Based on BFI Working Paper 2022-153, “*Subjective Performance Evaluation, Influence Activities, and Bureaucratic Work Behavior: Evidence From China*,” by Alain de Janvry, University of California, Berkeley; Guojun He, University of Hong Kong; Elisabeth Sadoulet, University of California, Berkeley; Shaoda Wang, University of Chicago; and Qiong Zhang, Renmin University

Grassroots civil servants devote substantial effort to impressing/pleasing their evaluator, rather than working toward organizational goals; introducing uncertainty about the evaluator’s identity improves work performance.

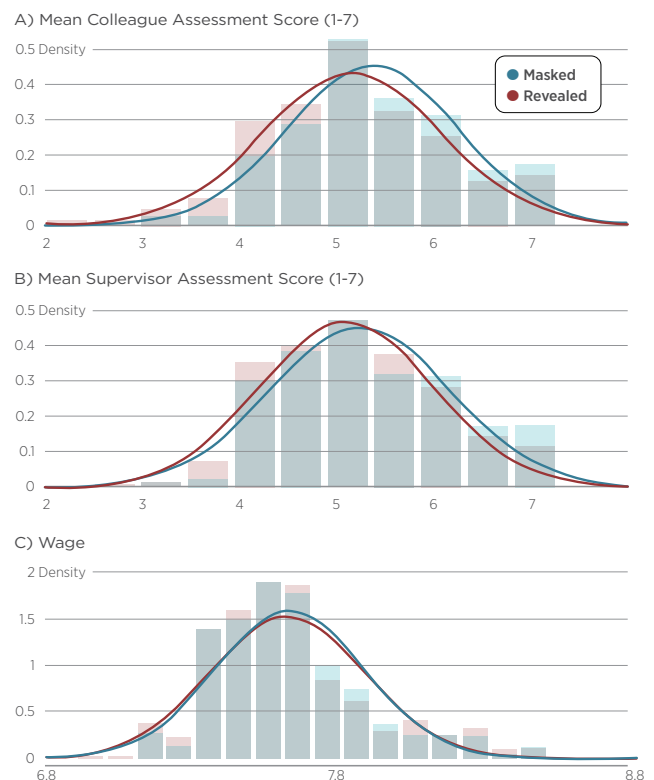
For many workers and their managers, the end of the year brings an often-dreaded ritual—not the office holiday party—but rather the annual performance review. News stories, articles, and books abound on the benefit/cost of performance reviews, on how to best conduct them, or on whether to abolish them entirely. An article in the Harvard Business Review begins with this blunt assessment: “People hate performance reviews. They really do.”¹

Even so, performance measures are not without value. The problem for employers is that objective measures are difficult to obtain, leading them to rely on evaluators’ subjective evaluations. This challenge is prevalent within the public sector, due to the inherent problems of measuring individual achievements and the multiplicity of tasks for most civil service jobs. Further, subjective evaluations can introduce what researchers describe as “influence activities,” such as putting extra effort into tasks that are more visible to the evaluator, or “buttering up” the evaluator with personal favors. Both of these activities may benefit the worker, but they are not necessarily optimal for the organization.

Researchers have long investigated the formation and consequences of influence activities, but largely on a theoretical basis. This new work, based on large-scale field experiments in two Chinese provinces, overcomes long-standing empirical challenges to provide evidence on the existence and consequences of influence activities in the workplace. The authors focus on China’s “3+1 Supports” program, a large national “human capital reallocation”

¹ hbr.org/2018/03/people-dont-want-to-be-compared-with-others-in-performance-reviews-they-want-to-be-compared-with-themselves

Figure 1 • Performance Differences Between Two Evaluation Schemes



Note: This figure shows the distributions of the performance measures between the two evaluating schemes. For each of the three main performance indicators (average colleague assessment, average supervisor assessment, average salary), the authors plot its distributions under the revealed and masked schemes, respectively. As we can see, the estimated impacts of the masked scheme are not driven by outliers, such as a few colleagues giving out minimum assessment scores under the revealed scheme. Instead, for each performance measure, the changes induced by the masked scheme appear to be spread out across the entire distribution. This pattern indicates that the masked scheme led to performance improvements for a wide range of CGCS, rather than just a few of them concentrated in the tails of the performance distribution. Please see working paper for more details.

initiative that hires more than 30,000 college graduates annually to work as entry-level state employees in rural townships on two-year contracts, whom the authors label College Graduate Civil Servants (CGCSs).

Before describing the authors' methodology and findings, let us first briefly review China's dual-leadership governance system, wherein every government organization/subsidiary has two leaders: a "party leader" (i.e., party secretaries at various levels) and an "administrative leader" (i.e., the head in a village, the mayor in a city). Likewise, every CGCS reports to two supervisors who both assign her job tasks and provide performance feedback, which determines whether the CGCS will be awarded a highly prized permanent contract upon completing her two-year term. This situation is ripe for influence activities, and rich anecdotal evidence attests to such behavior.

To empirically examine the existence of influence activities, the authors collaborated with two provincial governments in China and randomized two performance evaluation schemes among 3,785 CGCSs working in 788 townships. In both schemes, the authors randomly selected one of the two supervisors to be the evaluator. The only difference is that, in the "revealed" scheme, the authors announced the identity of the evaluator to the CGCS at the beginning of the evaluation cycle, meaning that the CGCS knew whose opinion would influence her promotion. In the "masked" scheme, the identity of the evaluator was kept secret until the end of the evaluation cycle, so that the CGCS perceived each supervisor as having a 50% chance of influencing her promotion. Finally, the authors did not inform the supervisors about who was the chosen evaluator in either scheme.

The authors find the following:

- In the revealed scheme, the evaluating supervisor gave significantly more positive assessments of CGCS performance than his non-evaluating counterpart, which is consistent with a scenario where the agent engages in evaluator-specific influence activities—either productive or non-productive—to improve evaluation outcomes.

- There is no such asymmetry in supervisor assessments in the masked scheme: Masking the evaluator's identity incentivizes the CGCSs to reallocate their efforts from evaluator-specific influence activities to productive tasks that are valued by both supervisors, which can significantly improve CGCS work achievements.
- Further, under the revealed scheme, the CGCS devotes more efforts to the job tasks assigned by her evaluator and deems the assignments from the evaluator as more important; in addition, her work performance improves more in areas that are valued more highly by the evaluator. Further analysis suggests that these patterns are driven by the behavior of the CGCS, rather than the behavior of the evaluator.

The authors interpret these findings as indicating the existence of productive influence activities in this environment. As for nonproductive influence activities, their empirical evidence is suggestive of such behaviors, but since they cannot directly observe and measure nonproductive influence activities, they do not take a strong stance on their prevalence.

Bottom line: This work not only sheds light on China's dual-leadership structure and the performance of more than 50 million state employees, but also offers insights into organizations around the world that have adopted and institutionalized various dual-leadership arrangements, such as pairing a chief executive officer (CEO) with a chief operating officer (COO) in private firms, and "Office of the President" arrangements in public institutions. In all these cases, introducing uncertainty to subjective (and even objective) evaluation schemes could potentially lead to performance improvements.

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