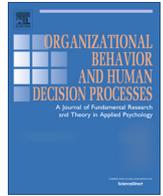




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## Overcoming the outcome bias: Making intentions matter

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## ABSTRACT

People often make the well-documented mistake of paying too much attention to the outcomes of others' actions while neglecting information about the original intentions leading to those outcomes. In five experiments, we examine interventions aimed at reducing this outcome bias in situations where intentions and outcomes are misaligned. Participants evaluated an individual with fair intentions leading to unfavorable outcomes, an individual with selfish intentions leading to favorable outcomes, or both individuals jointly. Contrary to our initial predictions, participants weighed others' outcomes more—not less—when these individuals were evaluated jointly rather than separately (Experiment 1). Consequently, separate evaluators were more intention-oriented than joint evaluators when rewarding and punishing others (Experiment 2a) and assessing the value of repeated interactions with these individuals in the future (Experiment 2b). Third-party recommenders were less outcome-biased in allocating funds to investment managers when making separate evaluations relative to joint evaluations (Experiment 3). Finally, raising the salience of intentions prior to discovering outcomes helped joint evaluators overcome the outcome bias, suggesting that joint evaluation made attending to information about intentions more difficult (Experiment 4). Our findings bridge decision-making research on the outcome bias and management research on organizational justice by investigating the role of intentions in evaluations.

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*Half of the results of a good intention are evil; half the results of an evil intention are good.*

[Mark Twain, "The Dervish and the Offensive Stranger"]

## 1. Introduction

Consider a well-intentioned physician who conducts a thorough physical exam on a patient and discovers the patient has a condition that could be potentially serious if left untreated. The physician prescribes medication recommended by the American Medical Association, but the patient later dies from extremely rare complications after taking the medication. Now imagine instead that a more selfish physician conducts a cursory physical on the same patient in order to leave work early and consequently overlooks the patient's condition. The condition remains untreated, and the patient lives for another 40 years without complications. As Twain's quote and these anecdotes suggest, "good" intentions

do not necessarily lead to desired outcomes, and "bad" intentions do not necessarily lead to unfavorable outcomes. The well-intentioned physician could face a malpractice lawsuit, while the more selfish physician would not face any punishment. Our legal system reflects individuals' tendency to focus on outcomes when judging behavior (Baron & Hershey, 1988), but as prior research has shown, distributing rewards and punishment based on the desirability of end results can perpetuate suboptimal decision-making (Gino, Moore, & Bazerman, 2012; Levitt & Dwyer, 2002; Moore, Tetlock, Tanlu, & Bazerman, 2006).

Organizations can benefit from a better understanding of how to help individuals look beyond end results. The literature on the outcome bias concludes that individuals overweight outcome favorability when making evaluations (Allison, Mackie, & Messick, 1996; Baron & Hershey, 1988; Hastie & Dawes, 2001). That is, people perceive the same decision (e.g., a surgeon decides to operate on a patient) to be lower in quality when it leads to a bad outcome (the patient dies) rather than a good outcome (the patient survives), all else being equal. In organizational contexts, employees are more likely to be satisfied with unfair procedures if their outcome is favorable to them than if it is unfavorable to them (Brockner & Wiesenfeld, 1996; Messick & Sentis, 1979). Thus,

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much of the research on the outcome bias has focused on how individuals neglect information about the quality of others' decisions (e.g., the surgeon's decision to operate) or the process that led to those outcomes (e.g., the fairness of procedures).

Whereas prior research in organizational justice has focused on how outcome favorability both influences and is influenced by perceptions of decision quality and procedural fairness (Brockner & Wiesenfeld, 1996; Leventhal, 1980; Lind & Tyler, 1988; Thibaut & Walker, 1975), we consider another important antecedent of outcomes: *intentions*. Judgments of others' intentionality—that is, whether their behavior is perceived to be goal-directed or accidental—influence people's perceptions (Dennett, 1987; Heider, 1958; Shultz & Wells, 1985) and determine the course of social interactions (Fiske, 1989; Heider, 1958; Shaver, 1985). We study situations in which individuals neglect information about a decision-maker's intentions, which can be crucial and relevant to evaluation when outcomes are idiosyncratic. In many cases, intentions and outcomes of decisions match: the outcome achieved fully reflects the individual's original intentions. However, in our fundamentally noisy and complex world, intentions and outcomes often diverge. In the current research, we examine such situations and investigate factors that may help individuals pay attention to others' intentions instead of the outcome of their decisions.

One possible strategy for reducing the outcome bias as a consequence of intention neglect entails evaluating different outcomes and the intentions that led to them jointly rather than separately. For instance, managers may choose to evaluate the performance reviews of multiple employees simultaneously rather than sequentially. Joint evaluation describes situations in which two different options are evaluated simultaneously, whereas separate evaluation describes contexts in which each option is presented and evaluated on its own (Bazerman, Loewenstein, & White, 1992; Hsee, Loewenstein, Blount, & Bazerman, 1999). Relative to separate evaluation, joint evaluation has been shown to increase reason-based decisions in both amoral (Bazerman, Moore, Tenbrunsel, Wade-Benzoni, & Blount, 1999) and moral contexts (Bazerman, Gino, Shu, & Tsay, 2011; Gino, Shu, & Bazerman, 2010; Gino et al., 2012). These findings suggest that joint evaluation may reduce the outcome bias relative to separate evaluation, especially in situations where outcomes and intentions are incongruent. Therefore, prior research would predict that joint evaluation of both bad intentions leading to good outcomes and good intentions leading to bad outcomes may mitigate the outcome bias relative to separate evaluation of each decision.

However, results from a pilot study we conducted revealed that when information about the intentions of the decision maker was varied, joint evaluation *exacerbated* rather than reduced the outcome bias in those who could reward or punish others. In this pilot study (replicated in Experiment 2a), participants evaluated (1) either a partner who made a fair decision that had the expected value of benefitting both the participant and the partner equally, (2) a partner who made a selfish decision that would likely benefit the partner more than the participant, or (3) both the fair and selfish partners jointly. Participants then learned that despite the fair partner's intentions, the participant received a worse outcome relative to the partner; in contrast, in spite of the selfish partner's unfair decision, the outcome favored the participant more than the partner (see Appendix A in the Online Supplement for more details). In this situation where intentions and outcomes were misaligned, separate evaluators factored in their partners' intentions more when rewarding and punishing their partners relative to joint evaluators.

Based on the results of this pilot study, this paper presents five experiments showing the conditions in which joint evaluation enhances the outcome bias rather than reducing or eliminating it. In particular, we tested situations in which both the intention

of the decision maker and the outcome of the decision differed across individuals. We show that joint evaluations repeatedly led to greater bias toward outcomes, whereas separate evaluations led participants to consider intentions more heavily. We then consider how joint evaluation enhances the outcome bias, extend these findings to managerial contexts where individuals evaluate employees with varied intentions and outcomes, and explore interventions aimed at mitigating the outcome bias in joint-evaluation contexts. We conclude by discussing the theoretical and practical implications of our findings.

## 2. Outcome bias due to neglect of decision quality and procedures

From a rational perspective, individuals with full information about both the decisions and outcomes involved in a situation should not base their evaluation solely on outcomes, particularly in situations where outcomes reflect noise in the environment and provide no additional information about the quality of a decision (Bazerman & Moore, 2013; Hastie & Dawes, 2001). However, a long stream of research has shown that people consistently overweigh outcome information in their evaluations of decision quality. In a classic example, participants rated the quality of a surgeon's decision to perform a risky operation (Baron & Hershey, 1988). Although participants read about identical decision processes, they received different information about the outcome of the surgeon's decision. Participants who read that the patient died soon after the surgery rated the surgeon's decision to operate to be of lower quality than did participants who read that the patient survived.

Research on procedural fairness has mainly focused on the *structural* processes (e.g., guidelines for selecting the decision maker, rules for ensuring that a decision maker does not abuse power, or procedures that allow change in allocations) used to arrive at a particular outcome (Brockner & Wiesenfeld, 1996; Lind & Tyler, 1988), leaving a gap in research on the interventions that help individuals more carefully consider others' *thought* processes, including the *intentions* behind their decisions. We seek to fill that gap with the current research.

## 3. Outcome bias due to intention neglect

While prior research has examined the outcome bias as a result of neglecting decision quality and procedural fairness, this research focuses on the factors that influence whether individuals make outcome-biased evaluations as a result of neglecting important information about others' intentions. For example, managers frequently evaluate multiple employees, all of whom have different intentions that produce varied outcomes. When intentions and outcomes differ, neglect of intentions could lead people to reward individuals with bad intentions and punish those with good intentions.

Existing research suggests that individuals tend to ignore information about intentions when information about outcomes is available (Cushman, 2008; Cushman, Dreber, Wang, & Costa, 2009; Pizarro, Uhlmann, & Bloom, 2003; Weiner, 1995). People are more likely to give themselves credit for their own good intentions—even if they fail to follow through on them (Kruger & Gilovich, 2004). However, when evaluating others, they are more focused on the outcomes reached than on the intentions behind those actions (Jones & Nisbett, 1971). In particular, when both intentions and outcomes differ, individuals tend to neglect information about intentions in the presence of idiosyncratic outcomes (Cushman, 2008; Cushman et al., 2009; Pizarro et al., 2003; Weiner, 1995). Previous studies (e.g., Cushman et al., 2009;

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