RESEARCH ONLINE

University of Wollongong
Research Online

Faculty of Commerce - Papers (Archive)

Faculty of Business

2011

Race matters: whether we know it, or like it, or not: implicit racial attitudes and their effect on accounting-based, balanced scorecard performance evaluations

David R. Upton
University of North Carolina at Greensboro

Cecil E. Arrington
University of Wollongong, edarr@uow.edu.au

Publication Details

Upton, D. R. & Arrington, C. E. (2011). Race Matters: Whether We Know It, or Like It, or Not: Implicit Racial Attitudes and Their Effect on Accounting-Based, Balanced Scorecard Performance Evaluations. Critical Perspectives on Accounting Conference (pp. 1-63). Florida: Elsevier.

Research Online is the open access institutional repository for the University of Wollongong. For further information contact the UOW Library: research-pubs@uow.edu.au

RESEARCH ONLINE

Race matters: whether we know it, or like it, or not: implicit racial attitudes and their effect on accounting-based, balanced scorecard performance evaluations

Abstract

One of the dominant themes in critical accounting theory over the past two decades has to do with the relation between the construction of human identities and accounting discourse and practices. Though with strong antecedents in Marxist –inspired critique of ideology, genealogical studies (e.g., Miller & O'Leary, 19XX), deconstructive studies (e.g., Shearer & Arrington, 19XX), and critical-rational studies (e.g., Power & Laughlin, 19XX) are examples of different theoretical and methodological ways to probe the constructive force of accounting over human identity and subjectivity. This paper offers a fourth approach grounded in social-cognitive concerns with ways in which implicit attitudes, or more broadly tacit habits of mind, enhance our tendencies to let rationally irrelevant criteria (like race, gender, and class) influence our evaluation of others. The paper reports on the results of an empirical, lab-based study of balanced scorecard evaluations and bonus allocations where race is a treatment effect and where the well-established tenets of Implicit Association Testing (IAT) are used to reveal that there are, indeed, propensities to unwillingly let racial prejudice enter into our accounting-based evaluations of others. These tendencies are more pronounced for some dimensions of the balanced scorecard than they are for others.

Keywords

scorecard, balanced, accounting, effect, their, attitudes, racial, evaluations, implicit, performance, not, like, know, we, whether, matters, race

Disciplines

Business | Social and Behavioral Sciences

Publication Details

Upton, D. R. & Arrington, C. E. (2011). Race Matters: Whether We Know It, or Like It, or Not: Implicit Racial Attitudes and Their Effect on Accounting-Based, Balanced Scorecard Performance Evaluations. Critical Perspectives on Accounting Conference (pp. 1-63). Florida: Elsevier.

This conference paper is available at Research Online: http://ro.uow.edu.au/commpapers/2765

Review of paper
'Race Matters: whether we know it, or like it, or not: implicit racial attitudes and their effect on accounting-based, balanced scorecard performance evaluations
Authors: David Upton and C.Edward Arrington

By
Iris M Bosa

I am to discuss the paper by David Upton and Edward Arrington title 'race matters: whether we know it, or like it, or not: implicit racial attitudes and their effect on accounting-based, balanced scorecard performance evaluations'. This relatively long title introduces us into their analysis of the implications race has in the performance assessment of individuals. In order to perform this the authors use the balanced scorecard as tool to measure this impact. We can immediately realize that the topic is rather untouched in the accounting literture maybe due to its touchiness and difficulties to be able to handle it in an appropriate way.

The abstract provides a window into the paper's content highlighting its adoption of a grounded approach from the social-cognitive angle, differently from earlier investigations. These looked into the influence of accounting on individuals and identity creation from the Marxist, or deconstructive or critical-rational studies point of view. Once into the paper, however, there is no further information about these studies (that have been partly referenced with incomplete year in the abstract and missing in the reference list). Further the author inform the reader thy are adopting the Implicit Association Testing to collect the information they are **requiring** through a lab based exercises. The abstract concludes with the indication that some tendencies are more pronounced in some dimensions of the BSC then other. The ending of the abstract left me a little bit at loss, pleased to know that some tendencies emerged but surprised from the vagueness of the information, as I would have been more interested to know which tendencies were affected.

The paper is divided into five parts: the first part is the introduction, the second part provides the background and hypotheses followed by the information on the method adopted. The discussion of the results and the conclusions. In the following I will follow the paper outline in my presentation and discussion.

The opening sentence of the paper I feel could be improved as it is a rather abrupt start, stating 'it seems almost banal to point out'.. why is it banal? Indeed the first sentence could be simply removed.
The authors overview in a summative way the existing researches on performance evaluation, indicating their interest in verifying the explicit and implicit attitudes (of whom?) in the decision process of the performance evaluation. These attitudes are to be analysed with reference to the attribution of the performance and available bonus. At this point the author explain what the explicit and the implicit attitude is. At one point the authors

mention the personality attribute which left me wondering what was exactly the difference between the attribute and attitude of an individual. I would like the indication 'like other personality attributes' to be further explicated or removed from the sentence 'If attitudes – like other personality attributes – influence judgments and decisions…'
It is highlighted that implicit racial biases and implicit gender biases as outcome have been observed in previous studies. The authors follow up on this information indicating they are to study the implicit attitude about race in the balanced scorecard setting. I would have preferred to know more about the finding they mention which could have been discussed at the start of the introduction in order to explicate the need for further study in this area, and in particular in the implicit dimension that by now seems to be indicated as the real focus of the study, as more prominently then the explicit one. The research recommendation by Greenwald et al. (2009a) is leading the methodology of the paper toward a contemporary use of implicit and explicit measures to make more effective the evaluation.
Then the authors indicate that their experiment is a manipulation of the race of two unit manager upon which the judging manager is to make his performance evaluation and made the attribution of the bonus as well as at the end the participant or judging manager is to complete some exercise to evaluate his race attitude. This is followed by the indication of some findings where the white managers was performing better then the black one, and the performance evaluation was also greater than if the opposite circumstance occurred or when both managers were white or black. Greater biases were in the customer and learning and growth dimensions. IT is also indicated that the performances where kept constant. The results seem to contradit the self-report by partecipant of favourable attitude towards black: indicating a difference between the explicit reported attitude and the one performed. This is followed by the implication of the study and the advice to managers to identify ways to mitigate the bias. However the authors indicate that 'approaches dealing with explicit bias (e.g. training sessions) may be ineffective for implicit bias' which left me wondering first of all why they are ineffective, and secondly 'so what?' if they are ineffective what should be pursued?

The paper, after providing indication of the outline of the paper, moves into the <u>literature review.</u> This is divided into four sections. The first one looks into race bias, followed by the one on implicit social cognition and measurements, the balanced scorecard, and the hypotheses.
The first section is precisely title <u>'race bias in performance evaluations – field and lab findings'</u>. I found myself at loss in understanding the full meaning of the meaning of the sentence: 'McKay and McDaniel (2006) identify the most influential moderators of the black-white mean difference in work performance as criterion type (e.g. job knowledge, work samples) and cognitive loading of criteria (compared with personality loading criteria)'. If they are moderators, does it mean they help to diminish the variation between black-white? I would be tempted to interpret it as this, but when reading the following paragraph 'intuitively, performance evaluation and reward systems based on merit may counteract race bias and therefore mitigate the negative consequences of such inequitable evaluation practice' makes me wonder that if this was supporting the finding of the mentioned paper it should be in the same paragraph, particularly as it continue saying 'however, in a field study of an organization operating a merit-based performance evaluation and reward system, CAStilla (2008) identifies opportunity structure that harbor discrimination' leaving me slightly unsure whether my understanding is correct or not. However, moving on in the

reading, the authors highlight the finding of CAstilla as evaluation bias or reward bias, highlighting that the reward bias is identified only after controlling for bias. And I am left one more time unsure about which 'merit' the author is referring to.
Reaching the end of the section, I am left wondering which are exactly the field based and which the lab based findings/works. Having these been specified in the title I did expected some emphasis on possibly similarity and differences in their findings, and at least to have the works clearly specified.

The following section addresses 'implicit social cognition and its measurement'. The authors start to highlight that social cognition theory studes the 'implicit attitudes and stereotypes that are predictive of behavior in settings where explicit attitudes lack predictive ability', acknowledging the influence past experience has on individual in a possibly unaware way to the individual himself. It is indicated that in the past the research was conducted through self-report methods, but also the fact that this methods would not capture implicit social cognition, as there is a weak relation between the self-report measures and the behaviour. This to highlight the need for further investigation in the role of implicit social cognition, to be obtained through the adoption of the implicit association test (IAT). The characteristics of IAT is then outlined, (although I would avoid to provide website pages in the body of the text preferring them to be available as foot or end note). This technical explanation to me seems almost a methodological outline of the method adopted and wonder whether it should have been discussed in more detail in the later section/part of the article, the method.

The authors outline the results of researches regarding attitudes and beliefs where emerges that implicit race bias is associate with higher discriminatory social interaction, with a positive relation between implicit and explicit one. Additionally a study by Greenwald et al. (2009a) highlight a higher correlation between behavior and implicit attitudes with regard to race, instead of behavior and self-report measure. (This, indeed is an interesting observation with regard to the possible influence of socially expected and accepted attitude that might be portrayed by the individual when openly stated but subdued and emerging in the implicit behaviour). There is a higher predictability of the explicit attitude with regard to socially sensitive topics differently from the implicit attitude as measured. [p. 7]. It is interesting to notice that there is a divergence between implicit and explicit attitude through out the life, it is more aligned in childhood and more divergent in adulthood.
Out from this the authors wonder whether the BSC with its multiple performance dimensions would enhance the emerging of implicit attitude to influence the managerial judgment in a divergent way from the explicitly expected one.

[pp. 7-9] The paper introduces the reader to the 'Balanced Scorecard' indicating it as a compelling innovation, although it now dates 20 years. The authors highlight that the comprehensiveness of the BSC makes it an ideal setting for the implicit social cognitive analysis, although I would have appreciate them discussing further this statement. After this they provide some overview of the BSC, and its four dimensions (financial, customer, internal process and learning and growth). They indicate current literature to highlight non-financial measures as more 'noisy' (Ittner and Larcker, 2003) as well as the tendency for BSC setters to choose measures common to subordinates that are being evaluated (Salterio, 2000) and the 'divide and conquer' approach in the evaluation of the measures, as a multiple number of them have to be summarized to identify the final value attributed to the

assessed individual (Lipe and Slaterio, 2002). Therefore the author identify a 'varying degrees of validity and reliability' with 'potential for implicit biases' consequently influenced by the cognitive aspects, and therefore I do summaries as the implicit attitude of the individual.

From this section there is a jump into the 'hypotheses' one, when four hypothesis are outline which are:

"H1: Performance evaluation difference is highest when a white manager outperforms a black manager and lowest when a black manager outperforms a white manager." Adding "expected when a white (black) manager outperforms another white (black) manager." which is not clear to me in which occasion this exactly applies
"H2: Bonus allocation to manager A is highest when manager A is a white manager who outperforms a black manager and lowest when manager A is a black manager who outperforms a white manager."
"H3**a[*is a just a mistake?!*]**: There is a positive correlation between performance evaluation and implicitly measured attitudes when a white manager outperforms a black manager and when a black manager outperforms a white manager." [should not be a negative correlation when a black outperforms a white??]
"H4**a[*is a just a mistake?!*]**: There is a positive correlation between bonus allocations and implicitly measured attitudes when a white manager outperforms a black manager and when a black manager outperforms a white manager." ." [should not be a negative correlation when a black outperforms a white??]

The part /section on method is introduced providing first an overview of the task, where, what still is unclear to me, 'a 4x1 between-subjects experimental design' is used to examine the hypothesis. It is indicated that (b=black, w=white) bb, ww, bw and wb are analysed. The participant is acting as supervisor and assessing the performance of the two managers supervised. The participants are graduate students taking evening MBA or MSA accounting classes at a USA southeastern university, 30 male and 23 female with an average age of 32. Participants are all US-born and white with 10 year experience. I feel that the information the study is specifically on US culture had to be specified beforehand, as for example in the abstract or title, as this provides a very different angle of generalisability. Students have a 10 years work experience, and I am left wondering on what type of experience this students have? Can they really be considered reflecting as managers? This is a little bit a concern that start growing in me when I realize that a considerable number of accounting studies are based on lab session with students.
Students are provided a BSC case that they have to read, a post-experiment questionnaire which is the Implicit Association Test that is presented as a 'sorting task' And I am wondering what does is meant with 'sorting task;? Sorting of what? And, as third step they have to complete a self-report race attitude exercise.

The following section of the methodology outlines the Dependent measures. First of all it is outlined that they 'caluclate difference scores for the overall performance evaluation (DIFFOall) and each of the BSC perspective performance evaluations (DIFF1-DIFF4) by subratcting the evaluation of unit B manager form the evaluation of unit A manager'. The indication of DIFFO/DIFF1/DIFF4 was not immediate to understand, and I feel the author

could have provided clearer indication. Has this analysis anything to do with the feedback from the students? Or is it the statistical analysis of table 1?
From the case study package provided to the participants I clearly see the wb assessment to be taken by students but cannot see the bb, bw, and ww one. Has this taken place? How has it?
Within the measures there is information provided also about the 'explicit race attitude measure' used in the project to assess the attitude toward black and the feeling thermometer, which are two self-report system.

The paper then moves in the result part starting to discuss the manipulation checks, which I would have seen appropriate to be included in the methodology section as referring to a way to select the participants that would understand the fact that the names had a race connotation. Due to this misunderstanding two participants were removed from the sample and an additional one due to error rate.
The following paragraph seems relatively obscure to me, due to the fact that I am in qualitiative research, but 'Participants agreed that the performance measures were usefully categorized ($p< 0.01$) and that it was appropriate to employ the same performance measures for <u>both units</u> ($p<0.01$), compared to the scale midpoints.' What does 'both units' refer to? And which scale midpoints is it referring to? I am further puzzled by the following sentence when it is indicated that 'there were no differences amongst participants across the four RACE conditions' and this might be related to the above mentioned consideration were I could not understand when and how wb ww bb might have been undertaken, if it had, although from this sentence it seems it has. Following the paper, it become clear that this has taken place, but definitely I would like to find more information about the way the different scenarios have been submitted to participants (where same data just with different names?, as the name where the race attributes).
The results support hypothesis 1 (table 3) [based on a one-way ANOVA] where race bias performance evaluation, however interestingly hypothesis 2 (table 4) is not supported as there is no bonus allocation bias. The authors interesting argue that numbers, or what they call the 'language of dollars', seem to offset the 'language of personal performance' removing the perceived biased. The paper goes to make a link to findings of Castilla that are incomplete (well, similarly I have identified mistakes in my paper too ☺).
With regard to the third hypothesis: the self-report attitude measure indicates positive attitude toward blacks while the mean feeling thermometer indicated preference for whites. The one/way ANOVA for IAT and ATB as dependent variable and RACE independent with no variation indicate some variation, and the post hoc Tukey HSD (??) indicate some marginally significant difference in the FT means. To test hypothesis 3 (table 7) was conducted the Pearson's product-moment correlation between IAT and performance evaluation difference between wb and bw. The expected correlation was found for wb but not for the bw, therefore only partially supported the hypothesis. However, I am not clear about the positive correlation when a black outperforms a white… (see my doubt also earlier). A further analysis of explict race attitude ATB and FT against the performance indicates that explicit racial attitudes are not predictive of racial bias. Then there is also a multiple regression (and for more information I leave you to ask it to the author) that indicates substantial collinearity. As a consequence it is reinforced that implicit measure predict performance while self-report does not. (and this was evident only when the bw result was obtained, as at odd with existing expectations)

The forth hypothesis of positive correlation between performance and implicit attitude was also confirmed in the bw model. The author indicates that the self report was predictive in the bw model. But is this not so to say an easy assumption to make, and to some extent biased, as it has been argued that the self-report is disguising some less socially accepted view?!

The concluding part of the paper outlines the need for further studies to investigate the implicit attitude. A summary, or referring back to the analysis could have reinforced the final comments. I am left wondering whether there was any role played in the BSC. Having had the BSC in the title, I was given the perception that there would have been some discussion on the validity of this tool, on its strengths and weakness. However, it seems to have been only marginally considered by the author. I feel further engagement in the conclusion with this tool might be of relevance. Additionally critically indicating what managers have to be aware of. The author suggested at some point of the paper the need for further training, but not the solution/options. So what kind of activities are organization left to think of? Do we have any advice, hints, elements on which we could experiment some applications?
I found absolutely interesting the consideration of the 'language of dollar/money' that I think could have been further discussed in the conclusions. Additionally it makes me wonder whether it wouldn't be interesting to compare individuals with accounting and non-accounting backgrounds with regard to the interpretation they might give to the same case study.
This is a very interesting work that is worth to refine a little bit. Indeed, except for historical race issue, and one paper on 'the politics of accounting, race and ethinicity: s story of a chiefly=based preferencing' (2005) by Davie and published in CPA there is no accounting literature on the race .

Some further general comments:

- Some times the paragraphs do not flow as smoothly as expected
- Ittner & Larcker two different article published in 2003 and no a/b
- No clear indication why the BSC was chosen
- The literature review seems to focus on implicit social cognition and therefore also previous statements that the work looks at implicit and explicit attitude should be softened as the explicit seem in a 'supportive' 'sided' corner'
- Can it be generalize?! Never made clear it is based on the US cultural context: this should be more explicit
- (Sometime it is used I instead of we)