

Subjective performance evaluation serves as a double-edged sword. While it can mitigate multitasking agency problems, it also opens the door to evaluators biases, resulting in lower job satisfaction and a higher rate of worker quits. Using personnel and transaction records of individual sales representatives in a large car sales company in Japan, we provide direct evidence for both sides of subjective performance evaluation: (1) the sensitivity of evaluations to sales performance declines with the marginal productivity of hard-to-measure tasks; and (2) measures of potential evaluation bias we construct are positively associated with workers quitting, after correcting for possible endogeneity biases.