

Chapter 6 Managing Performance

MULTIPLE CHOICE

1. Which of the following is a characteristic of a performance management system?
- a. it ensures that the organization gets the right things done
 - b. it is a set of integrated management practices
 - c. it is a clearly defined performance review program
 - d. it is designed to identify and eliminate poor performers

ANS: B PTS: 1 DIF: Key Terms
REF: 168
OBJ: 1 BLM: R

2. What is the primary purpose of performance reviews?
- a. to make employees fully aware of their current performance
 - b. to clarify what is important to the organization
 - c. to link performance and compensation
 - d. to improve future performance

ANS: D PTS: 1 DIF: Understanding
REF: 168 OBJ: 2 BLM: R

3. What is one objective of an appraisal program?
- a. to determine pay levels for different job types
 - b. to identify the knowledge, skills, and abilities required to be successful in a job
 - c. to have the employees feel more valued
 - d. providing a supervisor the opportunity to show his/her superior how well their employees are performing

ANS: D PTS: 1 DIF: Key Terms
REF: 168
OBJ: 2 BLM: R

4. What are performance appraisals most frequently used for?
- a. deciding compensation
 - b. directing performance improvement

- c. determining training needs
- d. discharging decisions

ANS: A PTS: 1 DIF: Key Terms
REF: 194
OBJ: 3 BLM: R

5. What are two primary purposes of performance appraisals?
- a. administrative and developmental
 - b. informative and developmental
 - c. managerial and administrative
 - d. managerial and informative

ANS: A PTS: 1 DIF: Key Terms
REF: 194
OBJ: 3 BLM: R

6. What is the intended outcome of performance measurement?
- a. to identify why some employees do not perform as well as others
 - b. to ensure that poor performers are properly disciplined
 - c. to determine how well employees performed compared to the established goals
 - d. to determine how to recognize and celebrate good performance

ANS: C PTS: 1 DIF: Key Terms
REF: 194
OBJ: 3 BLM: R

7. Why do performance appraisal programs fail?
- a. because managers do not take appraisals seriously enough
 - b. because performance standards are inconsistent between different job types
 - c. because employees fail to inform managers of their accomplishments
 - d. because there is too much employee input into the development of the appraisal program

ANS: A PTS: 1 DIF: Understanding
REF: 195 OBJ: 3 BLM: R

8. What is wrong with doing performance evaluations once a year?
- a. it is too easy for managers to forget aspects of past performance
 - b. the evaluations are too focused on outcomes and not enough on process
 - c. there is less incentive to address issues that have already been resolved

d. there is too much information to have to review, discuss and absorb

ANS: D PTS: 1 DIF: Key Terms
REF: 197
OBJ: 3 BLM: R

9. What is an important first step in an effective performance management system?

- a. regular and frequent coaching
- b. recognizing and rewarding performance
- c. scheduling task projects
- d. clarifying the work to be done

ANS: D PTS: 1 DIF: Key Terms
REF: 198
OBJ: 4 BLM: R

10. Which of the following does NOT need to be given consideration in setting goals and establishing a performance plan?

- a. the goals must be specific and include a time frame
- b. the employee must have a say in which goals he or she needs to achieve
- c. discussions between supervisor and employee to ensure involvement and commitment to goals
- d. the goal must be linked to overall business objectives

ANS: B PTS: 1 DIF: Understanding
REF: 172|173 OBJ: 4 BLM: R

11. When setting goals for a performance plan, what must be clearly linked?

- a. performance goals and compensation increases
- b. employee goals and overall business objectives
- c. performance expectations and performance evaluations
- d. quantitative measures and performance expectations

ANS: B PTS: 1 DIF: Key Terms
REF: 198
OBJ: 3 BLM: R

12. Which statement is an example of a well-written performance standard?

- a. Customer service representatives should be energetic and pleasant to customers.
- b. Resident dorm advisers should be easily accessible to students.
- c. Desk clerks are expected to process fifteen customers every half hour.
- d. Police should respond to a call within a short period of time.

ANS: C PTS: 1 DIF: Application
REF: 198
OBJ: 4 BLM: R

13. Which of the following is the least effective reward for performance accomplishments?

- a. being recommended for a promotion
- b. being excluded from future evaluations
- c. being profiled in a journal or newspaper
- d. being the recipient of supervisory praise

ANS: B PTS: 1 DIF: Key Terms/Understanding
REF: 200 OBJ: 4 BLM: R

14. Which statement is NOT considered to be a key performance appraisal guideline?

- a. supervisors should be trained to use the appraisal form correctly
- b. performance appraisals should be frequent and informal
- c. employees must be given a written copy of their job standards in advance of the appraisal
- d. performance appraisals must be job-related

ANS: B PTS: 1 DIF: Key Terms
REF: 201
OBJ: 4 BLM: R

15. In most instances, who is in the best position to perform the function of appraising an employee's performance?

- a. a co-worker
- b. the employee's supervisor
- c. a specialist from the HR department
- d. the employee him/herself

ANS: B PTS: 1 DIF: Key Terms
REF: 203

OBJ: 5 BLM: R

16. Who is NOT an appropriate source of information about a person's job performance in a 360-degree review system?

- a. customers
- b. peers
- c. supervisors
- d. competitors

ANS: D PTS: 1 DIF: Key Terms
REF: 206
OBJ: 5 BLM: R

17. What are self reviews best for?

- a. developmental purposes
- b. administrative purposes
- c. promotional purposes
- d. regulatory purposes

ANS: A PTS: 1 DIF: Key Terms
REF: 203
OBJ: 5 BLM: R

18. What do critics of the self-review method of employee assessment argue?

- a. that employees disregard areas for improvement and only think about strengths
- b. that managers do not trust the results of self-reviews
- c. that employees are more lenient than managers in their reviews
- d. that research shows that employees overstate their performance in self-reviews, and they are free of most biases that other rating sources may have

ANS: C PTS: 1 DIF: Understanding
REF: 203 OBJ: 5 BLM: R

19. What is one advantage of peer reviews?

- a. peers are often partially responsible for the performance of other co-workers
- b. peers may work harder to help other employees improve performance
- c. peers are less politically motivated than supervisors
- d. peers may provide more accurate and valid information than supervisors

ANS: D PTS: 1 DIF: Understanding

REF: 204 OBJ: 5 BLM: R

20. Why are peer reviews beneficial?

- a. peers often see different dimensions of performance than supervisors
- b. peer reviews prevent the supervisor from having to deliver bad news
- c. peers have more extreme views of performance than supervisors
- d. peer reviews allow the supervisor to give up control over the process

ANS: A PTS: 1 DIF: Key Terms

REF: 204

OBJ: 5 BLM: R

21. What is one advantage of the team review?

- a. team reviews recognize team accomplishments rather than individual performances
- b. it is easier to identify individual contributions with team reviews
- c. team reviews help to identify critical team harmony issues
- d. team reviews are much more effective than peer reviews

ANS: A PTS: 1 DIF: Understanding

REF: 204 OBJ: 5 BLM: R

22. What is one disadvantage of the 360-degree appraisal system?

- a. the quality of the information gathered is less accurate and trustworthy
- b. the system is administratively complex in combining all the responses
- c. responses are gathered from multiple perspectives
- d. feedback from peers and other sources may increase conflict between reviewers and those being reviewed

ANS: B PTS: 1 DIF: Understanding

REF: 205 OBJ: 5 BLM: R

23. What barriers to effective performance reviews can be removed via the training of reviewers?

- a. self-confidence, time constraints, lack of knowledge
- b. interpersonal conflicts, self-confidence, lack of knowledge

- c. lack of knowledge, time constraints, self-confidence
- d. time constraints, lack of knowledge, interpersonal conflicts

ANS: D PTS: 1 DIF: Key Terms
REF: 208
OBJ: 5 BLM: R

24. What are the three basic performance review methods?

- a. trait, behavioural, judgmental
- b. trait, behavioural, results
- c. behavioural, judgmental, attitudinal
- d. behavioural, judgmental, results

ANS: B PTS: 1 DIF: Key Terms
REF: 209|211
OBJ: 6 BLM: R

25. Which performance review method requires that employees be rated according to a scale of characteristics?

- a. forced-distribution method
- b. forced-choice method
- c. behaviourally anchored rating scale
- d. graphic rating scale

ANS: D PTS: 1 DIF: Key Terms
REF: 209
OBJ: 6 BLM: R

26. What appraisal method should you use if your primary objective for a performance appraisal is to give employees developmental feedback?

- a. results
- b. behavioural
- c. trait
- d. attitudinal

ANS: B PTS: 1 DIF: Application
REF: 210
OBJ: 6 BLM: R

27. Which performance appraisal approach is designed to measure how frequently employees exhibit certain behaviours?

- a. management by objectives

- b. a behaviour checklist method
- c. behaviourally anchored rating scales
- d. a trait scale

ANS: B PTS: 1 DIF: Key Terms
REF: 210
OBJ: 6 BLM: R

28. Which appraisal method helps guard against recency error?

- a. critical incident method
- b. graphic rating scales
- c. mixed-standard scale
- d. forced-choice method

ANS: A PTS: 1 DIF: Understanding
REF: 211 OBJ: 6 BLM: R

29. What is the name for the type of scale that uses a series of scales, one for each important dimension of job performance?

- a. mixed-standard scale
- b. graphic rating scale
- c. behaviour observation scale
- d. behaviourally anchored rating scale

ANS: D PTS: 1 DIF: Key Terms
REF: 210
OBJ: 6 BLM: R

30. What is one major advantage of using a behaviour observation scale?

- a. it takes a relatively short time to develop
- b. the rating scale can be used for multiple jobs
- c. it is easier for the supervisor to provide constructive feedback
- d. the rating scale can be used across many jobs

ANS: C PTS: 1 DIF: Understanding
REF: 211 OBJ: 6 BLM: R

31. What is a disadvantage of using productivity measures for performance reviews?

- a. the objectives may be misinterpreted by employees
- b. there may be a dispute between employees and managers about the measures used
- c. it may encourage employees to only focus on short-term objectives
- d. the measures may be too difficult to measure accurately

ANS: C PTS: 1 DIF: Key Terms
REF: 212
OBJ: 6 BLM: R

32. What is an advantage of the management by objectives method for performance evaluation?

- a. supervisors will be more easily able to determine the performance of an employee
- b. employees can be actively involved in the setting of objectives
- c. it is easier to identify critical incidents of performance
- d. the process of achieving objectives becomes the focus of the review

ANS: B PTS: 1 DIF: Key Terms
REF: 213
OBJ: 6 BLM: R

33. In which four categories does the balanced scorecard measure results?

- a. financial, customer, internal processes, learning & growth
- b. financial, competitor, external processes, learning & growth
- c. financial, customer, external processes, learning & growth
- d. financial, competitor, internal processes, learning & growth

ANS: A PTS: 1 DIF: Key Terms
REF: 214
OBJ: 6 BLM: R

34. On what should the choice of an appraisal method be largely based?

- a. the preferred technique of the supervisor
- b. the type of job the employee holds
- c. the hierarchical level of the employee
- d. the purpose of the appraisal

ANS: D PTS: 1 DIF: Understanding

REF: 214 OBJ: 6 BLM: R

35. Which is NOT a characteristic of an effective performance appraisal interview?

- a. it invites and encourages active participation
- b. it asks for employee self-assessment
- c. it focuses on all performance issues
- d. it minimizes criticism

ANS: C PTS: 1 DIF: Understanding

REF: 216 OBJ: 7 BLM: R

36. Why would a supervisor ask for an employee to review his or her own performance?

- a. to increase the procedural justice of the appraisal system
- b. to attempt to identify how truthful the employee is being
- c. to establish a baseline for performance expectations
- d. to minimize the amount of criticism the supervisor must convey

ANS: A PTS: 1 DIF: Understanding/Application

REF: 216 OBJ: 7 BLM: R

37. What would be considered to be counterproductive during an appraisal interview?

- a. focusing on behaviour change
- b. limiting employee input
- c. minimizing criticism of the employee
- d. focusing on solving problems

ANS: B PTS: 1 DIF: Application

REF: 216

OBJ: 7 BLM: R

38. What should the interviewer do to maximize performance improvement of the employee being assessed?

- a. focus mainly on the positive behaviours
- b. focus mainly on recent behaviours
- c. focus mainly on past behaviours

d. focus mainly on the future behaviours

ANS: D PTS: 1 DIF: Understanding

REF: 217 OBJ: 7 BLM: R

39. The diagnosis of poor employee performance should focus on which three interactive elements?

- a. skill, internal motivation, external conditions
- b. skill, internal motivation, attitude
- c. skill, external conditions, effort
- d. skill, internal motivation, effort

ANS: C PTS: 1 DIF: Key Terms

REF: 218

OBJ: 7 BLM: R

40. What must be known about performance problems before planning a course of corrective action?

- a. the magnitude of the performance problems
- b. the impact of the performance problems on employee confidence
- c. the length of time the performance problems have existed
- d. the sources of performance problems

ANS: D PTS: 1 DIF: Key Terms

REF: 218

OBJ: 7 BLM: R

41. Which source of ineffective performance is considered to be a “job concern”?

- a. lack of advancement opportunities
- b. lack of attention to employee needs
- c. supply shortages
- d. unclear reporting relationships

ANS: A PTS: 1 DIF: Understanding

REF: 218 OBJ: 7 BLM: R

42. Which of the following sources of ineffective performance is an example of a “policies and practices” problem?

- a. low work ethic
- b. heavy-handed management
- c. constantly changing work requirements
- d. inadequate equipment and materials

ANS: B PTS: 1 DIF: Key Terms
 REF: 218
 OBJ: 7 BLM: R

43. What is the best course of action for dealing with continued ineffective performance?

- a. take disciplinary action
- b. transfer the employee to a different department
- c. schedule the employee for retraining
- d. modify the working conditions to increase job satisfaction

ANS: A PTS: 1 DIF:
 Understanding/Application
 REF: 218 OBJ: 7 BLM: R

Scenario 6.1

You have recently been hired by the CEO of AB Corp. as the first HR professional. It is a small but rapidly growing organization. The company specializes in manufacturing small, inexpensive souvenirs. Most staff work at machines that produce plastic or metal parts, or are on small teams in assembly and packaging, which is a fast-paced, manual labour environment. Many employees are dissatisfied with their jobs and generally confused about exactly what is expected of them. There are existing employee performance issues, some of which have been ongoing for years. There is a moderate amount of conflict between employees and supervisors.

Your arrival coincides with the annual performance appraisal time in the company. As you review the appraisal instrument, you quickly realize that it is of little value because it consists mainly of subjective measures that are not well connected to the goals of the organization. This situation concerns you, so you decide to act. One of the first things you do is speak with staff representatives and key supervisors in the organization, soliciting their opinions about the current performance appraisal system and appraisal instrument. Not surprisingly, you find that nearly everyone is dissatisfied with the current approach, and nobody really likes or understands how to properly use the appraisal tool.

One of the first priorities given to you by the CEO is the training of supervisors in assessing performance because this has not yet happened. The CEO knows there are issues, but doesn't fully understand the scope of the issues. You decide to address the matter as a system issue, knowing that improving only one part of the system will not solve all the problems.

44. Please refer to Scenario 6.1. What should the primary purpose of performance reviews at AB Corp. be?

- a. to make AB employees fully aware of the problems with their current performance
- b. to clarify why the organization needs better performance from employees
- c. to link the performance of AB employees to their compensation levels
- d. to improve the future performance of AB employees

ANS: D PTS: 1 DIF: Understanding

REF: 168 OBJ: 2 BLM: HO

45. Please refer to Scenario 6.1. As you improve performance measurement at AB, what is the intended outcome of your performance measurement improvements?

- a. to identify why some employees at AB are not performing as well as others
- b. to ensure that the poor performers are identified and properly disciplined
- c. to determine how well AB employees perform as compared to established goals
- d. to determine which AB employees deserve to be recognized and celebrated

ANS: C PTS: 1 DIF: Key Terms

REF: 194

OBJ: 3 BLM: HO

46. Please refer to Scenario 6.1. Which items will be clearly linked after your improvements to the AB performance plan?

- a. AB employee performance goals and their eligible compensation increases
- b. AB employee performance goals and overall business objectives of AB
- c. AB's performance expectations and type of performance evaluations implemented
- d. the qualitative measures used for AB employees and their performance expectations

ANS: B PTS: 1 DIF: Key Terms

REF: 198

OBJ: 3 BLM: HO

47. Please refer to Scenario 6.1. Which statement is a well-written performance standard for AB employees who work at the production machines?

- a. machine operators should operate machines in a safe manner
- b. machine operators should ensure that machines are operating efficiently
- c. machine operators should produce 10 units per hour of machine operation
- d. machine operators should be prepared to assist other machine operators

ANS: C PTS: 1 DIF: Application
REF: 198
OBJ: 4 BLM: HO

48. Please refer to Scenario 6.1. Why should the employees in the assembly and package area switch to a team review method for performance assessment?

- a. it will recognize team accomplishments rather than deal with individual performances
- b. it will be easier to identify individual contributions with team reviews
- c. the team reviews will help to identify interpersonal conflicts within the teams
- d. the team reviews will result in a better understanding of team processes

ANS: A PTS: 1 DIF: Understanding
REF: 204 OBJ: 5 BLM: HO

49. Please refer to Scenario 6.1. Assume you have trained AB supervisors to use newly implemented assessment methods. What barriers to effective performance reviews will have been removed as a result of your training?

- a. time constraints, lack of knowledge, self-confidence
- b. interpersonal conflicts, lack of knowledge, self-confidence
- c. time constraints, lack of knowledge, self-confidence
- d. time constraints, lack of knowledge, interpersonal conflicts

ANS: D PTS: 1 DIF: Key Terms
REF: 208
OBJ: 5 BLM: HO

50. Please refer to Scenario 6.1. What problem could result if you decide to change the current qualitative appraisal method to one that uses productivity measures for performance reviews?

- a. the new quantitative objectives may be misinterpreted by AB employees
- b. there may be a dispute between employees and supervisors about the measures used
- c. it may focus AB employees only on short-term objectives, and ignore the larger goals
- d. it may include measures that are too difficult for AB supervisors to measure accurately

ANS: C PTS: 1 DIF: Key Terms
 REF: 212
 OBJ: 6 BLM: HO

51. Please refer to Scenario 6.1. Even though the AB supervisors have been trained to use the performance system, what must they still know about their employee performance problems before they can plan a course of corrective action?

- a. the magnitude of the performance problems for the worst of the AB employees
- b. the impact of the performance problems on employee confidence and morale
- c. the length of time the performance problems have existed at AB
- d. the sources of performance problems for underperforming AB employees

ANS: D PTS: 1 DIF: Key Terms
 REF: 218
 OBJ: 7 BLM: HO

TRUE/FALSE

1. A systems approach to performance management allows the organization to get the right things done and helps increase employees' satisfaction.

ANS: T PTS: 1 DIF: Key Terms
 REF: 192
 OBJ: 1

2. Performance management system is a set of integrated management practices.

ANS: T PTS: 1 DIF: Key Terms

REF: 192
OBJ: 1

3. Performance evaluation programs are used only in large organizations in both the public and private sectors.

ANS: F PTS: 1 DIF: Key Terms
REF: 192
OBJ: 1

4. The primary purpose of performance reviews is to improve future performance.

ANS: T PTS: 1 DIF: Key Terms
REF: 192
OBJ: 2

5. Many observers see performance appraisal programs as a logical means to appraise, develop and utilize the knowledge of employees.

ANS: T PTS: 1 DIF: Key Terms
REF: 192
OBJ: 2

6. Performance management is central to the everyday work of a manager.

ANS: T PTS: 1 DIF: Key Terms
REF: 192
OBJ: 2

7. Effective performance management systems should include minimal feedback and employee coaching on an annual basis to enable staff to reach their objectives.

ANS: F PTS: 1 DIF: Application
REF: 193
OBJ: 3

8. Research has shown that performance appraisals are used most widely for developmental purposes.

ANS: F PTS: 1 DIF: Understanding

REF: 194 OBJ: 3

9. A performance management system helps to create documents that are useful in HRM processes that may result in legal action.

ANS: T PTS: 1 DIF: Key Terms

REF: 194

OBJ: 3

10. Research has shown that there is a very weak link between performance management results and the development of training objectives.

ANS: F PTS: 1 DIF:

Understanding/Application

REF: 194 OBJ: 3

11. One of the main concerns of employees is the fairness of the performance management system because it is central to many HRM decisions.

ANS: T PTS: 1 DIF: Key Terms

REF: 196

OBJ: 3

12. Well-run systems ensure the absence of rater biases in the performance management process.

ANS: F PTS: 1 DIF: Understanding

REF: 196 OBJ: 3

13. Inflation of evaluations by a manager who desires higher salaries for his or her employees is an example of a bias in a performance management system.

ANS: T PTS: 1 DIF: Understanding

REF: 196 OBJ: 3

14. Employees can help ensure that the appraisal is fair by being well prepared.

ANS: T PTS: 1 DIF: Understanding

REF: 196 OBJ: 3

15. In most effective appraisal programs, the HR department develops the objectives and standards for the program.

ANS: F PTS: 1 DIF: Understanding

REF: 197 OBJ: 4

16. The final step in an effective performance management system is the clarification of work to be accomplished in terms of expected outcomes and how they will be measured.

ANS: F PTS: 1 DIF: Key Terms

REF: 198

OBJ: 4

17. A small company that has a strategic objective of introducing 20 new products in the next 2 years should develop innovation and creativity performance standards.

ANS: T PTS: 1 DIF: Application

REF: 198

OBJ: 4

18. In order to increase employee motivation levels, management should avoid written performance standards that are defined in quantifiable and measurable terms.

ANS: F PTS: 1 DIF: Understanding

REF: 198 OBJ: 4

19. Coaching involves fault-finding, criticizing, and correcting.

ANS: F PTS: 1 DIF: Key Terms
REF: 200
OBJ: 4

20. Most performance management systems include an annual formal review of the employee's overall performance.

ANS: T PTS: 1 DIF: Key Terms
REF: 200
OBJ: 4

21. Being considered for a promotion or given the opportunity to work on a special project are examples of non-financial rewards for good performance.

ANS: T PTS: 1 DIF: Key Terms
REF: 200|201
OBJ: 4

22. Under the Charter of Rights and Freedoms, appraisal systems must be, above all, valid.

ANS: T PTS: 1 DIF: Understanding
REF: 201 OBJ: 4

23. Employees should be given a written copy of their job standards in advance of appraisals.

ANS: T PTS: 1 DIF: Key Terms
REF: 201
OBJ: 4

24. To enable employees to express disagreement with the formal evaluation, an appeals procedure should be established.

ANS: T PTS: 1 DIF: Key Terms

REF: 201
OBJ: 4

25. Appraisals should not be discussed openly with employees as it decreases employee motivation.

ANS: F PTS: 1 DIF: Key Terms
REF: 201
OBJ: 4

26. An employer's credibility is strengthened when it can support performance evaluation results by documented instances of poor performance.

ANS: T PTS: 1 DIF: Key Terms
REF: 202
OBJ: 4

27. Having appraisals reviewed by a supervisor's superior reduces the chance of superficial or biased evaluations.

ANS: T PTS: 1 DIF: Key Terms
REF: 203
OBJ: 5

28. Self-appraisal or review works well when supervisors and subordinates jointly establish future performance goals or employee development plans.

ANS: T PTS: 1 DIF:
Understanding/Application
REF: 203 OBJ: 5

29. Self-review should be used primarily for administrative purposes.

ANS: F PTS: 1 DIF: Understanding
REF: 203 OBJ: 5

30. Research shows that employees understate their performance in assessing their own performance.

ANS: T PTS: 1 DIF: Understanding

REF: 203 OBJ: 5

31. Subordinate review should be used primarily for developmental purposes.

ANS: T PTS: 1 DIF: Key Terms

REF: 203

OBJ: 5

32. One advantage of peer review is that they provide more accurate and valid information than assessments by superiors.

ANS: T PTS: 1 DIF: Key Terms

REF: 204

OBJ: 5

33. One disadvantage of peer review is the belief that they contain more biases and provide less valid information than appraisals by superiors.

ANS: F PTS: 1 DIF: Key Terms

REF: 204

OBJ: 5

34. Although there is growing evidence that peer review is possibly the most accurate method of appraisal, they are not widely used by organizations.

ANS: T PTS: 1 DIF: Understanding

REF: 204 OBJ: 5

35. A team review approach is not recommended for a company advocating a total-quality management philosophy.

ANS: F PTS: 1 DIF: Application

REF: 204

OBJ: 5

36. Advocates of team review argue that in a team setting, individual appraisals can be dysfunctional since they detract from the critical issues of the team.

ANS: T PTS: 1 DIF: Key Terms
REF: 204
OBJ: 5

37. Internal customers can provide valuable performance information for both developmental and administrative purposes.

ANS: T PTS: 1 DIF: Understanding
REF: 205 OBJ: 5

38. 360-degree feedback or review provides employees with as accurate a view of their performance as possible from supervisors, peers, subordinates, and customers.

ANS: T PTS: 1 DIF: Key Terms
REF: 205
OBJ: 5

39. A recent survey found that over 90 percent of Fortune 1,000 companies have implemented some form of 360-degree feedback for career development and performance evaluation.

ANS: T PTS: 1 DIF: Key Terms
REF: 205
OBJ: 5

40. One weakness of many performance appraisal programs is that managers and supervisors are not adequately trained; consequently, they provide little meaningful feedback to subordinates.

ANS: T PTS: 1 DIF: Key Terms
REF: 207

OBJ: 5

41. Trait appraisal methods tend to be inexpensive to develop and easy to use.

ANS: T PTS: 1 DIF: Key Terms
REF: 209
OBJ: 6

42. Trait appraisal approaches are no longer a popular system because of their inherent subjectivity.

ANS: F PTS: 1 DIF: Application
REF: 209
OBJ: 6

43. Graphic rating scale is an example of trait method of performance appraisal.

ANS: T PTS: 1 DIF: Key Terms
REF: 209
OBJ: 6

44. Behavioural approaches provide more action-oriented information to employees and therefore may be best for employee development initiatives.

ANS: T PTS: 1 DIF: Application
REF: 210
OBJ: 6

45. One of the potential drawbacks of a trait-oriented performance appraisal is that traits tend to be vague and subjective.

ANS: T PTS: 1 DIF: Key Terms
REF: 209
OBJ: 6

46. One of the disadvantages of the critical incident method is that it tends to lead to recency error.

ANS: F PTS: 1 DIF: Understanding

REF: 211 OBJ: 6

47. The critical incident method facilitates employee feedback and development.

ANS: T PTS: 1 DIF: Understanding

REF: 211 OBJ: 6

48. One major advantage of a behaviourally anchored rating scale is that it is possible to use a scale developed for one job to appraise individuals in another, unrelated job.

ANS: F PTS: 1 DIF: Understanding

REF: 210 OBJ: 6

49. A criticism of the use of productivity measures is that it may encourage short term results while ignoring long term ramifications.

ANS: T PTS: 1 DIF: Understanding

REF: 212 OBJ: 6

50. One of the primary strengths of results appraisals is that they encourage employees to focus on long-term performance indicators.

ANS: F PTS: 1 DIF: Understanding

REF: 212 OBJ: 6

51. Measurable and quantifiable performance objectives are requirements for a successful MBO program.

ANS: T PTS: 1 DIF: Understanding

REF: 213 OBJ: 6

52. “Management-by-objectives” is one of the best performance appraisal approaches to use if uncertainty and variability surround a company’s production system.

ANS: F PTS: 1 DIF: Application
REF: 213
OBJ: 6

53. Most performance appraisal interviews attempt to give feedback to employees on how well they are performing their jobs and on planning for their future development.

ANS: T PTS: 1 DIF: Key Terms
REF: 216
OBJ: 7

54. Because the appraisal interview is for developmental purposes, the rater should control the interview and spend the majority of the time talking.

ANS: F PTS: 1 DIF: Key Terms
REF: 216
OBJ: 7

55. Since praise is a powerful motivator, appraisers should alternate positive and negative statements during a performance appraisal interview.

ANS: F PTS: 1 DIF: Application
REF: 216
OBJ: 7

56. Appraisal discussions should focus on the employee rather than on his or her behaviours.

ANS: F PTS: 1 DIF: Application
REF: 216
OBJ: 7

57. The problem-solving interview method requires the appraiser to possess the ability to persuade an employee to change in a prescribed manner.

ANS: F PTS: 1 DIF: Understanding

REF: 216 OBJ: 7

58. Feedback is most useful when it is immediate and general in nature.

ANS: F PTS: 1 DIF: Understanding

REF: 217 OBJ: 7

59. The diagnosis of poor employee performance should focus on the three interactive elements of skill, effort, and external conditions.

ANS: T PTS: 1 DIF: Key Terms

REF: 218

OBJ: 7

ESSAY

1. Discuss the main objectives of an employee performance appraisal program.

ANS:

Employee appraisal programs generally have the following objectives:

- to give employees the opportunity to regularly discuss performance and performance standards with their supervisor
- to provide the supervisor with a means of identifying the strengths and weaknesses of an employee's performance
- to provide a format enabling the supervisor to recommend a specific program designed to help an employee improve performance
- to provide a basis for salary recommendations

PTS: 1 DIF: Understanding

REF: 168

OBJ: 2

2. Explain why performance management systems fail.

ANS:

The primary reasons for failure are:

- lack of top-management support
- lack of job-relatedness standards
- rater bias
- too many appraisal forms to complete on each individual
- using the program for conflicting purposes
- managers feel that little or no benefit will be derived from the time and energy spent in the process
- managers dislike the face-to-face confrontation of appraisal interviews
- managers are not sufficiently skilled in conducting appraisal interviews
- the judgmental role of appraisal conflicts with the helping role of developing employees

PTS: 1 DIF: Understanding
REF: 170|172
OBJ: 2

3. Identify four of the six management practices that are essential for an effective performance management system.

ANS:

- Setting and communicating clear performance expectations for all work and all jobs.
- Ensuring clear and specific performance objectives (or standards of performance) for all work.
- Providing supportive and helpful coaching by the supervisor to enable staff to reach their objectives.
- Focusing on the accomplishment of objectives during performance reviews.
- Recognizing and celebrating good performance.
- Creating action plans to improve performance, if necessary.

PTS: 1 DIF: Understanding
REF: 193
OBJ: 3

4. Identify and briefly explain four of the five major purposes of management performance.

ANS:

Compensation Purposes

The most frequent use of performance management systems is to make compensation decisions. It is also important that employees believe that any compensation decisions have been made fairly. The form of compensation can be everything from an increase in base salary to some other type of incentive—all with the intended outcome of motivating employees to meet business goals.

Administrative Purposes

A performance management system also integrates a number of other major HR processes, such as promotion, transfer, and layoff decisions. Further, it can be used as part of HR planning—particularly when the organization has a succession plan. As well, the system provides a “paper trail” for documenting HRM processes that may result in legal action. For example, if a person were being disciplined regarding very poor customer service, the system would be able to identify what the goals were, how well the person met the goals, and the discussions and coaching sessions to improve performance in relation to customer service.

Measurement of Performance

In order to assess the overall success of the organization, it is important to be able to measure the employees’ accomplishments. Thus, you want to know how the employees performed compared to the established goals. A well-designed performance management system will be able to measure the performance of the organization and the employees.

Developmental Purposes

From the standpoint of individual development, a performance system provides the feedback essential for discussing strengths and areas where performance needs improving—at both the individual and organizational levels. In this way, training and development needs can be highlighted. Regardless of the employee’s level of performance, the system provides an opportunity to identify issues for discussion, eliminate any potential problems, and work on ways of achieving high performance.

PTS: 1 REF: 194 OBJ: 3

5. Briefly describe, in correct order, the steps in an effective performance management system.

ANS:

Clarifying the Work to Be Done

Before any goals can be established or any performance standards identified, it is important to clarify the work to be accomplished. And this is done by identifying the expected outcomes or results and determining how those results will be measured.

Setting Goals and Establishing a Performance Plan

Once the supervisor and employee (or team) are clear on expected results and how those results will be measured, goals must be set. And for the system to really work, these goals must be linked to overall business objectives

Regular and Frequent Coaching

Coaching sessions are designed to help employees achieve their results. Coaching should not involve fault-finding or blaming. Most people want to do a good job, and, therefore, it is important that a supervisor approach coaching in a helpful and supportive way. If the employee is having difficulty reaching a goal, the supervisor and employee can explore together the reasons why and what can be done to fix the difficulty.

Conducting a Formal Review of Performance

Most performance management systems include an annual formal review of the employee's overall performance. This occasion allows both the supervisor and employee to consider the employee's accomplishments and to discuss development areas for the next year. It is also usually at this point that the organization uses the results of the annual performance review for salary adjustments.

Recognizing and Rewarding Performance

People like to know that their good work and achievements are noticed. Appropriate rewards can be a great tool in helping the organization be successful. By careful use of praise, positive feedback and rewards, the manager can energize the individual, and the person's work will improve.

PTS: 1 REF: 198|199|200|201 OBJ: 4

6. Identify who should provide performance information for a performance review, and the benefit of including information from each source.

ANS:

Information about a person's performance may come from supervisors, the employee being reviewed, peers, team, members, subordinates, and customers.

Manager and/or supervisor review

has been the traditional approach to assessing an employee's performance. In most instances, supervisors are in the best position to perform this function

Self-Review

Sometimes employees are asked to assess themselves on some or all aspects of their performance. Self-review is beneficial when managers seek to increase an employee's involvement in the review process

Subordinate Review

Some organizations use subordinate review to give managers feedback on how their subordinates view them. Subordinates are in a good position to provide feedback on their managers since they are in frequent contact with their superiors and occupy a unique position from which to observe many performance-related behaviours.

Peer Review

Individuals of equal rank who work together are increasingly asked to assess each other. A peer review provides information that differs to some degree from information by a superior since peers often see different dimensions of performance. Peers can readily identify leadership and interpersonal skills along with other strengths and weaknesses of their coworkers.

Team Review

In a team setting, it may be nearly impossible to separate out an individual's contribution. Advocates of team review argue that, in such cases, individual reviews can be dysfunctional since they detract from the critical issues of the team. To address this issue, organizations will occasionally use team reviews to assess the performance of a team as a whole.

Customer Review

By including customer information in their performance reviews, managers can have better knowledge of how effective the employee is at satisfying the customers. Internal customer information (anyone inside the organization who depends on an employee's work output) can also be used for both developmental and administrative purposes. Internal customers can provide extremely useful feedback about the value added by an employee or team of employees.

PTS: 1 REF: 202|203|204 OBJ: 5

7. Briefly describe the criticisms of management by objectives (MBO) and discuss the requirements for a successful MBO program.

ANS:

Criticisms include:

- MBO is a lengthy and costly appraisal system that some say has only a moderate impact on organizational success
- performance data are designed to measure results on a short-term rather than a long-term basis
- managers and supervisors have stated that MBO takes a lot of time and effort to carry out correctly
- some job standards are difficult to quantify or measure objectively

- If MBO is to succeed, it should meet several requirements:
- objectives set at each level of the organization should be quantifiable and measurable for both the long and the short term
- the expected results must be under the employee's control
- managers and employees must establish specific times when goals are to be reviewed and evaluated
- managers and organizations must be supportive and provide necessary resources in order for employees to reach the expected outcomes

PTS: 1 DIF: Understanding
REF: 185|187
OBJ: 6

8. Discuss several options as to who should provide performance information and one strength of each option.

ANS:

- Supervisors' reviews are relatively easy to prepare and he or she should be in a good position to observe and evaluate.
- Peers are effective in predicting future management success.
- Self-reviews are used in conjunction with those from supervisors, but studies show employees who rate themselves high 360-degree appraisals support the activities of performance feedback, coaching, leadership development, succession planning, and rewards and recognition Team reviews are effective in measuring team spirit and cooperation based on TQM concepts

- Customer input, customer comments are used to measure quality of services and products.

- Subordinate reviews are done by employees on their supervisors. The subordinates are in good positions to provide feedback on their managers since they are in frequent contact with them. The reviews are valuable when used for developmental rather than evaluative purposes.

PTS: 1 DIF: Understanding REF:
175|180 OBJ: 6
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