

Chapter 8 - Performance Management

1. What is the key purpose of performance evaluations when they are used for pay-for-performance decisions?
 - a. signalling purpose
 - b. symbolic purpose
 - c. administrative purpose
 - d. developmental purpose

ANSWER: c

2. How often should performance feedback be delivered?
 - a. It should be done at least annually.
 - b. It depends on the organizational culture, industry, and supervisor's style.
 - c. It should be done at regular intervals—the more frequent the better.
 - d. It should be an ongoing, regular part of supervisor–subordinate interactions.

ANSWER: d

3. Which of the following is **NOT** a developmental purpose of performance evaluation?
 - a. meeting legal requirements
 - b. providing performance feedback
 - c. improving communication
 - d. identifying an individual's strengths and weaknesses

ANSWER: a

4. Which of the following are the two primary purposes of performance evaluations?
 - a. informative and developmental purposes
 - b. administrative and developmental purposes
 - c. administrative and informative purposes
 - d. managerial and administrative purposes

ANSWER: b

5. Why is performance evaluation important?
 - a. because it is key to the validation of selection procedures, which are the foundation of all HR practices
 - b. because all organizations need to weed out lower-performing individuals at a rate of about 10 percent of employees per annum
 - c. because employees need to know that they are being evaluated in order to perform at an appropriate level
 - d. because the success of the entire HR program depends on knowing how the performance of employees compares with the goals established for them

ANSWER: d

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6. Which of the following is a reason why performance evaluation programs fail?
- a. Managers use them for administrative purposes.
 - b. Performance standards may not be clear.
 - c. The program is usually based on a job analysis rather than a competency analysis.
 - d. There is too much employee input into the development of the evaluation program.

ANSWER: b

7. Magee was rated higher than she deserved by her supervisor; her supervisor wanted to look good in the eyes of her own superiors. Which of the following is illustrated in this example?
- a. criterion deficiency
 - b. criterion exaggeration
 - c. criterion contamination
 - d. organizational politics

ANSWER: d

8. What is the foundation for performance standards in the development of effective performance management systems?
- a. the knowledge and experience of HR managers
 - b. feedback from customers
 - c. job-related requirements derived from a job analysis
 - d. job evaluations

ANSWER: c

9. What are four basic elements that must be considered when establishing performance standards?
- a. criterion deficiency, criterion contamination, strategic relevance, and reliability
 - b. feedback, accuracy, reliability, and validity
 - c. supervisory ratings, reliability, validity, and peer evaluations
 - d. performance ratings, peer evaluations, reliability and validity

ANSWER: a

10. What does the strategic relevance of performance evaluations refer to?
- a. the extent to which individuals tend to maintain a certain level of performance over time
 - b. the extent to which standards capture the entire range of an employee's responsibilities
 - c. the extent to which standards relate to the overall objectives of the organization
 - d. the extent to which internal and external strategic factors can influence performance

ANSWER: c

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11. Suppose the performance evaluations that salespeople receive are based solely on sales revenue to the exclusion of other important factors. Which of the following would these performance evaluations suffer from?
- criteria contamination
 - lack of reliability
 - criteria deficiency
 - lack of criteria relevance

ANSWER: c

12. Jay is a polite, helpful, conscientious employee who often helps his fellow auto sales representatives make sales, and is popular with customers due to his customer service orientation. Based on his performance evaluation, which is focused on sales, Jay is being fired because he has not sold enough cars this month. What is the problem at the root of his poor performance evaluation?
- criteria contamination
 - lack of reliability
 - criteria deficiency
 - lack of relevance

ANSWER: c

13. If a performance standard is found to be stable or consistent over time, it is said to be which of the following?
- reliable
 - relevant
 - steady
 - valid

ANSWER: a

14. Farah, a waitress at OMG Restaurant, was appraised only on the quality of the food she delivered to the customers. Which type of problem does this evaluation illustrate?
- criteria deficiency
 - criteria reliability
 - reliability
 - criteria contamination

ANSWER: d

15. Suppose the performance evaluations that delivery drivers receive are partially influenced by the fact that some drivers operate in areas where there are major traffic problems while others operate in areas with few traffic problems. Which of the following would these performance evaluations suffer from?
- criteria contamination
 - lack of relevance
 - lack of reliability
 - rater bias

ANSWER: a

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16. ABC Corporation uses several raters to assess their employees' performance, after which the company does correlation analyses on the various ratings. What is ABC Corporation trying to figure out?
- the level of contamination of the ratings
 - whether the ratings are deficient
 - the rewards that will be associated with good performance
 - the reliability of the ratings

ANSWER: d

17. Which of the following processes would help to improve the consistency and reliability of employee ratings?
- job evaluations
 - external validation
 - strategic rewards
 - calibration

ANSWER: d

18. In developing a new performance evaluation system, Organization C made an evaluation plan, decided who would be doing the appraising and how it would be done, and even included evaluation training. Which one of the following is an important step that Organization C missed?
- clearly communicating in advance the company's plans for employees who do not meet standards.
 - gaining support from top management, which should occur near the beginning of the process
 - informing employees how the process would go to alleviate anxiety
 - examining the performance standards through job analysis

ANSWER: d

19. Which of the following has been shown to be true in court?
- Vague performance standards can be acceptable when clearly written.
 - Organizations should have carefully defined and measurable performance standards.
 - While performance standards should be somewhat specific, there should be room for individual interpretation.
 - Descriptions of traits such as attitude and cooperation are acceptable performance standards.

ANSWER: b

20. What is the most important thing an organization can do to ensure that a performance evaluation process achieves standards that are legally defensible if challenged in courts?
- Use calibration and train the managers on how to deliver feedback.
 - Make sure the tool is reliable.
 - Base the standards on a sound job analysis and make sure all involved know what the standards are.
 - Make sure managers are not biased in their delivery of evaluation feedback.

ANSWER: c

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21. Why are self-evaluations better for developmental versus administrative purposes?
- because the evaluations are inflated because employees tend to rate themselves highly
 - because the evaluations are accurate
 - because employees prefer using them for developmental purposes
 - because legal challenges would be difficult to successfully defend

ANSWER: a

22. Managers tend to be more open to the use of subordinate evaluations when they are used for which of the following?
- promotional purposes
 - regulatory purposes
 - administrative purposes
 - developmental purposes

ANSWER: d

23. Which of the following are peer evaluations best suited for?
- administrative purposes
 - developmental purposes
 - strategic purposes
 - budgetary purposes

ANSWER: b

24. What advantage do peer evaluations have over other types of evaluations?
- Peers may have a more intimate view of the performance of fellow employees.
 - Peers don't have to worry about meeting standards for distributions.
 - Peers know the job better than most managers do.
 - Peers do not have a conflict of interest over honestly appraising a fellow employee.

ANSWER: a

25. Tracy was evaluated by multiple raters in her last job, including her supervisor, customers, peers, and clients. What performance evaluation system was most likely used in this instance?
- whole-team evaluations
 - peer evaluations
 - 360-degree feedback
 - multiplicative feedback

ANSWER: c

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26. Which of the following is an important weakness of 360-degree feedback?
- In cases where feedback is not positive, it has been shown to increase voluntary turnover.
 - It is hard to know what to conclude if the evaluation results in conflicting opinions.
 - The quality of information is not as good as other types of evaluation systems.
 - The training can be demoralizing because it is so intense.

ANSWER: b

27. Some organizations ask managers to place a percentage of their employees in the bottom performance category on every performance evaluation exercise, which in some cases may mean they are fired. Which type of performance evaluation method does this exemplify?
- forced-distribution system
 - checklist method
 - percent method
 - forced-choice method

ANSWER: a

28. John, an average performer, was inaccurately assessed as excellent because he was compared to Alex, a very poor performer. What type of evaluation error is evident in this example?
- recency error
 - halo error
 - contrast error
 - similar-to-me error

ANSWER: c

29. Performance evaluation methods can be broadly classified in which of the following categories of approaches?
- trait, behavioural, and judgmental approaches
 - behavioural, judgmental, and results approaches
 - behavioural, judgmental, and results approaches
 - trait, behavioural, and results approaches

ANSWER: d

30. Which of the following performance evaluation methods are considered as the most subjective?
- traits methods
 - behavioural methods
 - behaviourally anchored rating methods
 - results methods

ANSWER: a

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31. Every time Sandy makes a mistake at work, her manager writes it down in detail in her employee record. Sandy thinks this is a form of harassment. More likely, what is the manager trying to do?
- collect information in order to build a BARS
 - substantiate her termination in case Sandy files a complaint
 - evaluate her performance
 - collect critical incidents

ANSWER: d

32. Which of the following methods require an appraiser to rate the degree to which the employee possesses a trait or characteristic?
- behaviourally anchored rating scale
 - graphic rating scale
 - forced-choice method
 - critical incident method

ANSWER: b

33. The primary objective for performance evaluations at ABC Corporation is to give employees developmental feedback. Which of the following evaluation methods should the HR manager use?
- trait methods
 - behavioural methods
 - results methods
 - attitudinal methods

ANSWER: b

34. Which of the following uses critical incidents as examples at different points along the scale?
- the global rating
 - the mixed-standard scale
 - dimensional rating
 - the behaviourally anchored rating scale

ANSWER: d

35. In order to keep track of employees' performance, which of the following performance evaluation methods would a supervisor use a log or diary for?
- critical incidents method
 - forced-choice method
 - essay method
 - graphic rating scale

ANSWER: a

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36. Which of the following is a major advantage of a behaviourally anchored rating scale?
- It has high acceptance rates by employees, management, and unions.
 - The rating scale can be used across many jobs.
 - It requires a great deal of employee participation, which leads to acceptance.
 - It allows the appraiser to observe rather than judge.

ANSWER: c

37. What is a key disadvantage of behaviourally anchored rating scales?
- They do not involve employee participation.
 - They have low content validity.
 - They can only be used in the public sector.
 - They require considerable time and effort to develop.

ANSWER: d

38. Max Weber works for ABC Corporation a sales agent. The company uses his actual sales numbers to rate his performance. What performance evaluation method is ABC Corporation using?
- trait method
 - behavioural method
 - outcome method
 - results method

ANSWER: d

39. Which of the following performance evaluation methods involves a mutual agreement of goals and metrics between supervisor and subordinate?
- all behavioural methods
 - productivity measures
 - forced distribution
 - management by objectives

ANSWER: d

40. The HR managers at Organization M are very keen to tie all their HR practices in with organizational strategy, and performance evaluation is no exception. They would like to make clear the link between individual performance and organizational performance. Which of the following is the best type of evaluation method for the HR managers at Organization M?
- trait-based methods
 - results-based methods
 - behaviour-based methods
 - performance-based methods

ANSWER: b

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41. Which of the following appraisal systems is based on the concept that learning helps organizations improve their internal processes and allows individuals to see how their performance ties in with the firm?
- balanced scorecard approach
 - 360-degree evaluation
 - customer-oriented approach
 - management by objectives

ANSWER: a

42. The evaluation interview should be divided into two sessions. What should those two sessions contain?
- positive comments and negative comments
 - establishing performance standards and reviewing performance
 - performance review and compensation discussion
 - performance review and employee growth plans

ANSWER: d

43. Which of the following is an essential component of an evaluation interview?
- It should take place in one session in order to give the employee a complete view of his or her performance.
 - The supervisor must discuss changes to the employee's compensation as a result of his or her performance.
 - It is a time for the supervisor to give feedback on past performance and should not be used for developmental purposes.
 - It should be held in two segments because the rater must perform the role of both evaluator and counsellor.

ANSWER: d

44. In delivering a performance evaluation interview, Manuel is attempting to convince his direct report that she needs to be more communicative with her peers about her work. The other aspects of her performance are excellent, so he is willing to provide incentives for her if she can improve in this aspect of her performance. What type of performance evaluation interview is Manuel delivering?
- tell-and-listen
 - tell-and-sell
 - tell-and-train
 - problem-solving

ANSWER: b

45. In delivering a performance evaluation interview, Jacqui is taking a listening perspective. She wants to stimulate growth and development by discussing the problems, needs, satisfactions, and dissatisfactions the employee has encountered on the job. What type of performance evaluation interview is Jacqui delivering?
- tell-and-listen
 - tell-and-sell
 - tell-and-train
 - problem-solving

ANSWER: d

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46. Of the following interview methods, which is the most proactive on the part of the interviewer?
- tell-and-listen
 - tell-and-sell
 - problem solving
 - essay

ANSWER: c

47. Which of the following is the most accurate description of the possible facets of an evaluation interview?
- It should minimize criticism, change the person not the behaviour, and encourage feedback.
 - It should change the person not the behaviour, minimize criticism, express appreciation, and invite participation.
 - It should ask for a self-assessment, invite participation, express appreciation, and minimize criticism.
 - It should ask for a self-assessment, change the person not the behaviour, and encourage feedback.

ANSWER: c

48. Which of the following is a major issue surrounding “stretch goals”?
- They demoralize the employee.
 - They increase voluntary turnover.
 - They could be considered unethical for several reasons.
 - They cause disruptive behaviours to the point that they are more costly to the organization than they are financially advantageous.

ANSWER: c

49. Which of the following is an accurate listing of the factors that affect performance?
- motivation, organizational culture, and leadership factors
 - motivation, environment, and ability factors
 - organizational culture, motivation, and ability factors
 - ability, job design, and motivation factors

ANSWER: b

50. Which of the following is **NOT** an ability factor that may be a source of ineffective performance?
- interpersonal skill
 - career ambition
 - technical skill
 - physical limitation

ANSWER: b

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51. Which of the following is **NOT** an environmental factor that may be a source of ineffective performance?
- a. rules and policies
 - b. economic conditions
 - c. boredom and lack of ability
 - d. laws and regulations

ANSWER: c

52. Managers often first assume poor performance of subordinates is due to which of the following?
- a. lack of ability
 - b. pay dissatisfaction
 - c. poor motivation
 - d. poor work-life balance

ANSWER: a

Scenario 8.1

Med Supplies Ltd. is a manufacturer and distributor of over-the-counter medical devices such as blood pressure monitors. Med Supplies relies heavily on its sales team to push these products to pharmacies and medical clinics across Canada. Sales reps are paid a yearly bonus based on the team's performance, coupled with annual performance evaluations done by managers. Over the last three years, they have been paid bonuses based on the previous year's performance if it is similar in dollar figure despite losing shelf space in stores or declining individual performances. The managers claim that they do not have the time to do the evaluations, but their superiors think these evaluations are key and need to be the link between employees' goals and the organization's objectives.

53. Refer to Scenario 8.1. The VP Sales suggests the use of peer evaluations to ensure that each member of the team pulls his or her weight. Which of the following is **NOT** a reason why peer evaluations are not frequently used?
- a. Those receiving low ratings might retaliate against their peers.
 - b. Peer ratings are simply a popularity contest.
 - c. Managers want to give up control over the evaluation process.
 - d. Peers rely on stereotypes in ratings.

ANSWER: c

54. Refer to Scenario 8.1. Med Supplies should consider using team evaluations to evaluate the team as a whole. Which of the following is true about team evaluations?
- a. They can help break down barriers and encourage joint effort.
 - b. They make it easier to separate individual contributions.
 - c. They readily identify leadership and interpersonal skills.
 - d. They provide 360-degree feedback.

ANSWER: a

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Scenario 8.2

Jane is manager to 10 direct reports. She is currently concerned that she is perceived as a softy and so she has decided not to give out very many high ratings on this year's performance evaluation exercise. However, she doesn't want anyone to be fired either, so she has also decided not to give out any very low ratings.

55. Refer to Scenario 8.2. Which of the following will Jane's ratings suffer from?

- a. similar-to-self bias
- b. leniency error
- c. forced distribution
- d. central tendency error

ANSWER: d

56. Refer to Scenario 8.2. How can Jane correct for this error?

- a. by rating the reports highly if they displayed characteristics similar to her own
- b. by rating everyone leniently
- c. by collecting critical incidents
- d. by rating everyone highly

ANSWER: c

Scenario 8.3

Canadian Fasteners Inc. has recently implemented a human resource (HR) system that assists with the recruitment and selection process, as well as administering a pension and benefits program. Included with these programs are training and development programs as well as yearly performance evaluations for both managers and agents who are jointly responsible for bringing in new accounts and maintaining existing ones. While these performance evaluations are done each year, managers and agents do not receive feedback unless they are unhappy with their salary increases or bonuses. However, HR is now pushing the need for ongoing feedback as it is a key component of its compensation process.

57. Refer to Scenario 8.3. Canadian Fasteners wants to embark on feedback sessions. Which of the following is **NOT** one of the key points to address?

- a. direct the feedback toward behaviour the employee can control
- b. give specific examples of desirable and undesirable behaviours
- c. provide timely feedback
- d. focus feedback on the person, not behaviour

ANSWER: d

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58. Refer to Scenario 8.3. According to research, which of the following is most accurate about providing feedback?
- Employees who receive no feedback from their supervisors exhibit the least amount of engagement.
 - Feedback is least useful when it is immediate.
 - You should only provide positive feedback to employees.
 - Feedback should not be specific to a particular situation.

ANSWER: a

59. Refer to Scenario 8.3. If Canadian Fasteners were to provide ongoing performance feedback to its employees, this would be a key step in which of the following?
- strategic and managerial process
 - performance management process
 - compensation rating process
 - promotion process

ANSWER: b

60. Feedback is most useful when it is immediate and general in nature.
- True
 - False

ANSWER: False

61. Depending on the industry, managers should provide performance feedback on an annual basis.
- True
 - False

ANSWER: False

62. In general, performance evaluation can be classified as either administrative or developmental.
- True
 - False

ANSWER: True

63. Developmental purposes for performance evaluation include validating selection criteria and meeting legal requirements.
- True
 - False

ANSWER: False

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64. Administrative purposes for performance evaluations include documenting personnel decisions and identifying individual training needs.

- a. True
- b. False

ANSWER: False

65. Most performance evaluations focus on long-term improvement, rather than short-term achievements.

- a. True
- b. False

ANSWER: False

66. A performance evaluation program can be used for many purposes, including salary recommendations and the retention and termination of employees.

- a. True
- b. False

ANSWER: True

67. If an evaluation program is used to provide a written evaluation for salary action and at the same time used as a means of motivating employees to improve upon their performance, the administrative and developmental purposes may be in conflict.

- a. True
- b. False

ANSWER: True

68. Developmental approaches to performance evaluation recognize that a manager's purpose is to improve job behaviours, not just evaluate past performance.

- a. True
- b. False

ANSWER: True

69. Organizational politics can introduce bias into even the most fairly administered performance evaluations.

- a. True
- b. False

ANSWER: True

70. Ideally, performance evaluations should be linked to the strategic objectives of the organization.

- a. True
- b. False

ANSWER: True

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71. Criterion deficiency occurs when performance standards focus on a single criterion to the exclusion of other important but less quantifiable performance dimensions.

- a. True
- b. False

ANSWER: True

72. Criterion contamination occurs when correlations between two raters of an employee are inconsistent.

- a. True
- b. False

ANSWER: False

73. Criterion contamination occurs when factors outside an employee's control influence his or her performance.

- a. True
- b. False

ANSWER: True

74. Reliability refers to measures that are consistent across raters and over time.

- a. True
- b. False

ANSWER: True

75. In order to increase employee motivation levels, written performance standards should be objective but not defined in quantifiable and measurable terms.

- a. True
- b. False

ANSWER: False

76. Ineffective handling of performance evaluations may result in court cases or other legal action.

- a. True
- b. False

ANSWER: True

77. In most instances, one person can easily observe and evaluate an employee's performance.

- a. True
- b. False

ANSWER: False

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78. Surprisingly, self-evaluations are typically equal to or lower than the traditional approach to evaluations where a manager fills them out.

- a. True
- b. False

ANSWER: False

79. Self-evaluations should be used primarily for developmental purposes.

- a. True
- b. False

ANSWER: True

80. Peer evaluations should be used primarily for developmental purposes.

- a. True
- b. False

ANSWER: True

81. Peer evaluations are useful for ratings on dimensions such as leadership and interpersonal skills.

- a. True
- b. False

ANSWER: True

82. One disadvantage of peer evaluations is that they furnish less valid information than evaluations by superiors.

- a. True
- b. False

ANSWER: False

83. A team evaluation approach is well suited for a company advocating a total-quality management philosophy.

- a. True
- b. False

ANSWER: True

84. Team evaluations are a collection of the individual evaluations of a work unit.

- a. True
- b. False

ANSWER: False

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85. Internal customers are the most important source of valuable performance information for both developmental and administrative purposes.

- a. True
- b. False

ANSWER: True

86. Most organizations that implement 360-degree evaluation start with an exclusive focus on development.

- a. True
- b. False

ANSWER: True

87. A significant weakness of 360-degree evaluation is the complexity associated with combining all the responses.

- a. True
- b. False

ANSWER: True

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

- a. True
- b. False

ANSWER: True

89. Using the evaluation system for compensation decisions rather than developmental purposes may affect how the rater evaluates the employee.

- a. True
- b. False

ANSWER: True

90. An error of central tendency is a performance-rating error in which all employees are more or less rated as average.

- a. True
- b. False

ANSWER: True

91. Requiring raters to use a forced distribution reduces the chance of leniency or strictness errors.

- a. True
- b. False

ANSWER: True

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92. Contrast errors are most likely when raters are required to rank employees in order from the best to the poorest.
- a. True
 - b. False

ANSWER: True

93. The similar-to-me error occurs when appraisers inflate the evaluations of people with whom they have something in common.
- a. True
 - b. False

ANSWER: True

94. The similar-to-me error, like contrast, results in less-than-accurate performance ratings, but would not be considered discriminatory.
- a. True
 - b. False

ANSWER: False

95. Feedback training for raters should include communicating effectively, diagnosing causes of performance problems, and setting goals.
- a. True
 - b. False

ANSWER: True

96. Results-oriented approaches are the most widely used, despite their subjectivity.
- a. True
 - b. False

ANSWER: False

97. Trait evaluation approaches continue to be the most popular systems despite their inherent subjectivity.
- a. True
 - b. False

ANSWER: True

98. Graphic rating scales include sets of statements between which the rater must choose, such as “works hard” vs. “works quickly.”
- a. True
 - b. False

ANSWER: False

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99. A potential drawback of a trait-oriented performance evaluation is that it may be biased and subjective.

- a. True
- b. False

ANSWER: True

100. One of the benefits of the forced-choice method is the relatively small cost of establishing and maintaining its validity.

- a. True
- b. False

ANSWER: False

101. A major drawback of the essay method is that composing an essay that attempts to cover all of an employee's essential characteristics is very time-consuming.

- a. True
- b. False

ANSWER: True

102. Behavioural methods are often useful for providing employees with developmental feedback.

- a. True
- b. False

ANSWER: True

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

- a. True
- b. False

ANSWER: False

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

- a. True
- b. False

ANSWER: True

105. The main advantage of a BARS is that it requires minimal time and effort to develop.

- a. True
- b. False

ANSWER: False

106. Results evaluations give employees more responsibility for outcomes and discretion over how to accomplish them.

- a. True
- b. False

ANSWER: True

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107. One of the primary strengths of results evaluations is that they are not likely to suffer from contamination by external factors that employees cannot influence.

- a. True
- b. False

ANSWER: False

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

- a. True
- b. False

ANSWER: True

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

- a. True
- b. False

ANSWER: False

110. "Management-by-objectives" is one of the best performance evaluation approaches to use if a company's production system is surrounded by uncertainty and variability.

- a. True
- b. False

ANSWER: False

111. The balanced scorecard approach integrates four categories: financial, customer, processes, and outcomes.

- a. True
- b. False

ANSWER: False

112. The balanced scorecard approach translates broad goals into increasingly specific goals, so that individuals can see how their performance relates to the overall performance of the firm.

- a. True
- b. False

ANSWER: True

113. The best evaluation method to use depends upon the purpose of the evaluation.

- a. True
- b. False

ANSWER: True

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114. Dividing the evaluation interview into two sessions, one for the performance review and the other for the employee's growth plans, is a good strategy to improve communication between the parties.

- a. True
- b. False

ANSWER: True

115. Three types of evaluation interviews are tell-and-sell, tell-and-listen, and problem-solving.

- a. True
- b. False

ANSWER: True

116. Because the evaluation interview is for developmental purposes, the interviewer rather than the employee should spend the majority of the time sharing information.

- a. True
- b. False

ANSWER: False

117. Self-assessment is useful to ensure the employee knows against what criteria he or she is evaluated, thus eliminating surprises.

- a. True
- b. False

ANSWER: True

118. Performance is a function of ability, motivation, and environment.

- a. True
- b. False

ANSWER: True

119. Identify and discuss the two general purposes of performance evaluation.

ANSWER: Performance evaluation programs serve many purposes, which in general terms fall into two categories: administrative and developmental. Administrative purposes relate to who will be promoted, transferred, or laid off, and compensation decisions. Developmental purposes relate to improving and enhancing an individual's capabilities (e.g., identifying a person's strengths and weaknesses, eliminating external performance obstacles, and establishing training needs). These two purposes of performance evaluation reflect HRM's larger role, which is to integrate the individual with the organization.

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120. Why do employee evaluation programs sometimes fail?

ANSWER: In many organizations, performance evaluations are seen as a necessary evil. Managers frequently avoid conducting evaluations because they dislike playing the role of judge. Further, if managers are not adequately trained, subjectivity and politics can distort the reviews. This situation tends to be self-defeating in that such managers frequently do not develop good feedback skills and are often not prepared to conduct an evaluation. As a consequence, the evaluation is done once a year and then forgotten about.

121. What are the four basic considerations for establishing performance standards?

ANSWER: Before any evaluation is conducted, the standards by which performance is to be evaluated should be clearly defined and communicated to the employee. These standards should be based on job-related requirements derived from job analysis and reflected in the job descriptions and job specifications. In establishing performance standards, there are four basic considerations.

First, performance standards should have strategic relevance. Strategic relevance refers to the extent to which performance standards relate to the strategic objectives of the organization. A second consideration in establishing performance standards is the extent to which the standards capture the entire range of an employee's responsibilities. When performance standards focus on a single criterion to the exclusion of other important performance dimensions, then the evaluation system is said to suffer from criterion deficiency. Third, performance standards can also be contaminated. When performance standards include factors outside an employee's control that can influence his or her performance, then the evaluation system is said to suffer from criterion contamination. Fourth, performance standards should be reliable. Reliability refers to the stability or consistency of a performance standard, or the extent to which individuals tend to maintain a certain level of performance over time.

122. Why are evaluation interviews important? What are some guidelines for effectiveness?

ANSWER: The degree to which the performance evaluation program benefits the organization and its members is directly related to the quality of the evaluation interviews that are conducted. Interviewing skills are best developed through instruction and supervised practice. Although there are various approaches to the interview, research suggests that employee participation and goal setting lead to higher satisfaction and improved performance. Discussing problems, showing support, minimizing criticism, and rewarding effective performance are also beneficial practices. In the interview, deficiencies in employee performance can be discussed and plans for improvement can be made.