1) Which of the following terms refers to the process of evaluating an employee’s current and/or past performance relative to his or her performance standards?
A) employee selection
B) performance appraisal
C) employee orientation
D) organizational development
Answer: B
Explanation: B) Performance appraisal means evaluating an employee's current and/or past performance relative to his or her performance standards. Performance appraisal always involves setting work standards, assessing the employee's actual performance relative to those standards, and providing feedback to the employee.
Difficulty: Easy
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.

2) The primary purpose of providing employees with feedback during a performance appraisal is to motivate employees to ________.
A) apply for managerial positions
B) remove any performance deficiencies
C) revise their performance standards
D) enroll in work-related training programs
Answer: B
Explanation: B) The purpose of providing feedback to the employee is to motivate him or her to eliminate performance deficiencies or to continue to perform above par.
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.
3) Which of the following is NOT one of the recommended guidelines for setting effective employee goals?
A) creating specific goals
B) assigning measurable goals
C) administering consequences for failure to meet goals
D) encouraging employees to participate in setting goals
Answer: C
Explanation: C) Effective goals should be specific, measurable, attainable, relevant, and timely. Goals should be challenging but doable, and employee participation should be encouraged. Giving consequences for failing to meet goals is not recommended and unlikely to motivate employees.
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.

4) SMART goals are best described as ________.
A) specific, measurable, attainable, relevant, and timely
B) straightforward, meaningful, accessible, real, and tested
C) strategic, moderate, achievable, relevant, and timely
D) supportive, meaningful, attainable, real, and timely
Answer: A
Explanation: A) The acronym SMART stands for specific, measurable, attainable, relevant, and timely.
Difficulty: Easy
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.

5) All of the following are reasons for appraising an employee's performance EXCEPT ________.
A) correcting any work-related deficiencies
B) creating an organizational strategy map
C) determining appropriate salary and bonuses
D) making decisions about promotions
Answer: B
Explanation: B) Most employers still base pay and promotional decisions on the employee's appraisal. Appraisals also let the boss and subordinate develop a plan for correcting any deficiencies, and serve a useful career planning purpose. Creating a strategy map is not a likely purpose for conducting a performance appraisal.
Difficulty: Hard
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.
6) In most organizations, who is primarily responsible for appraising an employee's performance?
A) employee's direct supervisor
B) company appraiser
C) human resources manager
D) employee's subordinates
Answer: A
Explanation: A) The supervisor—not HR—usually does the actual appraising, and a supervisor who rates his or her employees too high or too low (or all average) is doing a disservice to them and to the company. Subordinates rate supervisors in some organizations, but the upward feedback is not the primary appraisal of the supervisor.
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.

7) Which of the following is most likely NOT a role played by the HR department in the performance appraisal process?
A) conducting appraisals of employees
B) monitoring the appraisal system's effectiveness
C) providing performance appraisal training to supervisors
D) ensuring the appraisal system's compliance with EEO laws
Answer: A
Explanation: A) Supervisors, rather than HR managers, conduct the actual appraisals. However, the HR department monitors the system's effectiveness and compliance with EEO laws. HR managers also provide supervisors with tools, advice, and training in regards to performance appraisals.
Difficulty: Hard
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.
8) What is the first step of any performance appraisal?
A) giving feedback
B) setting work standards
C) making plans to provide training
D) assessing the employee's performance
Answer: B
Explanation: B) Performance appraisal always involves the three-step performance appraisal process: (1) setting work standards, (2) assessing the employee's actual performance relative to those standards, and (3) providing feedback to the employee with the aim of helping him or her to eliminate performance deficiencies or to continue to perform above par.
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.

9) ______ means making sure that the manager and the subordinate agree on the subordinate's job standards and the appraisal method to be used.
A) SMART goals
B) Organizational development
C) Defining the job
D) Forced distribution
Answer: C
Explanation: C) Defining the job means making sure that you and your subordinate agree on his or her duties and job standards and on the appraisal method you will use.
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.

10) Who is in the best position to observe and evaluate an employee's performance for the purposes of a performance appraisal?
A) customers
B) rating committees
C) top management
D) immediate supervisor
Answer: D
Explanation: D) Supervisors' ratings are the heart of most appraisals. The supervisor usually is in the best position to evaluate the subordinate's performance and is responsible for that person's performance.
Difficulty: Easy
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.
11) Employee performance appraisals are conducted by all of the following EXCEPT ________.
A) peers  
B) competitors  
C) subordinates  
D) rating committees  
Answer: B  
Explanation: B) Performance appraisals are primarily performed by supervisors. However, firms are increasingly using peers, rating committees, and subordinates to conduct appraisals. Competitors are not used for performance appraisals.  
Difficulty: Easy  
Chapter: 9  
Objective: 1  
AACSB: Analytical Thinking  
Learning Outcome: 9.1 Describe the performance appraisal process.  

12) Peer appraisals have been shown to result in a ________.
A) reduction of social loafing  
B) reduction of group cohesion  
C) decrease in task motivation  
D) decrease in group satisfaction  
Answer: A  
Explanation: A) Peer appraisals have been shown to improve social loafing, group viability, cohesion, task motivation, and satisfaction. Employees are often motivated to meet the expectations of their colleagues.  
Difficulty: Moderate  
Chapter: 9  
Objective: 1  
AACSB: Analytical Thinking  
Learning Outcome: 9.1 Describe the performance appraisal process.  

13) In most firms, a rating committee used for performance appraisals consists of ________ members.
A) 2-3  
B) 4-5  
C) 6-8  
D) 9-10  
Answer: B  
Explanation: B) A rating committee usually consists of the employee's immediate supervisor and three or four other supervisors.  
Difficulty: Easy  
Chapter: 9  
Objective: 1  
AACSB: Analytical Thinking  
Learning Outcome: 9.1 Describe the performance appraisal process.
14) What usually occurs when employees rate themselves for performance appraisals?
A) Ratings are reliable but invalid.
B) Ratings are subject to halo effects.
C) Ratings are higher than when provided by supervisors.
D) Ratings are about the same as when determined by peers.
Answer: C
Explanation: C) Employees usually rate themselves higher than they are rated by supervisors or peers. Self-ratings are neither reliable nor valid in most cases.
Difficulty: Hard
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.

15) Which of the following terms refers to the process of allowing subordinates to rate their supervisor's performance anonymously?
A) supplemental evaluation
B) upward feedback
C) paired evaluation
D) peer evaluation
Answer: B
Explanation: B) Many employers let subordinates anonymously rate their supervisor's performance, a process some call upward feedback. The process helps top managers diagnose management styles, identify potential "people" problems, and take corrective action with individual managers as required.
Difficulty: Easy
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.

16) According to research, what is the typical result of upward feedback?
A) Firms are protected against biased appraisals.
B) Managers get defensive.
C) Managers improve their performance.
D) Managers seek to find out who gave them bad ratings.
Answer: C
Explanation: C) The evidence suggests that upward feedback improves managers' performance. One study focused on 252 managers during five annual administrations of an upward feedback program. Managers who were initially rated poor or moderate "showed significant improvements in [their] upward feedback ratings over the five-year period."
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.
17) Which of the following terms refers to a performance appraisal based on surveys from peers, supervisors, subordinates, and customers?
A) 360-degree feedback
B) team appraisals
C) upward feedback
D) rating committee
Answer: A
Explanation: A) Many firms expand the idea of upward and peer feedback into "360-degree feedback." Here ratings are collected "all around" an employee, from supervisors, subordinates, peers, and internal or external customers.
Difficulty: Easy
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.

18) Oshman manufactures small kitchen appliances, such as blenders, toasters, and mixers. The firm has nearly 80,000 employees in 22 countries. Employees receive annual performance appraisals from their supervisors that combine critical incidents with a graphic rating scale. However, the firm's CEO advocates shifting from performance appraisals to performance management in an attempt to make Oshman more competitive and performance driven.

Which of the following, if true, best supports the argument to replace Oshman's traditional appraisal methods with the performance management approach?
A) Oshman's competitors in the small appliance industry monitor the performance of their employees through electronic performance monitoring systems.
B) Oshman executives want to align the firm's strategic plan with individual employee goals and development needs.
C) Oshman has experienced problems associated with central tendency and bias, and the firm wants to ensure that appraisals are legally sound.
D) Oshman uses management by objectives as a primary appraisal method and requires supervisors to develop SMART goals.
Answer: B
Explanation: B) Performance management refers to the continuous process of aligning the performance of individuals and teams with an organization's goals. Performance management does not necessarily eliminate problems like central tendency and bias. Instead, the approach focuses on monitoring an employee's performance and making sure it matches the needs of the firm.
Difficulty: Hard
Chapter: 9
Objective: 2
AACSB: Application of Knowledge
Learning Outcome: 9.1 Describe the performance appraisal process.
19) A performance appraisal is based on the assumption that an employee understood what his or her performance standards were prior to the appraisal.
Answer: TRUE
Explanation: The term "appraisal" assumes that the employees knew what their performance standards were and that they received feedback required to remove performance deficiencies.
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.

20) Supervisors should provide employees with feedback, development, and incentives necessary to help employees eliminate performance deficiencies or to continue to perform well.
Answer: TRUE
Explanation: Performance appraisal always involves setting work standards, assessing the employee's actual performance relative to those standards, and providing feedback to the employee with the aim of motivating him or her to eliminate performance deficiencies or to continue to perform above par.
Difficulty: Easy
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.

21) The third step of the performance appraisal process is to assess the employee's actual performance relative to work standards.
Answer: FALSE
Explanation: The third step of the performance appraisal process is providing feedback to the employee with the aim of helping him or her to eliminate performance deficiencies or to continue to perform above par.
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.
22) In order to ensure that performance goals are challenging and relevant, Matthew, a marketing manager, should independently set goals for his subordinates because participatively set goals usually produce lower job performance.
Answer: FALSE
Explanation: Goals should be challenging but doable, and it is more effective for supervisors and employees to work together at setting goals. Participatively set goals usually produce higher performance.
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Application of Knowledge
Learning Outcome: 9.1 Describe the performance appraisal process.

23) Formal performance appraisals have been eliminated by almost all major firms and replaced by daily assessments by peers in addition to extensive training opportunities.
Answer: FALSE
Explanation: Conventional appraisals are still the norm, although many progressive employers, such as Toyota, have essentially eliminated formal appraisals. Appraisals at such firms mainly involve having teammates continuously assessing each other, day-to-day. However, not all employers can or necessarily would benefit from such systems, so formal appraisals remain the most common.
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.

24) The HR department monitors the performance appraisal system, but it is typically not involved in rating employees.
Answer: TRUE
Explanation: The human resources department serves a policy-making and advisory role but does not usually rate the performance of employees. It is the role of the supervisor to conduct a performance appraisal. The human resource team should also be responsible for training supervisors to improve their appraisal skills, for monitoring the appraisal system's effectiveness, and for ensuring that it complies with EEO laws.
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.
25) In order to ensure that performance appraisals are effective, Felicia, a line supervisor, should make sure to schedule a feedback session to address each subordinate's performance, progress, and future development plans.
Answer: TRUE
Explanation: An effective appraisal requires a feedback session. Here, you and the subordinate discuss his or her performance and progress, and make plans for any development required.
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Application of Knowledge
Learning Outcome: 9.1 Describe the performance appraisal process.

26) Peer appraisals have been shown to have a negative effect on task motivation, cohesion, and job satisfaction, so most organizations no longer use them.
Answer: FALSE
Explanation: Peer appraisals have been shown to have an immediate positive impact on improving the perception of open communication, task motivation, social loafing, group viability, cohesion, and satisfaction.
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.

27) Studies suggest that managers who receive upward feedback from identified subordinates view the upward appraisal process more negatively than do managers who receive anonymous upward feedback.
Answer: FALSE
Explanation: Managers who receive feedback from subordinates who identify themselves view the upward appraisal process more positively than do managers who receive anonymous feedback. However, subordinates (not surprisingly) are more comfortable giving anonymous responses; those who have to identify themselves tend to provide inflated ratings.
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.
28) Three hundred and sixty-degree feedback is generally used for development purposes rather than for pay increases.
Answer: TRUE
Explanation: With 360-degree feedback, ratings are collected "all around" an employee, from supervisors, subordinates, peers, and internal or external customers. Employers generally use the feedback for development rather than for pay increases.
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.

29) As a manager, how can you set effective performance appraisal standards for your employees? Explain your answer in a brief essay.
Answer: Managers can set effective goals by following certain guidelines.
• Set SMART goals. These are specific, measurable, attainable, relevant, and timely.
• Assign specific goals. Employees who have specific goals usually perform better than those who do not.
• Assign measurable goals. Always try to express the goal in terms of numbers, and include target dates or deadlines.
• Assign challenging but doable goals. Make them challenging, but not so difficult that they appear impossible or unrealistic.
• Encourage participation. Participatively set goals usually produce higher performance.
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Application of Knowledge
Learning Outcome: 9.1 Describe the performance appraisal process.

30) What are the essential steps of the performance appraisal process?
Answer: The performance appraisal process itself contains three steps: 1) setting work standards, 2) assessing the employee's actual performance relative to those standards, and 3) providing feedback.
Difficulty: Moderate
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.1 Describe the performance appraisal process.
31) Which of the following is the easiest and most popular technique for appraising employee performance?
A) alternation ranking
B) graphic rating scale
C) forced distribution
D) constant sum rating scale
Answer: B
Explanation: B) The graphic rating scale is the simplest and most popular method for appraising performance. A graphic rating scale lists traits and a range of performance values for each trait. The supervisor rates each subordinate by circling or checking the score that best describes the subordinate's performance for each trait.
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

32) Which performance appraisal technique lists traits and a range of performance values for each trait?
A) behaviorally anchored rating scale
B) graphic rating scale
C) forced distribution
D) critical incident
Answer: B
Explanation: B) A graphic rating scale lists traits (such as "quality and reliability" or "teamwork") and a range of performance values (from "unsatisfactory" to "outstanding," or "below expectations" to "role model") for each trait. The supervisor rates each subordinate by circling or checking the score that best describes the subordinate's performance for each trait. The assigned values for the traits are then totaled.
Difficulty: Easy
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
Wilson Consulting is a management consulting firm with seventy employees. As associate vice president of marketing, Suzanne Boyle is responsible for conducting performance appraisals of the twelve employees under her direct supervision. Suzanne plans to use a graphic rating scale to evaluate the performance of her subordinates.

Which of the following, if true, best supports the argument that a graphic rating scale is the most appropriate performance appraisal tool for Suzanne to use?

A) The firm wants Suzanne to evaluate her subordinates on an ongoing basis and to keep a log of critical incidents.
B) Suzanne wants to ensure that the firm is protected from employee discrimination lawsuits, so she has conducted a job analysis of each position.
C) Suzanne wants a quantitative rating of each employee based on competencies important to the firm, such as problem-solving skills.
D) Employees in Suzanne's department participated in developing their own performance standards when they were first hired by the firm.

Answer: C
Explanation: C) Graphic rating scales with competency-based appraisal forms enable an employer to focus on the extent to which an employee exhibits the competencies essential for the job. Graphic rating scales do not track critical incidents, and they are not the best tool for protecting a firm from legal charges because of problems with bias, central tendency, and halo effect.

Difficulty: Hard
Chapter: 9
Objective: 2
AACSB: Application of Knowledge
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

34) All of the following are usually measured by a graphic rating scale EXCEPT ________.
A) generic dimensions of performance
B) performance of co-workers
C) achievement of objectives
D) job-related competencies

Answer: B
Explanation: B) A paired comparison method involves making comparisons of employees with their co-workers. The graphic rating scale measures four job-relevant job dimensions including generic job dimensions, a job's actual duties, competencies, and objectives.

Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
35) Which performance appraisal tool requires supervisors to categorize employees from best to worst on various traits?
A) graphic rating scale
B) critical incident method
C) alternation ranking method
D) electronic performance monitoring
Answer: C
Explanation: C) The alternation ranking method involves ranking employees from best to worst on a particular trait, choosing highest, then lowest, until all are ranked.
Difficulty: Easy
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

36) The most popular method for ranking employees is the ________ method.
A) graphic ranking scale
B) alternation ranking
C) paired comparison
D) forced distribution
Answer: B
Explanation: B) It is usually easier to distinguish between the worst and best employees, and the alternation ranking method is the most popular choice for supervisors. Paired comparison and forced distribution are less popular methods for ranking employees from best to worst on a trait or traits. A graphic rating, not ranking, scale is a popular appraisal tool.
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
37) Kendra needs to rate five of her subordinates. She makes a chart of all possible pairs of employees for each trait being evaluated. Then, she indicates the better employee of each pair with a positive symbol on the chart. Finally, she totals the number of positive symbols for each employee. Which method of performance appraisal has Kendra most likely used?
A) graphic ranking scale
B) alternation ranking
C) paired comparison
D) forced distribution
Answer: C
Explanation: C) The paired comparison method helps make the ranking method more precise. For every trait (quantity of work, quality of work, and so on), you pair and compare every subordinate with every other subordinate.
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Application of Knowledge
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

38) Which performance appraisal tool is being used when a supervisor places predetermined percentages of appraisees into various performance categories?
A) behaviorally anchored rating scale
B) graphic ranking scale
C) alternation ranking
D) forced distribution
Answer: D
Explanation: D) The forced distribution method is similar to grading on a curve. With this method, you place predetermined percentages of appraisees into various performance categories.
Difficulty: Easy
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
39) John, the supervisor of the manufacturing department at a computer firm, is in the process of evaluating his staff's performance. He has determined that 15% of the group will be identified as high performers, 20% as above average performers, 30% as average performers, 20% as below average performers, and 15% as poor performers. Which performance appraisal tool has John chosen to use?
A) behaviorally anchored rating scale
B) forced distribution
C) alternation ranking
D) paired comparison
Answer: B
Explanation: B) The forced distribution method is similar to grading on a curve. With this method, you place predetermined percentages of appraisees into various performance categories.
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Application of Knowledge
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

40) Which of the following measurement methods is similar to grading on a curve?
A) forced distribution
B) graphic rating scale
C) constant sums rating
D) behaviorally anchored rating scale
Answer: A
Explanation: A) The forced distribution method is similar to grading on a curve. With this method, you place predetermined percentages of appraisees into various performance categories.
Difficulty: Easy
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
41) Which of the following is one of the primary complaints regarding the use of the forced distribution method for performance appraisals?
A) difficult to implement
B) harm to employee morale
C) high costs of administration
D) time consuming to administer
Answer: B
Explanation: B) The biggest complaints regarding the forced distribution method are that it damages morale. The tool is not difficult to implement, time consuming, or costly.
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

42) Which performance appraisal tools require a supervisor to maintain a log of positive and negative examples of a subordinate's work-related behavior?
A) alternation ranking
B) paired comparison
C) critical incident
D) graphic rating
Answer: C
Explanation: C) With the critical incident method, the supervisor keeps a log of positive and negative examples (critical incidents) of a subordinate's work-related behavior. Every six months or so, supervisor and subordinate meet to discuss the latter's performance, using the incidents as examples.
Difficulty: Easy
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
43) Which of the following is a downside of the critical incident method of compiling incidents?
A) doesn't provide examples of excellent work performance
B) doesn't produce relative ratings for pay raise purposes
C) doesn't make the supervisor think about the subordinate's appraisal all year
D) doesn't compile examples of ineffective work performance
Answer: B
Explanation: B) Compiling incidents provides a number of useful examples but doesn't produce relative ratings for pay raise purposes.
Difficulty: Hard
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

44) Wilson Consulting is a management consulting firm with 70 employees. As associate vice president of marketing, Suzanne Boyle is responsible for conducting performance appraisals of the 12 employees under her direct supervision. Suzanne plans to use the critical incident method to evaluate the performance of her subordinates.

Which of the following, if true, most likely undermines the argument that the critical incident method is the most appropriate performance appraisal tool for Suzanne to use?
A) Employee performance standards are closely aligned with Wilson Consulting's long-term strategic plans.
B) Suzanne will be conducting performance appraisals in conjunction with the HR manager to ensure EEO compliance.
C) Wilson Consulting will be allowing employees to rate themselves as part of its organizational development strategy.
D) Due to economic difficulties, the firm will be laying off the two lowest performing employees in Suzanne's department.
Answer: D
Explanation: D) A firm that will be laying off the two lowest performing employees needs employees to be ranked from best to worst, and the critical incident method makes ranking difficult.
Difficulty: Hard
Chapter: 9
Objective: 2
AACSB: Application of Knowledge
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
45) Which appraisal method combines the benefits of narrative critical incidents and quantified scales by assigning scale points with specific examples of good or poor performance?
A) behaviorally anchored rating scale  
B) constant sums rating scale  
C) alternation ranking  
D) forced distribution  
Answer: A  
Explanation: A) Behaviorally anchored rating scale (BARS) is an appraisal method that aims at combining the benefits of narrative critical incidents and quantified ratings by anchoring a quantified scale with specific narrative examples of good and poor performance.  
Difficulty: Easy  
Chapter: 9  
Objective: 2  
AACSB: Analytical Thinking  
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

46) Which of the following best describes a behaviorally anchored rating scale?
A) chart of paired subordinates ranked in order of performance  
B) combination of narrative critical incidents and quantified performance scales  
C) diary of positive and negative examples of a subordinate's work performance  
D) list of subordinates from highest to lowest based on specific performance traits  
Answer: B  
Explanation: B) Behaviorally anchored rating scale (BARS) is an appraisal method that aims at combining the benefits of narrative critical incidents and quantified ratings by anchoring a quantified scale with specific narrative examples of good and poor performance.  
Difficulty: Moderate  
Chapter: 9  
Objective: 2  
AACSB: Analytical Thinking  
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
47) The first step in developing a behaviorally anchored rating scale is to ________.
A) develop performance dimensions
B) write critical incidents
C) reallocate incidents
D) scale incidents
Answer: B
Explanation: B) Writing about critical incidents is the first step in BARS. A supervisor will ask persons who know the job (jobholders and/or supervisors) to describe specific illustrations (critical incidents) of effective and ineffective job performance.
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

48) Stacey is using a behaviorally anchored rating scale as a performance appraisal tool. She has already asked employees and supervisors to describe critical incidents of effective and ineffective job performance. What should Stacey most likely do next?
A) create a final appraisal instrument
B) develop performance dimensions
C) reallocate the incidents
D) rate the incidents
Answer: B
Explanation: B) Developing performance dimensions is the second step of the BARS process. Stacey should have these people group the incidents into 5 or 10 dimensions and then define each dimension, such as "salesmanship skills."
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Application of Knowledge
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
49) Wilson Consulting is a management consulting firm with 70 employees. As associate vice president of marketing, Suzanne Boyle is responsible for conducting performance appraisals of the 12 employees under her direct supervision. Suzanne plans to use the behaviorally anchored rating scale (BARS) to evaluate the performance of her subordinates.

Which of the following, if true, supports the argument that BARS is the most appropriate performance appraisal tool for Suzanne to use?
A) Suzanne wants to provide her subordinates with specific examples of their good and poor job performance during the appraisal interview.
B) Suzanne encourages her subordinates to review and make comments about their appraisal during a formal appeals process.
C) Wilson Consulting recently installed an electronic performance monitoring system to help supervisors conduct appraisals.
D) Suzanne provides her subordinates with upward feedback as a way to illustrate the ratings she assigns to each employee.

Answer: A
Explanation: A) BARS, the most accurate appraisal tool, uses critical incidents as support for ratings, which helps supervisors explain appraisals more clearly to subordinates during the appraisal interview. Upward feedback is feedback about supervisors provided by subordinates.

Difficulty: Hard
Chapter: 9
Objective: 2
AACSB: Application of Knowledge
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

50) What is the primary goal of using mixed standard scales?
A) improving validity
B) reducing rating errors
C) clarifying performance standards
D) illustrating feedback for subordinates

Answer: B
Explanation: B) Mixed standard scales generally list just a few behavioral examples for each performance dimension. The employer then "mixes" the resulting behavioral example statements when listing them. The aim is to reduce rating errors such as leniency, by making it less obvious to the supervisor (1) what performance dimensions he or she is rating, and (2) whether the behavioral example statements represent high, medium, or low performance.

Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
51) Which of the following terms refers to setting specific measurable goals with each employee and then periodically reviewing the progress made?
A) behaviorally anchored rating scale  
B) management by objective  
C) mixed standard scales  
D) forced distribution  
Answer: B  
Explanation: B) MBO requires the manager to set specific measurable, organizationally relevant goals with each employee, and then periodically discuss the latter's progress toward these goals.  
Difficulty: Easy  
Chapter: 9  
Objective: 2  
AACSB: Analytical Thinking  
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

52) All of the following are benefits of using computerized or Web-based performance appraisal systems EXCEPT ________.  
A) merging examples with performance ratings  
B) helping managers maintain computerized notes  
C) combining different performance appraisal tools  
D) enabling managers to monitor employees' computers  
Answer: D  
Explanation: D) Employers increasingly use computerized or Web-based performance appraisal systems. These enable managers to keep computerized notes on subordinates during the year, merge notes with ratings, and generate written text to support each part of the appraisal. Most appraisal software combines several appraisal methods.  
Difficulty: Hard  
Chapter: 9  
Objective: 2  
AACSB: Analytical Thinking  
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
53) Which of the following enables supervisors to oversee the amount of computerized data an employee is processing each day?
A) computerized performance appraisal system
B) online management assessment center
C) digitized high-performance work center
D) electronic performance monitoring system
Answer: D
Explanation: D) Electronic performance monitoring (EPM) systems use computer network technology to allow managers access to their employees' computers and telephones. They thus allow managers to monitor the employees' rate, accuracy, and time spent working online.
Difficulty: Easy
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

54) Nick supervises a team of data entry specialists. Lately, productivity has been down, and Nick believes his subordinates are not working as efficiently as possible. Which of the following tools would provide Nick with daily information about each employee's rate, accuracy, and time spent entering data?
A) digital dashboard device
B) electronic performance monitoring system
C) Web-based management oversight device
D) electronic performance support system
Answer: B
Explanation: B) Electronic performance monitoring (EPM) systems use computer network technology to allow managers access to their employees' computers and telephones. They thus allow managers to monitor the employees' rate, accuracy, and time spent working online.
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Application of Knowledge
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
55) Which term refers to ranking of employees from best to worst on a trait or traits, choosing highest than lowest until all are ranked?
A) performance management
B) paired comparison
C) alternation ranking
D) direction sharing
Answer: C
Explanation: C) The alternation ranking method is ranking employees from best to worst on a trait or traits.
Difficulty: Easy
Chapter: 9
Objective: 1
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

56) The forced distribution method is the simplest and most popular technique for appraising performance.
Answer: FALSE
Explanation: The graphic rating scale is the simplest and most popular method for appraising performance. The forced distribution method is used by many firms, but it is not the most popular performance appraisal tool.
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

57) In the paired comparison method, the manager places predetermined percentages of ratees into performance categories.
Answer: FALSE
Explanation: In the paired comparison method, for every trait (quantity of work, quality of work, and so on), you compare every employee with every other employee.
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
58) Supervisors at Sun Microsystems use the forced distribution method to evaluate performance, so they must ensure that the proportions in each category are symmetrical.
Answer: FALSE
Explanation: Proportions in each category do not need to be symmetrical with the forced distribution method of performance evaluation.
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Application of Knowledge
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

59) The basic problem with using a ranking method for performance appraisals is not identifying the extreme good and bad performers but differentiating meaningfully between the others.
Answer: TRUE
Explanation: Distinguishing between top and bottom performers is usually not a problem when using a ranking method. The difficulty regards distinguishing meaningfully between the employees that fall in the middle.
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

60) Top employees often outperform the average or poor employees by as much as 100%.
Answer: TRUE
Explanation: Some firms that use the forced distribution method have policies of dismissing employees who rank at the bottom. Such policies reflect the fact that top employees often outperform average or poor ones by as much as 100%.
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
61) Paired comparison is a rating approach that involves keeping a record of uncommonly good or undesirable examples of an employee's work-related behavior and reviewing it with the employee at predetermined times.
Answer: FALSE
Explanation: Paired comparison involves ranking employees by making a chart of all possible pairs of the employees for each trait and indicating which is the better employee of the pair.
Difficulty: Easy
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

62) The advantages of using BARS as a performance appraisal tool are the method's accuracy, clear standards, and consistency.
Answer: TRUE
Explanation: The advantages of the BARS-based evaluations include the consistency of ratings, clear standards, and its high rate of accuracy.
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

63) Management by objectives requires a manager to set specific measurable, organizationally relevant goals with each employee and then periodically discuss the employee's progress toward these goals.
Answer: TRUE
Explanation: MBO requires the manager to set specific measurable, organizationally relevant goals with each employee and then periodically discuss the latter's progress toward these goals.
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
64) Sam supervises a team of data entry clerks at Geico. The firm's electronic performance monitoring system enables Sam to electronically monitor the amount of computerized data an employee processes each day.
Answer: TRUE
Explanation: Electronic performance monitoring (EPM) systems use computer network technology to allow managers access to their employees' computers and telephones. They thus allow managers to monitor the employees' rate, accuracy, and time spent working online.
Difficulty: Easy
Chapter: 9
Objective: 2
AACSB: Application of Knowledge
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

65) The alternation ranking method of performance appraisals can be problematic and unfair if all employees have excellent job performance.
Answer: TRUE
Explanation: The alternation ranking method can cause disagreements among employees and may be unfair if all employees are, in fact, excellent workers. Advantages of the method include the fact that it is easy to use and avoids central tendency problems.
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Application of Knowledge
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

66) Ongoing performance monitoring is an element of performance management that involves the use of computer-based systems that measure an employee's progress and send out reports regarding an employee's performance.
Answer: TRUE
Explanation: Ongoing performance monitoring usually includes using computer-based systems that measure and then e-mail progress and exception reports based on the person's progress toward meeting his or her performance goals.
Difficulty: Easy
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
67) A talent management philosophy involves segmenting employees based on their value to the firm's success and providing those employees with special coaching, feedback, and development opportunities.
Answer: TRUE
Explanation: Talent management involves actively managing mission-critical employees. Such employees are segmented for the purpose of receiving special coaching, feedback, and development opportunities.
Difficulty: Easy
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

68) What are the four job-relevant dimensions that can be measured by the graphic-rating scale method of performance appraisal? What problems are associated with graphic-rating scales?
Answer: The employer may measure generic dimensions of performance such as quantity or quality of work. The performance appraisal may focus on the job's actual duties and assess how well the employee did in exercising his or her specific job duties. Competency-based appraisals focus on the extent to which the employee exhibits the competencies that the employer values. The employer could also appraise the employee based on the extent to which he or she is achieving his or her objectives. Graphic-type rating scales in particular are susceptible to several problems: unclear standards, halo effect, central tendency, leniency or strictness, and bias.
Difficulty: Moderate
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

69) In a brief essay, describe the forced distribution method. What are the advantages and disadvantages of the forced distribution method?
Answer: The forced distribution method is similar to grading on a curve. With this method, you place predetermined percentages of ratees into several performance categories. The proportions in each category need not be symmetrical; GE used top 20%, middle 70%, and bottom 10% for managers. The advantage of the method is that you end up with a predetermined number of people in each group. The disadvantage is that employees' appraisal results depend on your choice of cutoff points.
Difficulty: Hard
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.
70) What is a behaviorally anchored rating scale (BARS)? How would a manager develop a BARS?
Answer: A behaviorally anchored rating scale is a rating scale that is anchored with specific behavioral examples of good or poor performance. Because of the anchors, which are based on the dimensions of performance illustrated by critical incidents, a BARS combines the benefits of narratives, critical incident, and quantified scales. There are five steps required for developing a BARS. Each step is explained below.
• Step 1: Write critical incidents. In this step, people who know the job are asked to describe specific illustrations of effective and ineffective performance.
• Step 2: Develop performance dimensions. The people who know the job are then asked to cluster the incidents into a smaller set of performance dimensions and to define each dimension with a name.
• Step 3: Reallocate incidents. Another group of people, who also know the job, should reallocate the original critical incidents. They will receive the cluster definitions and the list of critical incidents. They will then reassign each incident into the cluster they think it fits best. If the assignments made by the first group and second group match well, then that critical incident is retained.
• Step 4: Scale the incidents. The second group then rates the behavior described by the incident as to how effectively or ineffectively it represents performance on the dimension.
• Step 5: Develop a final instrument. Six or seven of the incidents are the dimension's behavioral anchors.
Difficulty: Hard
Chapter: 9
Objective: 2
AACSB: Analytical Thinking
Learning Outcome: 9.2 Discuss the pros and cons of at least eight performance appraisal methods.

71) Graphic rating scales are subject to all of the following problems EXCEPT ________.
A) unclear standards
B) halo effects
C) complexity
D) leniency
Answer: C
Explanation: C) The graphic rating scale is the simplest and most popular method for appraising performance. However, graphic-type rating scales in particular are susceptible to several problems including unclear standards, halo effect, central tendency, leniency or strictness, and bias.
Difficulty: Moderate
Chapter: 9
Objective: 3
AACSB: Analytical Thinking
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.
72) Which of the following terms refers to an appraisal that is too open to interpretation?
A) unclear standards
B) halo effects
C) leniency
D) biased
Answer: A
Explanation: A) An appraisal that is too open to interpretation has unclear standards. Specific standards are likely to result in consistent and more easily explained performance appraisals.
Difficulty: Easy
Chapter: 9
Objective: 3
AACSB: Analytical Thinking
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.

73) Which of the following is the best way for a supervisor to correct a performance appraisal problem caused by unclear standards?
A) focusing on performance instead of personality traits
B) using graphic rating scales to rank employees
C) using descriptive phrases to illustrate traits
D) allowing employees to rate themselves first
Answer: C
Explanation: C) The best way to fix a problem associated with unclear standards is to include descriptive phrases that define or illustrate each trait. Specificity results in more consistent and more easily explained appraisals.
Difficulty: Hard
Chapter: 9
Objective: 3
AACSB: Analytical Thinking
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.
74) Which of the following is a performance appraisal problem that occurs when a supervisor's rating of a subordinate on one trait biases the rating of that person on other traits?
A) recency effect
B) halo effect
C) central tendency
D) stereotyping
Answer: B
Explanation: B) Experts define halo effect as "the influence of a rater's general impression on ratings of specific ratee qualities." For example, supervisors often rate unfriendly employees lower on all traits, rather than just on "gets along well with others."
Difficulty: Easy
Chapter: 9
Objective: 3
AACSB: Analytical Thinking
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.

75) Jason is a conscientious employee, but he is viewed by most of his co-workers as unfriendly. Jason's supervisor rates him low on the traits "gets along well with others" and "quality of work." Which of the following problems has most likely affected Jason's performance appraisal?
A) central tendency
B) leniency
C) halo effect
D) recency effect
Answer: C
Explanation: C) Experts define halo effect as "the influence of a rater's general impression on ratings of specific ratee qualities." Central tendency refers to rating all employees average. Recency effect means focusing on the most recent behavior of an employee rather than his or her performance over a year.
Difficulty: Moderate
Chapter: 9
Objective: 3
AACSB: Application of Knowledge
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.
76) A supervisor who frequently rates all employees as average on performance appraisals most likely has a problem known as ________.
A) halo effect
B) stereotyping
C) central tendency
D) leniency
Answer: C
Explanation: C) Central tendency refers to the tendency of supervisors to rate all employees the same way, such as rating them all average.
Difficulty: Moderate
Chapter: 9
Objective: 3
AACSB: Application of Knowledge
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.

77) The best way to reduce the problem of central tendency in performance appraisals is to ________.
A) rank employees
B) use graphic rating scales
C) limit the number of appraisals
D) appraise personal characteristics
Answer: A
Explanation: A) Ranking employees instead of using graphic rating scales can reduce the problem of central tendency. Ranking means you can't rate all employees as average.
Difficulty: Moderate
Chapter: 9
Objective: 3
AACSB: Application of Knowledge
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.

78) Which performance appraisal problem is associated with supervisors giving all of their subordinates consistently high ratings?
A) central tendency
B) leniency
C) strictness
D) halo effect
Answer: B
Explanation: B) Some supervisors tend to rate all their subordinates consistently high or low. Leniency refers to giving high ratings, while strictness refers to giving low ratings.
Difficulty: Easy
Chapter: 9
Objective: 3
AACSB: Analytical Thinking
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.
79) The ________ problem occurs when supervisors tend to rate all their subordinates consistently low.
A) central tendency
B) leniency
C) strictness
D) halo effect
Answer: C
Explanation: C) Some supervisors tend to rate all their subordinates consistently high or low. Leniency refers to giving high ratings, while strictness refers to giving low ratings. Central tendency refers to giving average scores.
Difficulty: Easy
Chapter: 9
Objective: 3
AACSB: Analytical Thinking
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.

80) Which of the follow is the best method for reducing the problems of leniency or strictness in performance appraisals?
A) keep critical incident logs
B) require multiple appraisals
C) impose a performance distribution
D) reconsider the timing of the appraisal
Answer: C
Explanation: C) Enforcing a performance distribution is one way of correcting leniency/strictness problems. Another option is to rank employees.
Difficulty: Moderate
Chapter: 9
Objective: 3
AACSB: Analytical Thinking
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.
81) Which of the following has most likely occurred when a supervisor conducting a performance appraisal is influenced by a subordinate's individual differences such as age, sex, and race?
A) bias
B) halo affect
C) central tendency
D) unclear standards
Answer: A
Explanation: A) Bias refers to the tendency to allow individual differences such as age, race, and sex to affect the appraisal ratings that employees receive. Halo effect, unclear standards, and central tendency are other problems associated with performance appraisals.
Difficulty: Easy
Chapter: 9
Objective: 3
AACSB: Analytical Thinking
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.

82) Which of the following is LEAST likely to cause a supervisor's performance appraisal of a subordinate to be biased?
A) purpose of the appraisal
B) location and time of the appraisal
C) personal characteristics of the subordinate
D) relationship between supervisor and subordinate
Answer: B
Explanation: B) Appraisal bias has been shown to be caused by the appraisal's purpose but not the location or time of the appraisal. The personality of the supervisor, personal characteristics of the subordinate, and relationship between the two parties all tend to lead to bias.
Difficulty: Hard
Chapter: 9
Objective: 3
AACSB: Analytical Thinking
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.
83) All of the following guidelines will most likely improve the effectiveness of a performance appraisal EXCEPT ________.
A) maintaining a diary of employees' performance during the year
B) using a graphic rating scale to ensure fair and consistent ratings
C) knowing the advantages and disadvantages of different appraisal tools
D) developing a plan to assist employees with performance improvement
Answer: B
Explanation: B) Graphic rating scales do not necessarily lead to effective performance appraisals, and they are susceptible to problems like bias and central tendency. Keeping a diary, knowing which tool to use and forming a performance improvement plan are all methods for improving the effectiveness of a performance appraisal.
Difficulty: Hard
Chapter: 9
Objective: 3
AACSB: Application of Knowledge
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.

84) Stephanie manages the accounting department at an advertising agency. She needs to conduct performance appraisals for the eight employees in her department. Stephanie wants a performance appraisal tool that is highly accurate, ranks employees, and uses critical incidents to help explain ratings to appraisees. Which performance appraisal tool is best suited for Stephanie?
A) graphic rating scale
B) alternation ranking method
C) critical incident method
D) behaviorally anchored rating scale
Answer: D
Explanation: D) For those for whom accuracy is a great concern, BARS are superior, but require much more time to develop and use. The integration of critical incidents helps a supervisor explain ratings to appraisees. Graphic rating scales and alternation rankings do not include critical incidents, while the critical incident method includes examples without rankings.
Difficulty: Hard
Chapter: 9
Objective: 3
AACSB: Application of Knowledge
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.
85) Which of the following is the primary advantage of using graphic rating scales as performance appraisal tools?
A) eliminates central tendency errors
B) offers extremely high rate of accuracy
C) provides quantitative rating for each employee
D) links with mutually agreed upon performance objectives
Answer: C
Explanation: C) Graphic rating scales are simple to use and provide quantitative ratings for each employee. However, the tool has problems with central tendency and unclear standards.
Difficulty: Hard
Chapter: 9
Objective: 3
AACSB: Analytical Thinking
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.

86) All of the following are considered best practices for administering fair performance appraisals EXCEPT ________.
A) explaining how subordinates can improve their performance
B) basing the appraisal on observable job behaviors
C) using subjective performance data for appraisals
D) training supervisors how to conduct appraisals
Answer: C
Explanation: C) Appraisals should be based on objective rather than subjective performance data and also on observable job behaviors. Appraisers should explain how subordinates can improve their performance, clarify in advance the performance objectives, and train supervisors in how to conduct appraisals.
Difficulty: Hard
Chapter: 9
Objective: 3
AACSB: Analytical Thinking
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.
87) Which of the following would most likely result in a legally questionable appraisal process?
A) basing appraisals on subjective supervisory observations
B) administering and scoring appraisals in a standardized fashion
C) using job performance dimensions that are too clearly defined
D) assigning specific trait names when using graphic rating scales
Answer: A
Explanation: A) Courts have ruled in favor of employees when performance appraisals were based on subjective factors such as age, sex, or gender rather than actual job performance. Performance appraisals are more legally sound if based on clearly specified job performance dimensions.
Difficulty: Hard
Chapter: 9
Objective: 3
AACSB: Analytical Thinking
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.

88) Unclear standards on a performance appraisal tool will most likely lead to unfair appraisals because performance traits are too open for interpretation.
Answer: TRUE
Explanation: A performance appraisal tool with unclear standards will probably result in unfair appraisals, because the traits and degrees of merit are ambiguous and too open to a rater's interpretation.
Difficulty: Moderate
Chapter: 9
Objective: 3
AACSB: Analytical Thinking
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.

89) Central tendency is a problem that occurs when a supervisor's rating of a subordinate on one trait biases the rating of that person on other traits.
Answer: FALSE
Explanation: Central tendency means rating all employees average. The halo effect refers to the problem that occurs when a supervisor's rating of a subordinate on one trait biases the rating of that person on other traits.
Difficulty: Moderate
Chapter: 9
Objective: 3
AACSB: Analytical Thinking
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.
90) In order to ensure that a performance appraisal is legally defensible, a supervisor should use only one performance appraisal tool.  
Answer: FALSE  
Explanation: Using a single overall rating of performance is usually not acceptable to the courts. It is suggested that more than one appraisal tool be used.  
Difficulty: Moderate  
Chapter: 9  
Objective: 3  
AACSB: Analytical Thinking  
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.

91) What are the guidelines that supervisors should follow to hold effective appraisals and minimize problems like bias and halo effects? How can rating committees improve the fairness of the appraisal process?  
Answer: The first technique is to learn and understand the potential problem and possible solutions. Simply understanding the potential for the problem can help to avoid it. Second, using the right appraisal tool for each situation is important. Third, supervisors can keep a diary of critical incidents to file and use for later reference for subordinate's appraisals. This technique helps to ensure that both negative and positive incidents are recorded. Fourth, make sure that the primary goal of the appraisal is to improve unsatisfactory performance or reinforce exemplary performance. Finally, the appraisal should be fair. Many employers use rating committees. These committees usually contain the employee's immediate supervisor and two or three other supervisors. Using multiple raters makes sense. Although there may be discrepancies among ratings by individual supervisors, the composite ratings tend to be more reliable, fair, and valid. Using several raters can also help cancel out problems like bias and halo effects.  
Difficulty: Hard  
Chapter: 9  
Objective: 1, 3  
AACSB: Analytical Thinking  
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.
92) In a brief essay, discuss how a supervisor can develop and conduct a performance appraisal that is legally defensible.
Answer: Supervisors should conduct a job analysis to establish criteria and standards for successful performance and incorporate these criteria and standards into a rating system. It is important to communicate performance standards to employees and supervisors in writing and avoid abstract trait names when using graphic rating scales. Steps to ensure the appraisal are legally defensible are these:
Base the performance appraisal criteria on a job analysis. At the start of the period, communicate performance standards to employee in writing. Using a single overall rating of performance is not acceptable to the courts. Include an employee appeals process. One appraiser should never have absolute authority to determine a person's actions. Document all information bearing on a personnel decision in writing. Also train supervisors. If formal rater training is not possible, at least prove rates with written instruction on how to use the rating scale.
Difficulty: Moderate
Chapter: 9
Objective: 3
AACSB: Application of Knowledge
Learning Outcome: 9.3 Give examples of potential appraisal problems and how to deal with them.

93) Which of the following best describes the purpose of an appraisal interview?
A) training supervisors in the rating process
B) identifying potential interpersonal problems
C) making plans to correct employee weaknesses
D) discussing and scheduling training programs
Answer: C
Explanation: C) The appraisal typically culminates in an appraisal interview. Here, the supervisor and the subordinate review the appraisal and make plans to remedy deficiencies and reinforce strengths.
Difficulty: Easy
Chapter: 9
Objective: 4
AACSB: Analytical Thinking
Learning Outcome: 9.4 List steps to take in the appraisal interview.
94) You are conducting an appraisal interview with an employee whose performance is satisfactory but for whom promotion is not possible. Which incentive listed below would be the LEAST effective option for maintaining satisfactory performance in this situation?
A) time off
B) small bonus
C) recognition
D) professional development
Answer: D
Explanation: D) For employees whose performance is satisfactory but for whom promotion is not possible, the objective is to maintain satisfactory performance. The best option is usually to find incentives that are important to the person and sufficient to maintain performance, such as extra time off, a small bonus, and recognition.
Difficulty: Hard
Chapter: 9
Objective: 4
AACSB: Analytical Thinking
Learning Outcome: 9.4 List steps to take in the appraisal interview.

95) When conducting an appraisal interview, supervisors should do all of the following EXCEPT
________.
A) ask open-ended questions
B) give specific examples of poor performance
C) write up an action plan with goals and dates
D) compare the person's performance to that of other employees
Answer: D
Explanation: D) When a supervisor conducts an appraisal interview, it is advisable to speak in terms of objective work data with specific examples of poor performance. A supervisor should also ask the employee open-ended questions to encourage conversation and write up an action plan. It is inappropriate to compare a person's performance with another person.
Difficulty: Hard
Chapter: 9
Objective: 4
AACSB: Analytical Thinking
Learning Outcome: 9.4 List steps to take in the appraisal interview.
96) When a supervisor must criticize a subordinate in an appraisal interview, it is most important for the supervisor to ________.
A) limit negative feedback to once every year
B) provide specific examples of critical incidents
C) acknowledge the supervisor's personal biases in the situation
D) hold the meeting with other people who can document the situation
Answer: B
Explanation: B) When you must criticize, it should be done privately and should include examples of critical incidents and specific suggestions of what to do and why. Avoid once-a-year "critical broadsides" by giving feedback periodically, so that the formal review contains no surprises. Criticism should be objective and free of personal bias.
Difficulty: Hard
Chapter: 9
Objective: 4
AACSB: Analytical Thinking
Learning Outcome: 9.4 List steps to take in the appraisal interview.

97) When an employee's performance is so poor that a written warning is required, the warning should ________.
A) identify the standards by which the employee is judged
B) provide examples of employees who met the standards
C) provide examples of times when the employee met the standards
D) be written by a labor law attorney in accordance with federal guidelines
Answer: A
Explanation: A) Written warnings should identify the employee's standards, make it clear that the employee was aware of the standard, specify any deficiencies relative to the standard, and show the employee had an opportunity to correct his or her performance.
Difficulty: Hard
Chapter: 9
Objective: 4
AACSB: Analytical Thinking
Learning Outcome: 9.4 List steps to take in the appraisal interview.

98) During an exit interview, a supervisor and a subordinate review the appraisal and make plans to correct deficiencies and reinforce strengths.
Answer: FALSE
Explanation: Appraisal interviews involve a supervisor and a subordinate reviewing the appraisal and making plans to correct deficiencies and reinforce strengths. Exit interviews are conducted when an employee leaves a company.
Difficulty: Easy
Chapter: 9
Objective: 4
AACSB: Analytical Thinking
Learning Outcome: 9.4 List steps to take in the appraisal interview.
99) The goal for a supervisor conducting a satisfactory-not promotable appraisal interview is to maintain satisfactory performance by finding incentives that are important to the person.
Answer: TRUE
Explanation: Satisfactory–not promotable appraisal interviews are for employees whose performance is satisfactory but for whom promotion is not possible. The objective here is to maintain satisfactory performance. The best option is usually to find incentives that are important to the person and sufficient to maintain performance, such as extra time off or a small bonus.
Difficulty: Easy
Chapter: 9
Objective: 4
AACSB: Analytical Thinking
Learning Outcome: 9.4 List steps to take in the appraisal interview.

100) Tyler, an accounting manager at Firestone, is preparing for an appraisal interview with an employee whose performance is unsatisfactory but correctable. Tyler's primary objective during the interview should be to encourage the employee with positive reinforcements like job enlargement and compliments.
Answer: FALSE
Explanation: When the person's performance is unsatisfactory but correctable, the interview objective is to lay out an action plan for correcting the unsatisfactory performance. Employees who have satisfactory performance but who are not promotable should be encouraged with incentives.
Difficulty: Moderate
Chapter: 9
Objective: 4
AACSB: Application of Knowledge
Learning Outcome: 9.4 List steps to take in the appraisal interview.

101) While formal written warnings are provided too late to salvage an employee's performance and position at the company, they are useful in court proceedings.
Answer: FALSE
Explanation: An employee's performance may be so weak that it requires a formal written warning. Such warnings serve two purposes: (1) They may serve to shake your employee out of his or her bad habits, and (2) they can help you defend your rating, both to your own boss and (if needed) to the courts.
Difficulty: Moderate
Chapter: 9
Objective: 4
AACSB: Analytical Thinking
Learning Outcome: 9.4 List steps to take in the appraisal interview.
102) Why is it important for a manager to appraise a subordinate's performance? How can a manager handle a subordinate who is defensive when told that his or her performance is poor?

Answer: There are four reasons for conducting performance appraisals. First, most employers base pay, promotion, retention decision on the employee's appraisal. Second, appraisals play a central role in the employer's performance management process. Third, it lets the manager and subordinate develop a plan for correcting any deficiencies that might exist and to reinforce and support things that are done well. Fourth, appraisals can serve a useful career planning purpose by providing the opportunity to review the employee's career plans in light of his or her strengths and weaknesses. When a supervisor tells someone his or her performance is poor, the first reaction is often denial. Denial is a defense mechanism. Understanding and dealing with defensiveness is an important appraisal skill. A supervisor should recognize that defensive behavior is normal and never attack a person's defenses. A supervisor should postpone action because given sufficient time, a more rational reaction may take over. A supervisor should not try to be a psychologist. Offering understanding is one thing; trying to deal with psychological problems is another.

Difficulty: Hard
Chapter: 9
Objective: 1, 4
AACSB: Analytical Thinking
Learning Outcome: 9.4 List steps to take in the appraisal interview.

103) Describe the four basic types of appraisal interviews.

Answer: The first type of appraisal interview is the satisfactory-promotable appraisal interview. This occurs when the person's performance is satisfactory and there is a promotion ahead. The objective is to discuss the person's career plans and to develop a specific action plan for the educational and professional development the person needs to move to the next job.

The second type of interview is the satisfactory-not promotable appraisal interview. This is for employees whose performance is satisfactory but for whom promotion is not possible. The objective is to maintain satisfactory performance. The best option is to find incentives that are important to the person.

The third type of interview is the unsatisfactory but correctable interview. In this situation, the objective is to develop an action plan for correcting the unsatisfactory performance.

The final type of interview is the unsatisfactory-uncorrectable interview. In this situation, the interview may even be skipped. The person's poor performance is tolerated or the person is dismissed.

Difficulty: Moderate
Chapter: 9
Objective: 4
AACSB: Analytical Thinking
Learning Outcome: 9.4 List steps to take in the appraisal interview.
104) The continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning their performance with the organization's goals is known as ________.
A) strategic management  
B) performance analysis  
C) performance appraisal  
D) performance management  
Answer: D  
Explanation: D) Performance management is the continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning their performance with the organization's goals.  
Difficulty: Easy  
Chapter: 9  
Objective: 6  
AACSB: Analytical Thinking  
Learning Outcome: 9.6 Explain how you would take a performance management approach to appraisal.

105) Which component of performance management refers to communicating a firm's higher-level goals throughout the organization and then translating them into departmental and individual goals?
A) goal alignment  
B) performance monitoring  
C) direction sharing  
D) developmental support  
Answer: C  
Explanation: C) Direction sharing means communicating the company's higher-level goals (including its vision, mission, and strategy) throughout the company and then translating these into doable departmental, team, and individual goals.  
Difficulty: Easy  
Chapter: 9  
Objective: 6  
AACSB: Analytical Thinking  
Learning Outcome: 9.6 Explain how you would take a performance management approach to appraisal.
Oshman manufactures small kitchen appliances, such as blenders, toasters, and mixers. The firm has nearly 80,000 employees in 22 countries. Employees receive annual performance appraisals from their supervisors that combine critical incidents with a graphic rating scale. However, the firm's CEO advocates shifting from performance appraisals to performance management in an attempt to make Oshman more competitive and performance driven.

All of the following questions are relevant to Oshman's decision to replace its traditional appraisal methods with the performance management approach EXCEPT:
A) What technology is available to help managers gain immediate access to employee performance data?
B) How would work procedures need to be modified to provide more frequent feedback to employees?
C) How would the firm's mission and vision translate into departmental, team, and individual goals?
D) What procedures are already in place to effectively identify and measure critical incidents?
Answer: D

Explanation: D) Issues related to performance management include the technology used to monitor employee performance, methods for providing feedback, development of goals, and incentives. Identifying critical incidents is an issue related to traditional appraisal methods rather than performance management.

Difficulty: Hard
Chapter: 9
Objective: 6
AACSB: Application of Knowledge
Learning Outcome: 9.6 Explain how you would take a performance management approach to appraisal.

A supervisor working for a firm that uses performance management should most likely expect to ________.
A) conduct annual performance appraisals
B) compare team goals to industry standards
C) re-evaluate how employees accomplish tasks
D) use paper forms to handle performance appraisals
Answer: C

Explanation: C) Performance management means continuously re-evaluating and (if need be) modifying how the employee and team get their work done. Depending on the issue, this may mean additional training, changing work procedures, or instituting new incentive plans, for instance. Performance management also involves continuous rather than annual performance appraisals, which are managed through computerized systems.

Difficulty: Moderate
Chapter: 9
Objective: 6
AACSB: Analytical Thinking
Learning Outcome: 9.6 Explain how you would take a performance management approach to appraisal.
108) Which of the following is NOT one of performance management's six basic elements?
   A) habit creation
   B) goal alignment
   C) ongoing feedback
   D) direction sharing
   Answer: A
   Explanation: A) Habit creation is not one of the basic elements of performance management.
   Difficulty: Moderate
   Chapter: 9
   Objective: 6
   AACSB: Analytical Thinking
   Learning Outcome: 9.6 Explain how you would take a performance management approach to appraisal.

109) Performance appraisals are a link between corporate strategy, departmental goals, employee goals and employee performance in the overall performance management process.
   Answer: TRUE
   Explanation: Performance management is the continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning their performance with the organization's goals.
   Difficulty: Easy
   Chapter: 9
   Objective: 6
   AACSB: Analytical Thinking
   Learning Outcome: 9.6 Explain how you would take a performance management approach to appraisal.

110) In a brief essay, discuss the components necessary for an effective performance management process.
   Answer: The basic building blocks of performance management include the following:
   • Direction sharing means communicating the company's goal through higher level goals throughout the organization and translating these into doable departmental goals.
   • Goal alignment means having a process in place that allows any manager to see the link between an employee's goals and those of the department and organization.
   • Ongoing performance monitoring means using computer-based systems to measure and report on employee progress toward meeting performance goals.
   • Ongoing feedback includes face-to-face and computer-based feedback regarding progress toward goals.
   • Coaching and developmental support should be an integral part of the feedback process.
   • Rewards, recognition, and compensation provide the consequences necessary to keep employee performance on target.
   Difficulty: Moderate
   Chapter: 9
   Objective: 6
   AACSB: Analytical Thinking
   Learning Outcome: 9.6 Explain how you would take a performance management approach to appraisal.